

Hatfield Community Free School

(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the year ended 31 August 2016



Hatfield Community Free School

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HATFIELD COMMUNITY FREE SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period commencing on 1 September 2015 and ending on 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates a free school for pupils aged 4 to 11 serving a catchment area in Hatfield. It has a pupil capacity of 420 and had a roll of 240 in the school census on 19 May 2016.

Structure, Governance and Management

Constitution

Hatfield Community Free School ('HCFS') is a company limited by guarantee. HCFS is an exempt Charity. HCFS is a Charitable Company governed by its memorandum and articles of association which are the primary governing documents.

The governors act as trustees for the charitable activities of HCFS. Board members are the directors of the charitable company for the purpose of company law.

Details of the governors who served throughout the period 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 company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

Trust Board Directors, some of whom are the members of the Charitable Company for the purpose of company law are nominated by either the Secretary of State for Education, the Chairman of the Governors, or by all the existing members. The articles of association require the trust board members to appoint a minimum of 3 and a maximum of 8 governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the School. The articles of association contain provisions for the appointment of additional governors including staff governors and parent governors. There is no maximum number of governors.

Governors are appointed for a fixed term of four years, but are eligible for re-election at the end of the fixed term.

The governing body currently comprises 5 trust board members (who are appointed as directors under Companies Act 2006), 7 co-opted governors whose appointments are determined by the trust board members, the Executive Principal and 2 staff governors (all employed by the trust), and 2 parent governors (elected by the parents).

Policies and Procedures Adopted for the Induction and Training of Trustees

New Governors receive induction training and support from the Clerk to the Governing Body who is independently appointed.

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Organisational Structure

The governors are organised into two committees, Outcomes and Resources. Each body forms policy to be agreed at main governing body meetings.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. During the period under review the members groups held 1 meeting and the governors held 3 meetings.

All governors have access to all policies, procedures, minutes, accounts, budgets and plans that they need to discharge their governing body duties. These are provided on the secure section of the website and as paper copies if requested.

An internal audit service is provided by Kingston Smith LLP, which performed testing which was reported to governors in the spring and autumn terms 2016. The governing body approves the Statutory Accounts. The levels of authorisation of budget spend are detailed in the Academy Finance manual.

The day to day management of the school is delegated by the governing body to the Executive Principal who is the Accounting Officer. The Executive Principal is supported by the Vice Principal and the School Business Manager as Key Management Personnel.

Remuneration procedures for Key Management Personnel

Executive Principal was seconded from Hatfield Community Free School Trust to open Jupiter Community Free School and secure the School following the first OFSTED inspection. Due to the nature of the role, a spot salary was agreed between both sets of Trustees. West Herts Community Free School Trust WHCFST receives an invoice for half of the Executive Principal's salary and on-costs every month. The performance management of the Principal is undertaken by a panel of governors from both Schools with an interim review period and final objectives evaluation each December. The salary of the Executive Principal has remained constant during the three year secondment. This role is offered under the National Support School structure that HCFS undertakes because the Executive Principal is a National Leader of Education.

The Vice Principal undertakes work as a Specialist Leader in Education and is presently seconded to Jupiter for 2 days per week which is invoiced as above. In addition to this, the Vice Principal supports other schools in their leadership development. The system leadership aspect of the role uplifts the salary of the Vice Principal by 3 leadership points. Performance management of the Vice Principal is undertaken by the Executive Principal.

Each September the resources committee review the performance management structure and take evidence from the Executive Principal for any incremental rises for all staff, with the exception of the Executive Principal whose salary is determined by the Governors panel.

Risk Management

The governors developed a comprehensive risk register which assesses the risks to which the School is exposed, the controls in place and whether any further controls are needed. Strategic, Operational, Compliance and Financial Risks are assessed on a regular basis.

The governors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. In areas where risks need further control, governors are monitoring progress against action plans. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control.

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Connected Organisations including related party relationships

There are no related parties which either control or significantly influence the decisions and operations of Hatfield Community Free school. There are no sponsors.

The Executive Principal and other members of the office and finance team have been seconded for part of the week to a sister school set up by the West Herts Community Free School Trust; the Jupiter Community Free School in Hemel Hempstead. There is a close working relationship with WHCFST.

The School continues to work closely with its strategic Partners of Hertfordshire County Council, Herts for Learning, University of Hertfordshire, Birchwood Children's Centre, Onslow St Audrey's Secondary Academy and Wroxham Teaching School Alliance. There is a close working relationship with parents and the local community in Hatfield.

