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Company Registration No. 08104080 (England and Wales)

**RIVERSIDE PRIMARY ACADEMY**  
**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

# RIVERSIDE PRIMARY ACADEMY

## CONTENTS

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	<b>Page</b>
Reference and administrative details	1
Governors' report	2 - 9
Governance statement	10 - 11
Statement on regularity, propriety and compliance	12
Statement of governors' responsibilities	13
Independent auditor's report on the accounts	14 - 15
Independent auditor's report on regularity	16 - 17
Statement of financial activities	18
Balance sheet	19
Cash flow statement	20
Notes to the accounts	21 - 37

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# RIVERSIDE PRIMARY ACADEMY

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Governors

Mr W Pickard (Chair) \*  
Mrs J Goodfellow (Accounting Officer) \*  
Miss L Smith  
Mrs G Rutherford (Business Manager)  
Mrs J Earl (Vice Chair)  
Ms M Mitford \*  
Mr P Tomlinson \*  
Mr J McGowan \*  
Mrs P Dillon  
Miss T Rocks

\* members of the finance committee

### Senior management team

- Headteacher	Mrs J Goodfellow
- Deputy Headteacher	Miss L Smith
- Business Manager	Mrs G Rutherford

### Company registration number

08104080 (England and Wales)

### Registered office

Colliery Road  
Dunston  
Gateshead  
Tyne & Wear  
NE11 9DX

### Independent auditor

Evolution Business and Tax Advisors LLP  
10 Evolution  
Wynyard Park  
Wynyard  
TS22 5TB

### Bankers

Lloyds Bank  
44 Front Street  
Newcastle Upon Tyne  
NE16 4DS

### Solicitors

Burnetts  
6 Victoria Place  
Carlisle  
Cumbria  
CA1 1ES

# **RIVERSIDE PRIMARY ACADEMY**

## **GOVERNORS' REPORT**

***FOR THE PERIOD ENDED 31 AUGUST 2013***

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The governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 13 June 2012 to 31 August 2013.

### **Structure, governance and management**

#### Constitution

The academy trust was incorporated on 13 June 2012 and commenced operation on 1 July 2012 and is a company limited by guarantee and an exempt charity, 8104080. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The articles of association require the members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and management of the academy.

The governors of Riverside Primary Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Riverside Primary Academy.

Details of the governors who served throughout the period between 13 June 2012 and 31 August 2013 are included in the Reference and Administrative Details on Page 1.

#### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member. This guarantee is outlined in the academy's memorandum and articles of association confirming this liability.

#### Governors' indemnities

Subject to the provisions of the Companies Act 2006 every governor or other officer or auditor of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

#### Principal activities

The principal activities of the academy are as follows:

- [a] It is an independent school;
- [b] It has a curriculum satisfying the requirements of section 78 of the Education Act 2002 (balanced and broad curriculum);
- [c] It provides education for pupils of different abilities;
- [d] It provides education for the pupils who are wholly or mainly drawn from the area in which the school is situated; and
- [e] It is not an alternative provision academy.

# RIVERSIDE PRIMARY ACADEMY

## GOVERNORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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### Method of recruitment and appointment or election of governors

Membership is determined in accordance with the composition set out in the memorandum and articles.

- The members may appoint up to 6 governors;
- The members may appoint staff governors through such process as they may determine, provided that the total number of governors (including the principal) who are employees of the academy trust does not exceed one third of the total number of governors;
- The principal shall be treated for all purposes as being an ex officio governor; and
- Subject to Article 57, the parent governors shall be elected by parents of registered pupils at the academy. A parent governor must be a parent of a pupil at the academy at the time when he is elected.

### Co-opted Governors

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

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

### Policies and procedures adopted for the induction and training of governors

The training and induction of governors is dependent on their experiences and skills. All new governors are given a tour of the academy, and can speak at length with the Headteacher and Chair, are given access to all relevant policies and documents pertinent to their role as governors in order for them to be fully familiar with the needs of the academy and discharge their duties effectively.

### Organisational structure

The governors have an overall responsibility for the financial management and risk management of the academy. They were also responsible for the initial appointment of the governing body.

The governors have responsibility for the day to day management and effectiveness of statutory and non-statutory policies and procedures in all areas of the school. Four teams of governors lead and manage the school:

- The Strategic Team is responsible for school strategic and financial decisions;
- The Curriculum Team manage the curriculum issues and developments;
- The Health and Safety Team manage the effectiveness of Health and Safety (including safeguarding); and
- The Academy Matters Team can be called upon for general day to day issues.

The headteacher and leadership team manages the day to day running of the school on behalf of the governing body, ensuring compliance with statutory guidance. They formulate policies and practices and report to the governing body on the effectiveness of their methods and procedures.

The headteacher is the Accounting Officer.

### Risk management

The academy maintains a risk register (adopted by the Governing Body in July 2013) which is reviewed by the strategic team to ensure that satisfactory arrangements are in place to manage risk. The academy has adopted its own financial handbook which has been approved and accepted at a governing body meeting in November 2012. There is an annual review of all risk management however there is ongoing review in response to situations or new legislation or information.

# **RIVERSIDE PRIMARY ACADEMY**

## **GOVERNORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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### Connected organisations and related party relationships

Riverside Primary Academy is a main partner for the federated Teaching School located in St. Aidan's C of E Primary School and St Mary & St Thomas Aquinas RC Voluntary Aided Primary School, Gateshead.

The headteacher works as a local leader of education, supporting other schools and is a facilitator for the National College for Teaching and Leadership, delivering training on middle leadership.

### **Objectives and activities**

#### Objects and aims

Our primary objective of Riverside Primary Academy is to be an outstanding school in which we aim to deliver a first class education to our children and a good level of support for our families and local community.

#### Objectives, strategies and activities

Having recently achieved our objective of being graded by Ofsted as an outstanding school, we aim to sustain the quality of our teaching and learning for every pupil and share our good practice with other schools within a system leadership approach.

Our school will support, wherever possible, and wherever achievable without any detriment to our own school or pupils, any other school who requests it.

We continue to work on standards of attainment to ensure children achieve the maximum potential in educational outcomes.

#### Public benefit

All activities undertaken to further Riverside Primary Academy's purposes for the public benefit can be found on the school website, in school newsletters and in minutes of meetings.

Riverside Primary Academy governors have complied with our duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising our duties.

### **Achievements and performance**

#### Achievements in the period

The first year of Riverside Primary Academy has proven to be very successful. The school had an Ofsted inspection in March and was reported to be 'Outstanding' in all areas. Standards are maintained as being above national averages. HMI also visited the academy in September 2013 to look at good practice; in particular, good practice with free school meal children receiving pupil premium.

The Department of Education has awarded the academy Targeted Basic Needs funding for the school to have sufficient new building space for an additional 210 children. The building work is due to be complete in time for the new part of the school to be open from September 2015. The application for the funding was made by, and funding will be held by, Gateshead Local Authority.

An example of standards is the 2013 SAT results for the Y6 pupils:

# RIVERSIDE PRIMARY ACADEMY

## GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

### 2013 Key Stage 2 SATs Results

Class size = 21 pupils

10 boys & 11 girls

National Expectation for National Curriculum level by the end of year 6 is Level 4

National Expectation for Average point score by the end of year 6 is 27

Our 2013 class have achieved:

READING 29.6 (30)

WRITING 29.8 (30)

SPAG 27.9 (28) (SPAG - Spelling, Punctuation and Grammar)

MATHS 29.8 (30)

### 2013 Key Stage 2 SATs Results

Combined Subjects Achievement

	% Level 4 or more in English Reading and Maths	% Level 4 or more in English Reading and Maths	% Level 4 or more in SPAG, Reading and Maths	% Level 4 or more in SPAG, Reading, Writing and Maths	% Making 2 NC Levels of Progress in English Reading	% Making 2 NC levels of progress in Maths
FFT	67%				93%	89%
Local Authority Targets	67%				95%	95%
Actual Year 6 Results 2013	[19 pupils] 90.47%	[18 pupils] 85.7%	[13 pupils] 61.90%	[13 pupils] 61.9%	[20 pupils] 95%	[21 pupils] 100%

### 2013 Key Stage 2 SATs Results

Achievement Level 4 or above

	% Level 4 or more in English Reading and Maths	% Level 4 or more in SPAG, Reading and Maths	% Level 4 or more in SPAG, Reading Writing and Maths	English Reading Level 4 or more
FFT	67%			71%
Local Authority School Targets	67%			71%
Actual yr 6 results 2013	[19pupils] 86.00%	[13pupils] 61.90%	[13 Pupils] 61.90%	[19 pupils] 91.47%

# RIVERSIDE PRIMARY ACADEMY

## GOVERNORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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### 2013 Key Stage 2 SATs Results

Level 5 Achievement (Above age related expectations)

	<u>% Level 5 or more in Both Reading and Maths</u>	<u>% Level 5 or more in SPAG, Reading and Maths</u>	<u>% Level 5 or more in SPAG, Reading Writing and Maths</u>	<u>English Reading Level 5 or more</u>
+ FFT	33%			32%
Local Authority School Targets	38%			33%
Actual yr 6 results 2013	[9pupils] 42.80%	[7pupils] 33.30%	[7 Pupils] 33.30%	[12 pupils] 57.14%

### Going concern

After making appropriate enquiries, the board of governors has a reasonable expectation that Riverside Primary 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 Statement of Accounting Policies.