The school works with many school networks, both locally, nationally and internationally to further the principal activities of HCFS.

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Objectives and Activities during the financial year September 2015 to August 2016

Objects and Aims

The principal object and activity of the charitable company is the operation of Hatfield Community Free School.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the School the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum but not be bound by it.

Objectives, Strategies and Activities

The vision for the school clearly establishes the strapline '*for a better future*' and the main drivers for the curriculum:

- a strong drive on improving learning and engagement in the local community underpinned by the principles of: equality and diversity; respect for local people, local culture and local values; citizenship in the local, national and global context;
- building children's repertoire of spoken and written language so that they become confident and effective communicators;
- specialism in science and technology (including IT) to develop skills for learning, life and the future economy;
- aspiration and enterprise so that every child: wants to succeed; knows how to achieve well academically and become socially competent; participates, is creative, is able to express their voice, contributes responsibly and has a sense of what it means to be a democratic citizen; believes that they are on the road to college, university or a good job;
- a strong focus on the whole child and their physical, social, spiritual, cultural and emotional wellbeing that means that they: are well placed to learn; will make good progress; will develop the emotional resilience to succeed even in the face of adversity.

To achieve this vision the main objectives of the School during the period ended 31 August 2016, all of which have been achieved, are summarised below:

- Build on the reputation of the Primary School which opened in September 2012;
- Recruit to fill all 60 places for each year group;
- Recruit highly qualified teaching staff;
- Expand the senior and middle tier of leadership in school;
- Develop the innovative curriculum that builds on the vision;
- Provide parents with the opportunity for an extended day 7.45 to 6.00 through external provision;
- Offer extended learning opportunities for children and families 3.00 to 4.00;
- Extend the school year in late July for 10 days;
- Achieve results at the end of EYFS and KS1 that are significantly above Hertfordshire Local Average and National Average
- Achieve results in the phonics screening at end of Year one 20% above national average
- Achieve results at the end of Year 2 that are 20% above the national expected levels.

Public Benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

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Strategic Report

Achievements and Performance

In May 2014 the school was further strengthened with the publication of the Outstanding OFSTED Report from the May 2014 inspection. The school continues to be oversubscribed with 4 times the applications for place in the January 2016 application for reception class round. Each year group maintains an in year admission list which ensures we quickly fill any unexpected vacancies. The school only has vacancies due to family relocations to other districts.

The following results highlight our performance against the objectives set above:

✓ *Educational Results:*

We have published results for the end of Early Years Foundation Stage. The results show the following:

86% of children achieved a "good level of development", a further increase on last year's results (83%) and more than 20% above the national level, placing the school in the top 2% in the country.

Year 1 children continued to make rapid progress and achieved levels well beyond those expected of their age, some two years above. 90% of Year 1 children achieved the pass rate of 32 in the phonics screening, 20% above national levels. This places the school in the top 2% across the country.

Pupil's attainment and progress in the school is outstanding because of the high quality teaching, high levels of parental support and children's efforts to improve themselves. Feedback from all stakeholders is highly positive.

The first published results have been exceptional for End of key Stage One (2015) with children performing well above National expectations in all core subjects 98% Level 2 plus reading and Writing and 100% Mathematics and Science.

The results under the new system (June 2016) were above the Local and national average.

All children made outstanding progress from their baseline on entry to the cohort.

Attendance rates were exceptional at 98% for the year.

✓ *Staff deployed resources:*

Highly qualified teachers many of whom have first class degrees have been teaching the classes this year. Teaching was graded Outstanding by Ofsted and this has been maintained this year, 100% good and 50% outstanding maintaining the judgement of outstanding overall.

The Executive Principal is highly qualified with a Doctorate in Education, being commended by Ofsted for her leadership capacity. She has successfully been reappointed as a National Leader in Education following the Outstanding OFSTED Inspection. HCFS is now a designated National Support School and work has taken place with West Herts Community Free School Trust during the year. The Executive principal supports Jupiter Community Free School as Principal part time.

The leadership of the school is further strengthened by the Vice Principal whom has been working as a Specialist Leader in Education. Middle Leaders have been developing their roles as Leader of EYFS and new leaders for Inclusion and Key Stage 1 were appointed and received coaching.

The School Business Manager is qualified to degree level and is a Chartered Accountant. All other staff have been inducted and trained to a high level and are effectively supporting the challenging targets set for all children.