### Key Performance Indicators

Riverside Primary Academy abides by key financial indicators. The academy has appointed an auditor and an accountant and has written its own financial handbook.

Most of the academy's income is received from the Education Funding Agency [EFA] in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 18. Details of all grants and income received can be found in notes 2 to 4 of the financial statements.

At 31 August 2013 the net book value of fixed assets was £1,562,385. The assets were used to exclusively to provide education and associated services to the students of the academy.



# RIVERSIDE PRIMARY ACADEMY

## GOVERNORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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### **Financial review**

The Academy made operating surplus in the period 1 July 2012 to 31 August 2013 of £270,197 comprising of £103,193 unrestricted funds and £167,004 on restricted funds.)

Total income, excluding donated assets, in the period was £1,563,043 of which £1,064,791 came from the EFA, £100,347 from Early Years funding and £60,880 from pupil premium. The remainder of the income was from other government grants, student training fees and training courses run by the Head Teacher as a Local Leader/ facilitator for the National College for Teaching and Leadership.

Land and buildings were transferred to the academy on conversion. Land and buildings were professionally valued at £1,595,000.

The governing body of the Academy have adopted the following policies relating to Finance and Governance during the period 1 July 2012 - 31 August 2013.

- Articles of Association
- Funding Agreement
- Scheme of Delegation
- Finance Handbook
- Fraud Policy
- Risk Management Register

The Academy reserves at present are being held to replace windows and update the heaters in the school as outlined in the conditions survey. In addition to this there is a vision to develop the Early Years Foundation Stage, KS1 and KS2 play areas.

The Department of Education has awarded the Academy Targeted Basic Needs funding for the school to have sufficient new building space for an additional 210 children. The building work is due to be complete in time for the school to be open from September 2015. The application for the funding was made by, and funding will be held by Gateshead Local Authority.

### Principal risks and uncertainties

A risk management plan continues to be developed and risks are regularly reviewed in accordance with the academy's Risk Register adopted by the Finance Team and the Governing Body in July 2013. Bids to develop a forest school outdoor area has been unsuccessful and a longer term strategy to secure funds needs to be developed.

There is indication from the LA Admissions of rising pupil numbers in the local area over the next few years. The LA on our behalf has bid for a grant (Targeted Basic Needs Funding) to extend the school and this bid has been successful. The full details of the grant have not been confirmed as yet and the academy will need to show vigilance with the plans as they are revealed. The grant has been given to develop the school to a two form entry by September 2015.

In this the first period as an academy the Business Manager has worked closely with Evolution Business and Tax Advisors LLP to ensure financial systems are secure.

### Reserves policy

The Governing Body is responsible for determining the level of financial reserves to be carried forward at the end of any financial period. (31 August)

The Governing Body has delegated the monitoring of any reserves to the Strategic Team who, as part of their terms of reference, oversee finance.

# **RIVERSIDE PRIMARY ACADEMY**

## **GOVERNORS' REPORT (CONTINUED)**

### ***FOR THE PERIOD ENDED 31 AUGUST 2013***

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The Governing Body will consider the improvement plan for capital developments required.

The Governing Body will always try to match income with expenditure and will carry forward reserves that it considers necessary for future periods of expenditure.

The Governing Body may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years.

It was agreed that the Academy should be prudent in its first year of Academy Status and aim to carry forward funds to enable planning for the renewal of windows as outlined in its conditions report and any unforeseen contingencies.

During the year 2013 -14 the Governing Body need to discuss and agree reasonable levels of reserves to support the needs of the extension to the school as information regarding the grant becomes available.

The reserves policy will be reviewed annually.

#### **Investment policy and powers**

The Strategic Team and Governing Body in July 2013 agreed that in addition to the bank accounts the Academy has, a deposit account would be opened, to generate interest on the funds available. This would be done on short term basis of varying amounts to ensure funds were always available for unforeseen circumstances so maximising the academy's income without risk. The deposit account will be open with Lloyds TSB who is the current banking provider of the Academy. The Governing Body agreed that the financial handbook would be amended to reflect this decision.

The Strategic Team (responsible for finance) will monitor the amount/time period of money in the deposit account.

It is our aim to spend the publicly funded monies which we are entrusted with for the direct education benefit of our pupils as soon as is prudent. The academy does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

#### **Plans for the future**

The Academy Improvement Plan clearly states objectives to maintain the highest standards of achievement of all pupils whilst ensuring the school moves forward within a rapidly changing world:

- Raise standards of attainment and increase progress in English and Mathematics in all year groups to secure greater % Level 5/ 6 attainment;
- Improve the quality of teaching and learning in all classes to ensure outstanding outcomes for pupils. [Continuing Professional Development and coaching programme in place];
- Improve the quality of learning and resourcing in the Early Years Foundation Stage [EYFS] with particular reference to the development of the outdoor area [EYFS project];
- Improve the consistency of curriculum provision mapping and planning to improve attainment, increase progress and instigate improvements in learning through the development of the outdoor; through Information Technological improvements [iPads and Apple technology] and through a renewed focus on grammar, spelling and punctuation in preparation for the KS2 assessments in 2014; and
- To develop systems and our partnership with the federated Teaching School to secure improvements for greater numbers of pupils within and beyond our immediate school [through developing teacher training programme to a high standard].

# RIVERSIDE PRIMARY ACADEMY

## GOVERNORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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### Auditor

In so far as the governors are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware; and
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Evolution Business and Tax Advisors LLP be reappointed as auditor of the charitable company will be put to the members.

Approved by order of the board of governors on 6 Dec 2013 and signed on its behalf by:

W Pickard

Mr W Pickard

Chair

# RIVERSIDE PRIMARY ACADEMY

## GOVERNANCE STATEMENT

**FOR THE PERIOD ENDED 31 AUGUST 2013**

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### Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Riverside 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 to 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 Riverside 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 Statement of Governors' Responsibilities. The governing body has formally met 3 times since conversion. Attendance during the period at meetings of the governing body was as follows:

Governors	Meetings attended	Out of possible
Mr W Pickard (Chair)	3	3
Mrs J Goodfellow (Accounting Officer)	3	3
Miss L Smith	3	3
Mrs G Rutherford (Business Manager)	3	3
Mrs J Earl (Vice Chair)	3	3
Ms M Mitford	2	3
Mr P Tomlinson	2	3
Mr J McGowan	3	3
Mrs P Dillon	3	3
Miss T Rocks	1	3

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 Riverside Primary Academy for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This is the first period of conversion and accounts refer to the period 1 July 2012 to 31 August 2013.

### Capacity to handle risk

The governing body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

# RIVERSIDE PRIMARY ACADEMY

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

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### The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Strategic 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; and
- 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 Evolution Business and Tax Advisors LLP, the external auditor, to perform additional checks. The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems on a termly basis.

There have been three RO visits within the period 1 July 2012 to 31 August 2013. The reports and results have been presented to the next full governing body meeting following the report being published.

### Review of effectiveness

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

- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the Leadership Team within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of governors on 6 Dec 2013 and signed on its behalf by:



Mr W Pickard  
Chair



Mrs J Goodfellow  
Accounting Officer

# **RIVERSIDE PRIMARY ACADEMY**

## **STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE PERIOD ENDED 31 AUGUST 2013**

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

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

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

Approved on 6 DEC 2013 and signed by:

*J Goodfellow*

Mrs J Goodfellow  
Accounting Officer

# RIVERSIDE PRIMARY ACADEMY

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

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The Governors (who act as trustees for charitable activities and are also directors of Riverside Primary Academy for the purposes of Company Law) are responsible for preparing the Governors' Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency.

Company Law requires the Governors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for the period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice [SORP];
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in operation.

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

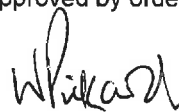
The governors are responsible for ensuring that in its conduct and operation the Academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the governors are aware:

- there is no relevant audit information of which the academy's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Approved by order of the board of governors on 6 Dec 2013 and signed on its behalf by:

  
Mr W Pickard  
Chair

# **RIVERSIDE PRIMARY ACADEMY**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF RIVERSIDE PRIMARY ACADEMY**

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We have audited the accounts of Riverside Primary Academy for the period ended 31 August 2013 set out on pages 18 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the EFA.

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

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Governors' Responsibilities Statement set out on page 13, the governors, who are also the directors of Riverside Primary Academy for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company'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 accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts:

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



# RIVERSIDE PRIMARY ACADEMY

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RIVERSIDE PRIMARY ACADEMY

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### **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 accounts 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.