✓ *Individual pupil focus:*

Work programmes have been designed for all children within our classes of 20 children, each with two adults. Significant vulnerable groups of children perform as well as the other children. There is no

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attainment gap due to the effective intervention programme designed by the Special Educational Needs Co-ordinator.

✓ *Collaboration with other schools:*

The school is a highly effective strategic partner with Wroxham Teaching School. We work on action research projects in order to improve the learning opportunities of the children. We have a strong partnership with the University of Hertfordshire taking in 15 student teachers during the year to enhance their teaching experiences and 8 other work experience students. We link closely with the family of Hatfield Schools to moderate our work and share good practice. There are close working relationships with other Free School principals to share good practice and understand the accountabilities of such a new leadership role. The Principal is Chair of the ITT partnership board with the University of Hertfordshire. At HCFS we believe in close collaboration with different types of organisations that provide quality education for children and strive to put back into the system ideas from our research.

✓ *New initiatives:*

The school vision is to encourage children to join an extended hour activity from 3.00 to 4.00. This comes at a financial cost but assists with working families and our aims of a better future. 85% of pupils attend these clubs. This year we have had to supplement them with some paid clubs.

We encourage all children to have a hot school meal so that they build social dining skills and have a healthy option. 100% of pupils take a hot lunch each day paid for by Universal free school meals budget. Pupils in Year 3 pay for a hot lunch.

Wake up childcare club and chill out clubs is now provided by Sherpa Kids Ltd. We have 35% of pupils attending wake up and 35% Chill out.

In addition, we are open for two extended weeks of the school year, providing a range of educational activities taught by members of teaching staff. This supports working families to cover a long summer holiday period and has been proven to support children's learning over the long summer break. We had 89% of children attend these sessions.

All of the above are new initiatives which we are valuing as part of our freedoms to innovate.

Key Performance Indicators

We set Key Financial Performance Indicators in the areas 1 to 7 below for the 2014/15 financial year. The outcomes of the indicators are as shown below:

1. Salary costs as a percentage of GAG and Start Up Grant B were 90%; split as follows:
 - a. Teachers 54%
 - b. Learning Support staff 19%
 - c. Other staff 17%
2. Premises costs as a percentage of GAG and Start Up Grant B were 3%
3. External contract expenditure as a percentage of GAG (not including premises costs) was 3%
4. Governance costs as a percentage of GAG and Start Up Grant B were 1% No expenses are claimed by governors.
5. The school has for a fourth year achieved a 100% allocation against its Pupil Capacity of 60 children per year.
6. Measurable outcomes of Pupil Premium targeted expenditure demonstrate that all pupils receiving this targeted funding are achieving Outstanding progress. (Pupil Premium was £1,300 per child from April 2014).
7. Sports Funding – we have spent 93% of our £8,300 Sports Funding, on numerous sports resources to support the children's learning and physical activity. Larger purchases included basketball hoops, football nets, snooker and table football tables and a turtle drum..

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Hatfield Community Free School (HCFS) Targets and KPIs 2015 to 2016 End of Year July 2016									
TABLE 19 SET for June 2016									
1999 Targets set June 2016 Good Level of Achievement: 85% Prime Areas of Learning: 85% Expected 38% Exceeded Specific Areas of Learning: 85% Expected 35% Exceeded					Primary Year 1 (first year of a two year programme of study) Reading: 85% Expected 40% Exceeded Writing: 85% Expected 35% Exceeded Mathematics: 85% Expected 35% Exceeded Science: 85% Expected 35% Exceeded				
Primary Year 2 (first year of a two year programme of study) Reading: 85% Expected 40% Exceeded Writing: 85% Expected 35% Exceeded Mathematics: 85% Expected 35% Exceeded Science: 85% Expected 35% Exceeded					Primary Year 3 (first year of a two year programme of study) Reading: 85% Expected 40% Exceeded Writing: 85% Expected 35% Exceeded Mathematics: 85% Expected 35% Exceeded Science: 85% Expected 35% Exceeded				
Key Performance Indicators	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016
Aspects Outcomes	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual
1999 Expected Level	85%	10%	10%	10%	10%	10%	10%	10%	10%
Good Level of Achievement	85%	10%	10%	10%	10%	10%	10%	10%	10%
Prime Areas of Learning	85%	10%	10%	10%	10%	10%	10%	10%	10%
Specific Areas of Learning	85%	10%	10%	10%	10%	10%	10%	10%	10%
Primary Year 1 (first year of a two year programme of study)	85%	10%	10%	10%	10%	10%	10%	10%	10%
Primary Year 2 (first year of a two year programme of study)	85%	10%	10%	10%	10%	10%	10%	10%	10%
Primary Year 3 (first year of a two year programme of study)	85%	10%	10%	10%	10%	10%	10%	10%	10%
Reading	85%	10%	10%	10%	10%	10%	10%	10%	10%
Writing	85%	10%	10%	10%	10%	10%	10%	10%	10%
Mathematics	85%	10%	10%	10%	10%	10%	10%	10%	10%
Science	85%	10%	10%	10%	10%	10%	10%	10%	10%