**Joanne Regan FCA (Senior Statutory Auditor)**  
for and on behalf of Evolution Business and Tax Advisors LLP

**Chartered Accountants**  
**Statutory Auditor**  
10 Evolution  
Wynyard Park  
Wynyard  
TS22 5TB

Dated: 11 December 2013

# **RIVERSIDE PRIMARY ACADEMY**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RIVERSIDE PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 02 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 Riverside Primary Academy during the period 13 June 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 Riverside 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 the Riverside 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 the Riverside Primary Academy and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Riverside Primary Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Riverside Primary Academy's funding agreement with the Secretary of State for Education dated 29 June 2012 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 13 June 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer;
- discussions with Accounting Officer and finance team;
- review of termly Internal Assurance reports;
- review of governing body and committee minutes;
- review of finance and other relevant policies;
- review of purchases and expenses on a sample basis;
- review of debit card transactions;
- review of all leases in place; and
- consideration of transactions with related parties.

## **RIVERSIDE PRIMARY ACADEMY**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RIVERSIDE PRIMARY ACADEMY AND THE EDUCATION FUNDING AGENCY (CONTINUED)**

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#### **Conclusion**

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 13 June 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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 academy has in place two leases covering a period in excess of three years permitted under the Academies Financial Handbook 2012. These leases would not be considered a breach under the Academies Financial Handbook 2013.



**Joanne Regan FCA (Senior Statutory Auditor)**  
**for and on behalf of Evolution Business and Tax Advisors LLP**

Dated: 11 December 2013

# RIVERSIDE PRIMARY ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2013

		Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2013 £
<b><u>Incoming resources</u></b>	<b>Notes</b>				
<i>Resources from generated funds</i>					
- Inherited on conversion	22	91,397	(186,000)	1,595,000	1,500,397
- Activities for generating funds	2	62,386	-	-	62,386
- Investment income	3	260	-	-	260
<i>Resources from charitable activities</i>					
- Funding for educational operations	4	-	1,236,517	2,585	1,239,102
<b>Total incoming resources</b>		<b>154,043</b>	<b>1,050,517</b>	<b>1,597,585</b>	<b>2,802,145</b>
<b><u>Resources expended</u></b>					
<i>Costs of generating funds</i>					
- Fundraising trading	5	50,850	-	-	50,850
<i>Charitable activities</i>					
- Educational operations	6	-	1,019,005	43,515	1,062,520
Governance costs	7	-	39,193	-	39,193
<b>Total resources expended</b>	<b>5</b>	<b>50,850</b>	<b>1,058,198</b>	<b>43,515</b>	<b>1,152,563</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>103,193</b>	<b>(7,681)</b>	<b>1,554,070</b>	<b>1,649,582</b>
Gross transfers between funds		-	(8,315)	8,315	-
<b>Net income/(expenditure) for the period</b>		<b>103,193</b>	<b>(15,996)</b>	<b>1,562,385</b>	<b>1,649,582</b>
<b><u>Other recognised gains and losses</u></b>					
Actuarial gains/(losses) on defined benefit pension scheme	16	-	(38,000)	-	(38,000)
<b>Net movement in funds</b>		<b>103,193</b>	<b>(53,996)</b>	<b>1,562,385</b>	<b>1,611,582</b>
Fund balances at 13 June 2012		-	-	-	-
<b>Fund balances at 31 August 2013</b>		<b>103,193</b>	<b>(53,996)</b>	<b>1,562,385</b>	<b>1,611,582</b>

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the financial period above.

# RIVERSIDE PRIMARY ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £	£
<b>Fixed assets</b>			
Tangible assets	10		1,562,385
<b>Current assets</b>			
Debtors	11	77,983	
Cash at bank and in hand		289,393	
		367,376	
Creditors: amounts falling due within one year	12	(97,179)	
<b>Net current assets</b>			270,197
<b>Total assets less current liabilities</b>			1,832,582
Defined benefit pension liability	16	(221,000)	
<b>Net assets</b>			1,611,582
<b>Funds of the academy trust:</b>			
<b>Restricted income funds</b>	14		
- Fixed asset funds			1,562,385
- General funds			167,004
- Pension reserve			(221,000)
<b>Total restricted funds</b>			1,508,389
<b>Unrestricted funds</b>	14		103,193
<b>Total funds</b>			1,611,582

The accounts were approved by order of the board of governors and authorised for issue on 6 Dec 2013

Mr W Pickard  
Chair

Company Number 08104080

# RIVERSIDE PRIMARY ACADEMY

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2013

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	Notes	31 August 2013 £
Net cash inflow/(outflow) from operating activities	17	206,051
Cash funds transferred on conversion		91,397
<b>Returns on investments and servicing of finance</b>		
Investment income		260
		<hr/>
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		260
		<hr/>
		297,708
<b>Capital expenditure and financial investments</b>		
Capital grants received		2,585
Payments to acquire tangible fixed assets		(10,900)
		<hr/>
<b>Net cash flow from capital activities</b>		(8,315)
		<hr/>
<b>Increase/(decrease) in cash</b>	18	289,393
		<hr/> <hr/>

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 1.2 Going concern

The governors assess whether the use of going concern is appropriate, ie 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 a period of one year from the date of approval of the accounts.