Hatfield Community Free School (HCFS) Targets and KPIs 2015 to 2016 End of Year July 2016									
TABLE 20 SET for June 2016									
1999 Targets set June 2016 Good Level of Achievement: 85% Prime Areas of Learning: 85% Expected 38% Exceeded Specific Areas of Learning: 85% Expected 35% Exceeded					Primary Year 1 (first year of a two year programme of study) Reading: 85% Expected 40% Exceeded Writing: 85% Expected 35% Exceeded Mathematics: 85% Expected 35% Exceeded Science: 85% Expected 35% Exceeded				
Primary Year 2 (first year of a two year programme of study) Reading: 85% Expected 40% Exceeded Writing: 85% Expected 35% Exceeded Mathematics: 85% Expected 35% Exceeded Science: 85% Expected 35% Exceeded					Primary Year 3 (first year of a two year programme of study) Reading: 85% Expected 40% Exceeded Writing: 85% Expected 35% Exceeded Mathematics: 85% Expected 35% Exceeded Science: 85% Expected 35% Exceeded				
Key Performance Indicators	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016
Aspects Outcomes	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Actual
1999 Expected Level	85%	10%	10%	10%	10%	10%	10%	10%	10%
Good Level of Achievement	85%	10%	10%	10%	10%	10%	10%	10%	10%
Prime Areas of Learning	85%	10%	10%	10%	10%	10%	10%	10%	10%
Specific Areas of Learning	85%	10%	10%	10%	10%	10%	10%	10%	10%
Primary Year 1 (first year of a two year programme of study)	85%	10%	10%	10%	10%	10%	10%	10%	10%
Primary Year 2 (first year of a two year programme of study)	85%	10%	10%	10%	10%	10%	10%	10%	10%
Primary Year 3 (first year of a two year programme of study)	85%	10%	10%	10%	10%	10%	10%	10%	10%
Reading	85%	10%	10%	10%	10%	10%	10%	10%	10%
Writing	85%	10%	10%	10%	10%	10%	10%	10%	10%
Mathematics	85%	10%	10%	10%	10%	10%	10%	10%	10%
Science	85%	10%	10%	10%	10%	10%	10%	10%	10%

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Hatfield Community Free School (HCFS) Targets and KPIs 2015 to 2016 End of Year July 2016

Key Performance Indicators	Transfer from BYFS Sept 2015 Actual	December 2015 Expected term 1 Actual	December 2015 Actual	April 2016 Expected term 1 Actual	April 2016 Actual	End of Year Expected term 1 Actual	Comments
Aspect Outcomes	Expected (Sep)	Expected (Dec)	Expected	Actual	Expected	Actual	Against 12 months expected or better
Year 1 Speaking and Listening Expected Level	92%		60%	60%	80%	80%	95%
Year 1 Reading Expected Level	83%	35%	10%	20%	30%	30%	48%
Year 1 Writing Expected Level		45%	5%	5%	15%	15%	50%
Year 2 Speaking and Listening Expected Level	85%	35%	10%	20%	30%	30%	31%
Year 2 Reading Expected Level		25%	10%	10%	20%	20%	80%
Year 2 Writing Expected Level		10%	10%	10%	25%	25%	35%
Year 3 Speaking and Listening Expected Level	93%		50%	50%	75%	75%	95%
Year 3 Reading Expected Level		35%	25%	25%	35%	35%	40%
Year 3 Writing Expected Level	92%		50%	50%	75%	75%	95%
Year 4 Speaking and Listening Expected Level		35%	25%	25%	35%	35%	40%
Year 4 Reading Expected Level		45%	40%	40%	50%	50%	95%
Year 4 Writing Expected Level		15%	15%	15%	30%	30%	35%

Key Performance Indicators	Transfer from Year 1 Sept 2015 Actual	December 2015 Expected term 1 Actual	December 2015 Actual	April 2016 Expected term 1 Actual	April 2016 Actual	End of Year Expected term 1 Actual	Comments
Aspect Outcomes	Expected (Sep)	Expected (Dec)	Expected	Actual	Expected	Actual	Against 12 months expected or better
Year 1 Speaking and Listening Expected Level	100%		50%	50%	80%	80%	95%
Year 1 Reading Expected Level		45%	20%	20%	30%	30%	45%
Year 1 Writing Expected Level	100%		50%	50%	80%	80%	95%
Year 2 Speaking and Listening Expected Level		60%	30%	30%	50%	50%	45%
Year 2 Reading Expected Level		20%	20%	20%	30%	30%	45%
Year 2 Writing Expected Level		10%	10%	10%	20%	20%	35%

Hatfield Community Free School (HCFS) Targets and KPIs 2015 to 2016 End of Year July 2016

Year 1 Speaking and Listening Expected Level	100%		50%	50%	80%	80%	95%	Phase one expected level changed in March 2015 from 80% to 100% (2015)
Year 1 Reading Expected Level		45%	20%	20%	30%	30%	45%	Phase one expected level changed in March 2015 from 30% to 45% (2015)
Year 1 Writing Expected Level	100%		50%	50%	80%	80%	95%	Phase one expected level changed in March 2015 from 80% to 100% (2015)
Year 2 Speaking and Listening Expected Level		60%	30%	30%	50%	50%	45%	Phase one expected level changed in March 2015 from 50% to 60% (2015)
Year 2 Reading Expected Level		20%	20%	20%	30%	30%	45%	Phase one expected level changed in March 2015 from 20% to 30% (2015)
Year 2 Writing Expected Level		10%	10%	10%	20%	20%	35%	Phase one expected level changed in March 2015 from 10% to 20% (2015)

Year 3 Speaking and Listening Expected Level	100%		50%	50%	80%	80%	95%	Phase one expected level changed in March 2015 from 80% to 100% (2015)
Year 3 Reading Expected Level		45%	20%	20%	30%	30%	45%	Phase one expected level changed in March 2015 from 30% to 45% (2015)
Year 3 Writing Expected Level	100%		50%	50%	80%	80%	95%	Phase one expected level changed in March 2015 from 80% to 100% (2015)
Year 4 Speaking and Listening Expected Level		60%	30%	30%	50%	50%	45%	Phase one expected level changed in March 2015 from 50% to 60% (2015)
Year 4 Reading Expected Level		20%	20%	20%	30%	30%	45%	Phase one expected level changed in March 2015 from 20% to 30% (2015)
Year 4 Writing Expected Level		10%	10%	10%	20%	20%	35%	Phase one expected level changed in March 2015 from 10% to 20% (2015)

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Key Performance Indicators (KPIs) and Metrics	1st Quarter 2024		2nd Quarter 2024		3rd Quarter 2024		4th Quarter 2024		Year-to-Date		Comments
	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	
Project A Progress	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 1 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 2 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 3 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 4 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 5 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 6 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 7 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 8 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 9 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 10 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 11 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 12 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 13 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 14 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 15 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 16 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 17 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 18 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 19 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 20 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 21 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 22 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 23 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 24 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 25 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 26 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 27 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 28 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 29 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 30 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 31 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 32 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 33 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 34 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 35 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
Task 36 Completion	10%	15%	25%	30%	40%	45%	55%	60%	70%	75%	
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HATFIELD COMMUNITY FREE SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

Going Concern

After making appropriate enquires, the Governing Body has a reasonable expectation that HCFS 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.

The school has 100% capacity of 60 pupils in all year groups. We have maintained a waiting list for places held by Hertfordshire Local Authority. We are holding open days for next year's intake in November 2016 and are confident that we will again be full to capacity next year.

During 2015/2016 the applications for Reception places were 216 for 60 allocated. The school is highly popular in the local area.

Financial review

During the period to 31st August 2016 the School's income came largely from General Annual Grant and other start up grants from the EFA, the use of which is restricted to particular purposes. The grants received from DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The School received a capital grant of £5,350 from the EFA in the year, this was spent on adding locking devices to the external doors to enable 'lockdown' in the event of a threat to the school's security. The capital grant is shown in the Statement of Financial Activities as funding for the Academy's operations in the restricted asset fund.