#### 1.3 Incoming resources

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

##### Grants receivable

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 period 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.

##### Sponsorship income

Sponsorship income provided to the academy trust 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 and the value of the donation is measurable.

##### Donations

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

##### Other income

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

##### Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust 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 trust's policies.

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD 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.

##### Costs of generating funds

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

##### Charitable activities

These are costs incurred on the academy trust's educational operations.

##### Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

#### 1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Land is not depreciated	
Long leasehold	40 years
Computer equipment	3 years
Fixtures, fittings and equipment	5 years

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

#### 1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.



# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

### 1 Accounting policies

(Continued)

#### 1.7 Taxation

The academy trust 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 trust 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.

#### 1.8 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### 1.9 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department for Education and Local Authority.

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

### 2 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2013 £
Catering income	29,171	-	29,171
Other income	33,215	-	33,215
	<u>62,386</u>	<u>-</u>	<u>62,386</u>

### 3 Investment income

	Unrestricted funds £	Restricted funds £	Total 2013 £
Short term deposits	260	-	260
	<u>260</u>	<u>-</u>	<u>260</u>

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £
<b>DfE / EFA grants</b>			
General annual grant (GAG)	-	1,036,006	1,036,006
Start up grants	-	25,000	25,000
Capital grants	-	2,585	2,585
Other DfE / EFA grants	-	62,080	62,080
	<u>-</u>	<u>1,125,671</u>	<u>1,125,671</u>
<b>Other government grants</b>			
Local authority grants	-	13,084	13,084
Other grants	-	100,347	100,347
	<u>-</u>	<u>113,431</u>	<u>113,431</u>
<b>Total funding</b>	<u>-</u>	<u>1,239,102</u>	<u>1,239,102</u>

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 5 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2013 £
<b>Academy's educational operations</b>				
- Direct costs	690,306	-	48,614	738,920
- Allocated support costs	111,418	93,356	118,826	323,600
	<u>801,724</u>	<u>93,356</u>	<u>167,440</u>	<u>1,062,520</u>
<b>Other expenditure</b>				
Costs of activities for generating funds	14,305	-	36,545	50,850
Governance costs	-	-	39,193	39,193
	<u>14,305</u>	<u>-</u>	<u>75,738</u>	<u>90,043</u>
<b>Total expenditure</b>	<u>816,029</u>	<u>93,356</u>	<u>243,178</u>	<u>1,152,563</u>

### Incoming/outgoing resources for the year include:

	2013 £
Operating leases	15,563
Fees payable to auditor	
- Audit	4,000
- Other services	6,749
	<u>10,749</u>

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 6 Charitable activities - the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2013 £
<b>Direct costs</b>			
Teaching and educational support staff costs	-	690,306	690,306
Technology costs	-	19,937	19,937
Educational supplies and services	-	21,492	21,492
Other direct costs	-	7,185	7,185
	-	738,920	738,920
<b>Allocated support costs</b>			
Support staff costs	-	111,418	111,418
Depreciation	-	43,515	43,515
Maintenance of premises and equipment	-	49,841	49,841
Cleaning	-	17,951	17,951
Energy costs	-	17,092	17,092
Rates and water	-	10,226	10,226
Insurance	-	24,377	24,377
Security and transport	-	1,430	1,430
Catering	-	36,090	36,090
Interest and finance costs	-	1,000	1,000
Other support costs	-	10,660	10,660
	-	323,600	323,600
<b>Total costs</b>	-	1,062,520	1,062,520

### 7 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2013 £
Legal and professional fees	-	26,795	26,795
Auditor's remuneration			
- Audit of financial statements	-	4,000	4,000
- Other non-audit costs	-	6,749	6,749
Other governance costs	-	1,649	1,649
	-	39,193	39,193

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

### 8 Staff costs

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

	2013 Number
Teachers	10
Administration and support	11
Management	2
	<hr/>
	23
	<hr/>

#### Costs included within the accounts:

	2013 £
Wages and salaries	668,015
Social security costs	42,946
Other pension costs	98,667
	<hr/>
	809,628
Supply teacher costs	1,143
	<hr/>
Total staff costs	810,771
	<hr/>

There were no employees whose annual remuneration was £60,000 or more.

### 9 Governors' remuneration and expenses

The headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, from the academy trust in respect of their role as governors. During the period, no expenses were reimbursed to governors.