During the year £6,000 was donated by the Friends as part payment for outdoor playground equipment.

Donated assets are shown in the Statement of Financial Activities as voluntary income in the restricted fixed asset fund.

A further £90,031 of surplus from General Annual Grant was spent on fixed assets to enhance the security of the school, outdoor learning and the ICT curriculum. In terms of ICT the main items purchased were £19,955 for touchscreens for classrooms, £24,253 for laptops and iPads for year groups and a further £7505 to upgrade the CCTV system. In terms of furniture and equipment the main items purchased were, £33,689 on several items of outdoor play equipment for Key Stage 1 and 2.

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

At 31 August 2016 the net book value of fixed assets was £2,790,391 and movements in tangible fixed assets are shown in note X to the financial statements. The assets were used exclusively for providing education and the associated support services to pupils.

Reserves Policy

The school held fund balances at 31 August 2016 of £3,154,087 comprising restricted fixed asset funds of £2,574,300, restricted general funds of £372,305 and £207,481 unrestricted funds.

The Trust has sufficient free reserves to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The governors review the reserve levels of the School annually. This review considers the nature and

HATFIELD COMMUNITY FREE SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

predictability of income and expenditure streams, the need to match income with commitments and the purpose for which any earmarked or restricted funds are held.

For the 2016/17 financial year the governors have earmarked the use of around £200,000 of its reserves to procure and build an outside learning after school club classroom. This project is awaiting planning permission which is expected to be received in November 2016 following a favourable pre-planning process. The tenders are expected to be completed during the spring 2017 and the work to be undertaken during summer 2016/17.

The Trustees intend to build up a prudent level of reserves over a period of time and will review the reserves policy annually. Planned or known expenditure from reserves can only be authorised by the Principal. Unplanned release of funds can only be actioned after agreement by the Resources Committee or in conjunction with the Chair or Chair of Resources if it relates to an emergency between planned governing body meetings.

As a general guide the level of reserves held will equate to no less than 4% and no more than 12% of the annual budget.

This balance will include inherited balances from the school account carried forward each year.

As a guide a minimum balance of £50,000 (monthly) and the total of £100,000 (annually) should be maintained at all times.

Investment Policy

The school reviews its level of surplus cash balances on a regular basis. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Resources Committee. In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

Surplus funds have this year been invested with Aldermore Bank, Hampshire Trust Bank, Charity Bank and Cambridge & Counties Bank in fixed rate deposit accounts varying from four months to one year. We are unlikely to consider bonds as higher risk investments are not considered to be in the best interests of the School.

Financial and risk management objective and policies

To monitor and manage the strategic, operational, compliance and financial risks of the school, a comprehensive risk register has been developed which will be reviewed by governors.

Principal Risks and Uncertainties

The principal financial risks that may affect the School are.

Pupil numbers

As funding is driven by pupil numbers it is essential that the planned growth in pupil numbers is achieved. For the second year of operation pupil numbers continue to be at capacity with clear signs that other parents are keen for their children to come to the school. The school has waiting lists for all age groups. To maintain this promising trajectory the school continues to develop the quality of provision and understand, through strong community engagement, how best to meet the expressed needs of the local community.

Government funding

The School has considerable reliance on continued government funding through the EFA. For the future there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

HATFIELD COMMUNITY FREE SCHOOL

TRUSTEES' REPORT

YEAR ENDED 31 AUGUST 2016

This risk is mitigated in a number of ways:

- maintaining the positive relationships with the EFA and DfE that developed successfully during the preopening phase;
- by ensuring the School is rigorous in delivering good value for money high quality education and training;
- identifying potential sources of funding through grant funding, local sponsorship and consultancy to supplement core EFA funding;

Funding of pension liabilities

The Trust's non teaching staff are almost all members of the Hertfordshire Local Government Pension Scheme. The Trust will need to keep under the review the potential for its share of scheme liabilities to exceed scheme assets. The Trust has joined the Hertfordshire Pension Pool to spread and therefore reduce its risks.

Plans for Future Periods

The School's five year budget plan is intended to ensure that adequate resources are allocated to support the next phase of the build up of the school to full occupancy of 420 pupils by 2018/19.

Funds held as Custodian Trustee on behalf of others

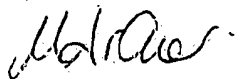
There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 23 November 2016 and signed on the board's behalf by:



Martine Archer
Chair of Governors

HATFIELD COMMUNITY FREE SCHOOL

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Governance Statement Scope of Responsibility

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

For the operational phase of the school the governing body has delegated the day-to-day responsibility to the Executive 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 Hatfield Community Free 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 Statement of Governors' Responsibilities. The governing body has formally met 3 times during the year to 31st August. Attendance during the year at meetings of the governing body was as follows:

Trustee	Meetings attended	Out of a possible
G. Jones	3	3
S.Poole (resigned May 2016)	1	2
M. Archer (chairperson)	3	3
C Matthews (resigned November 2015)	1	1
G.Green	1	3
Jean Wilson	0	1
I. Jaffer	3	3
J-A. Bell	3	3
H Russell-Jones (appointed January 2016))	2	2
S. Attard (executive principal and accounting officer)	3	3
S Crown	3	3
A. de la Salle (staff trustee)	3	3
J. Sutton (staff trustee)	3	3

The Governing Body maintain an ongoing programme of policy review and governance has been subject to external review as part of the Ofsted inspection, with governance being rated as Outstanding. The Governing Body conducted a full self evaluation in the spring of 2015, supported by Herts for Learning, who have a comprehensive and well-respected programme for Governing Body evaluation. Governors reviewed their skill levels across all aspects of the governing body role and also the training they had undertaken to support and develop their skills. A further review will be undertaken in a year's time.

The Resources Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the school's finances, personnel and premises, including proper planning, monitoring and probity.

During the year, the Committee reviewed updates to the school financial procedures and handbook, assisted with the review of the budget forecast return and provided challenge on the best options for

HATFIELD COMMUNITY FREE SCHOOL
GOVERNANCE STATEMENT
YEAR ENDED 31 AUGUST 2016

investment of the school's surplus cash balances.

Attendance at meetings was as follows:

Trustee	Meetings attended	Out of a possible
S.Poole (resigned May 2016)	1	2
M Archer	1	3
G.Green	0	3
I. Jaffer	3	3
S.Attard (executive principal and accounting officer)	3	3
J. Sutton	3	3
C.Matthews (resigned November 2015)	0	1
S Crown	3	3
J Wilson (appointed May 2016)	0	1

The Outcomes Committee is a sub-committee of the main governing body. Its purpose is to review and evaluate: children's learning, the quality of teaching, the quality of leadership; children's achievements and wellbeing; standards of behaviour; the arrangements for safeguarding; community engagement; work with partner organisations and agencies; standards across the school overall.

Attendance at meetings was as follows:

Trustee	Meetings attended	Out of a possible
G. Jones	2	3
M.Archer (chairperson)	3	3
J-A. Bell	3	3
S.Attard (executive principal and accounting officer)	3	3
A. De La Salle (staff governor)	2	3
H Russell-Jones (appointed January 2016)	2	3

Review of Value for Money

As Accounting Officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year and reports to the governing body where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered and improved value for money during the year by:

- focusing whole school teaching and learning resources so as to achieve results significantly above other schools with the same Reception, Year one and Year 2 age groups. Work programmes have been designed for all children within our classes of 20 children, each with two adults and 30 children in Year 2, each with one adult.

HATFIELD COMMUNITY FREE SCHOOL

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

- Deploying staff resources and SEND funding in effective intervention programmes to ensure there is no attainment gap for children with special educational needs; Significant vulnerable groups of children perform as well as the other children;
- Training and mentoring newly qualified teachers to make their practice excellent and working with partner organisations to support their professional development; in addition working with training schools to support School Direct teachers, who provide additional teaching cover within the school, avoiding the need for costly supply teachers, and developing those trainees to become qualified teachers for the future;
- Undertaking an ongoing review of contracts and ensuring three quotes are obtained on all new contracts and asset purchases to ensure that high quality and economical contracts are placed for all key purchases.

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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hatfield Community Free School for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy 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 year ending 31 August 2016 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 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 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 through a comprehensive risk register.

The governors considered the need for a specific internal audit function and decided to appoint Kingston Smith LLP as internal auditor from April 2015. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the Internal Auditor reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. The Internal

HATFIELD COMMUNITY FREE SCHOOL

GOVERNANCE STATEMENT

YEAR ENDED 31 AUGUST 2016

Auditor has reported on the systems for purchasing, payments, payroll, bank reconciliations and controls over the risk of fraud.