The value of governors' remuneration was as follows:

J Goodfellow (headteacher) £60,001 - £65,000  
L Smith (staff) £45,001 - £50,000  
G Rutherford (staff) £30,001 - £35,000

Other related party transactions involving the governors are set out within the related parties note.

#### Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £250,000 on any one claim and the cost for the period ended 31 August 2013 was £382.

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

### 10 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 13 June 2012	-	-	-	-
Additions	-	2,704	8,196	10,900
Transfers	1,595,000	-	-	1,595,000
	<u>1,595,000</u>	<u>2,704</u>	<u>8,196</u>	<u>1,605,900</u>
At 31 August 2013	1,595,000	2,704	8,196	1,605,900
<b>Depreciation</b>				
At 13 June 2012	-	-	-	-
Charge for the period	42,350	626	539	43,515
	<u>42,350</u>	<u>626</u>	<u>539</u>	<u>43,515</u>
At 31 August 2013	42,350	626	539	43,515
<b>Net book value</b>				
At 31 August 2013	<u>1,552,650</u>	<u>2,078</u>	<u>7,657</u>	<u>1,562,385</u>

Land and buildings were valued on the basis of depreciated replacement cost as at 31 March 2013 by Mouchel on behalf of the EFA. This value was capitalised on the date of conversion.

### 11 Debtors

	2013 £
Trade debtors	3,600
VAT recoverable	26,414
Prepayments and accrued income	47,969
	<u>77,983</u>

### 12 Creditors: amounts falling due within one year

	2013 £
Trade creditors	44,806
Other creditors	25,588
Accruals	23,165
Deferred income	3,620
	<u>97,179</u>

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 AUGUST 2013

<b>13</b>	<b>Deferred income</b>	<b>2013</b>
		<b>£</b>
	Deferred income is included within:	
	Creditors due within one year	3,620
	Total deferred income at 13 June 2012	-
	Amounts credited to the statement of financial activities	-
	Amounts deferred in the period	3,620
	<b>Total deferred income at 31 August 2013</b>	<b>3,620</b>

At the year end the academy was holding devolved capital grant received in advance for the period to 31 March 2014.

14	Funds	Balance at 13 June 2012 £	Incoming resources £	Resources Gains, losses expended and transfers £	£	Balance at 31 August 2013 £
	<b>Restricted general funds</b>					
	General Annual Grant	-	1,036,006	(860,687)	(8,315)	167,004
	Start up grants	-	25,000	(25,000)	-	-
	Other DfE / EFA grants	-	62,080	(62,080)	-	-
	Other government grants	-	113,431	(113,431)	-	-
	Funds excluding pensions	-	1,236,517	(1,061,198)	(8,315)	167,004
	Pension reserve	-	(186,000)	3,000	(38,000)	(221,000)
		-	1,050,517	(1,058,198)	(46,315)	(53,996)
	<b>Restricted fixed asset funds</b>					
	DfE / EFA capital grants	-	2,585	-	(2,585)	-
	Inherited fixed asset fund	-	1,595,000	(42,350)	-	1,552,650
	Capital expenditure from GAG or other funds	-	-	(1,165)	10,900	9,735
		-	1,597,585	(43,515)	8,315	1,562,385
	<b>Total restricted funds</b>	-	2,648,102	(1,101,713)	(38,000)	1,508,389
	<b>Unrestricted funds</b>					
	General funds	-	154,043	(50,850)	-	103,193
	<b>Total funds</b>	-	2,802,145	(1,152,563)	(38,000)	1,611,582

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 14 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013.

The Start Up Grant was received to contribute towards the academy start up costs.

Other DfE/EFA grants include pupil premium targeted at disadvantaged pupils.

Other grants include income from the Local Authority.

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

DfE/EFA capital grants consists of a devolved capital grant which has been utilised on capital purchases during the period.

The gross transfer from the restricted general fund to the restricted fixed asset fund of £8,315 represents the total capital expenditure from the GAG during the period.

The inherited fixed asset fund reflects the fixed assets acquired from Gateshead Metropolitan Borough Council on conversion. Depreciation on these assets is charged against this fund.

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

### 15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
<b>Fund balances at 31 August 2013 are represented by:</b>				
Tangible fixed assets	-	-	1,562,385	1,562,385
Current assets	109,392	257,984	-	367,376
Creditors: amounts falling due within one year	(6,199)	(90,980)	-	(97,179)
Defined benefit pension liability	-	(221,000)	-	(221,000)
	<u>103,193</u>	<u>(53,996)</u>	<u>1,562,385</u>	<u>1,611,582</u>



# **RIVERSIDE PRIMARY ACADEMY**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE PERIOD ENDED 31 AUGUST 2013**

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### **16 Pensions and similar obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tyne & Wear Pension Fund. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £11,015 were payable to the schemes at 31 August 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 Scheme 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.

##### **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.

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2013

### 16 Pensions and similar obligations

(Continued)

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 percent basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy trust has taken 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 trust has set out above the information available on the scheme.

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 16 Pensions and similar obligations

(Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.3% for employers and 5.5% - 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £36,000.

As the LGPS is in deficit, the academy has agreed to make additional contributions over an 22 year period. The additional amount payable in the year ended 31 August 2014 will be £7,500.

	2013 £
Employer's contributions	40,000
Employees' contributions	10,000
Total contributions	<u>50,000</u>

#### Principal actuarial assumptions

	2013 %
Rate of increase in salaries	4.70
Rate of increase for pensions in payment	2.80
Discount rate for scheme liabilities	4.50
Inflation assumption (CPI)	<u>2.80</u>

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

	2013 Years
Retiring today	
- Males	22
- Females	24
Retiring in 20 years	
- Males	24
- Females	<u>26</u>

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 16 Pensions and similar obligations

(Continued)

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

	2013 Expected return %	2013 Fair value £
Equities	7.90	283,050
Government bonds	3.40	15,300
Corporate bonds	4.10	49,300
Cash	0.90	9,775
Property	7.40	37,825
Other assets	7.90	29,750
Total market value of assets		425,000
Present value of scheme liabilities - funded		(646,000)
Net pension asset / (liability)		(221,000)

Riverside Primary Academy employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 August 2013.

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.

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 16 Pensions and similar obligations

(Continued)

#### Operating costs and income recognised in the statement of financial activities

2013  
£

#### Financial expenditure/(income)

Expected return on pension scheme assets

(27,000)

Interest on pension liabilities

28,000

1,000

#### Other expenditure/(income)

Current service cost

36,000

Past service cost

-

36,000

#### Total operating charge/(income)

37,000

#### Actuarial gains and losses recognised in the statement of financial activities

2013  
£

Actuarial (gains)/losses on assets: actual return less expected

(25,000)

Experience (gains)/losses on liabilities

63,000

(Gains)/losses arising from changes in assumptions

-

Total (gains)/losses

38,000

Cumulative (gains)/losses to date

38,000

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

2013  
£

Obligations acquired on conversion

(510,000)

Current service cost

(36,000)

Interest cost

(28,000)

Contributions by employees

(10,000)

Actuarial gains/(losses)

(63,000)

Benefits paid

1,000

(646,000)

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

### 16 Pensions and similar obligations

(Continued)

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

	2013 £
Assets acquired on conversion	324,000
Expected return on assets	27,000
Actuarial gains/(losses)	25,000
Contributions by employers	40,000
Contributions by employees	10,000
Benefits paid	(1,000)
	<u>425,000</u>

#### History of experience gains and losses:

	2013 £
Present value of defined benefit obligations	(646,000)
Fair value of share of scheme assets	<u>425,000</u>
Surplus / (deficit)	<u>(221,000)</u>
Experience adjustment on scheme liabilities	(63,000)
Experience adjustment on scheme assets	<u>25,000</u>

### 17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2013 £
Net income	1,649,582
Capital grants and similar income	(2,585)
Net deficit/(surplus) transferred on conversion	(1,500,397)
Investment income	(260)
FRS17 pension costs less contributions payable	(4,000)
FRS17 pension finance charge	1,000
Depreciation of tangible fixed assets	43,515
(Increase)/decrease in debtors	(77,983)
Increase/(decrease) in creditors	97,179
Net cash inflow/(outflow) from operating activities	<u>206,051</u>

# RIVERSIDE PRIMARY ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2013

<b>18</b>	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>2013</b>
		<b>£</b>
	Increase/(decrease) in cash	289,393
	Net funds at 13 June 2012	-
	<b>Net funds at 31 August 2013</b>	<b>289,393</b>

<b>19</b>	<b>Analysis of net funds</b>	<b>At 13 June 2012</b>	<b>Transferred on conversion</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 August 2013</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Cash at bank and in hand	-	91,397	197,996	-	289,393

### 20 Commitments under operating leases

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

	<b>2013</b>
	<b>£</b>
Expiry date:	
- Within one year	496
- Between two and five years	17,326
	<b>17,822</b>

### 21 Related parties

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

During the period, the academy obtained IT support, services and equipment from Omnicom, a business owned by Mr P Tomlinson, trustee. Purchases amounted to £9,756 of which £130 is outstanding and included in trade creditors at the balance sheet date. All transactions are carried out on an arms length basis.