Review of Effectiveness

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

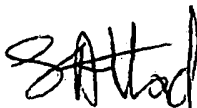
- the work of the Internal Auditor;
- the work of the external auditor;
- the financial management and governance risk management process;
- the work of the Accounting Officer and School Business Manager within the school who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of the review of the system of internal control by the Resources Committee and an annual review of the systems including the Finance Handbook and Financial Procedures Manual is undertaken.

Approved by order of the members of the board of trustees on **23 November 2016** and signed on its behalf by:



Martine Archer
Chairperson



Sue Attard
Accounting Officer

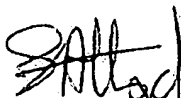
HATFIELD COMMUNITY FREE SCHOOL
GOVERNANCE STATEMENT
YEAR ENDED 31 AUGUST 2016

Hatfield Community Free School
Statement on Regularity, Propriety and Compliance

As accounting officer of Hatfield Community Free School Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As 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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



Sue Attard
Accounting Officer

23 November 2016

HATFIELD COMMUNITY FREE SCHOOL
GOVERNANCE STATEMENT
YEAR ENDED 31 AUGUST 2016

Hatfield Community Free School
Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of Hatfield Community Free 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 Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of 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 in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 board of trustees on **23 November 2016** and signed on its behalf by:



Martine Archer
Chair

Hatfield Community Free School

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Hatfield Community Free School

We have audited the financial statements of Hatfield Community Free School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. 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), including Financial Reporting Standard 102.

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 and trustees those matters which 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 any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Hatfield Community Free School

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Hatfield Community Free School (continued)

Matters on which we are required to report by exception

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

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

Kingston Smith LLP

Date: 19/12/16

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Kingston Smith LLP
4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Hatfield Community Free School

Independent Reporting Accountant's Assurance Report on Regularity to Hatfield Community Free School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hatfield Community Free School during the period 1 July 2015 to 31 August 2016 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 Hatfield Community Free School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hatfield Community Free School and 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 Hatfield Community Free School and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hatfield Community Free School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hatfield Community Free School's funding agreement with the Secretary of State for Education dated 1 May 2012 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 July 2015 to 31 August 2016 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 2015 to 2016 issued by 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:

- Enquiry
- Inspection and review
- Observation and reperformance

Hatfield Community Free School

Independent Reporting Accountant's Assurance Report on Regularity to Hatfield Community Free 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 period 1 July 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kingston Smith LLP

Date: 19/12/16

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Kingston Smith LLP
4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Hatfield Community Free School

Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	1,341	-	11,850	13,191	2,784,865
Charitable activities:						
Funding for the academy trust's educational operations	3	61,991	1,272,153	-	1,334,144	1,110,360
Other trading activities	4	96,552	-	-	96,552	92,054
Investments	5	2,530	-	-	2,530	1,388
Total		162,414	1,272,153	11,850	1,446,417	3,988,667
Expenditure on:						
Raising funds		15,826	-	-	15,826	5,955
Charitable activities:						
Academy trust educational operations	7	15,000	1,233,926	135,679	1,384,605	1,123,347
Total	6	30,826	1,233,926	135,679	1,400,431	1,129,302
Net Income / (expenditure)		131,588	38,227	(123,829)	45,986	2,859,365
Transfers between funds	15	(37,607)	(64,273)	101,880	-	-
Other recognised gains and losses						
Actuarial (losses) / gains on defined benefit pension schemes	15, 24	-	(87,000)	-	(87,000)	4,000
Net movement in funds		93,981	(113,046)	(21,949)	(41,014)	2,863,365
Reconciliation of funds						
Total funds brought forward		76,585	208,849	2,824,690	3,110,124	246,759
Total funds carried forward		170,566	95,803	2,802,741	3,069,110	3,110,124

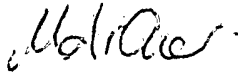
All of the academy's activities derive from continuing operations during the above two financial periods.

Hatfield Community Free School

Balance Sheet as at 31 August 2016

	Notes	2016	2016	2015	2015
Fixed assets					
Tangible assets	11		2,790,891		2,824,890
Current assets					
Stock	12	538		3,894	
Debtors	13	74,182		87,891	
Cash at bank and in hand		459,721		339,340	
		<u>534,419</u>		<u>431,125</u>	
Liabilities					
Creditors : Amounts falling due within one year	14	<u>(148,200)</u>		<u>(130,891)</u>	
Net current assets/(liabilities)			<u>388,219</u>		<u>300,434</u>
Total assets less current liabilities			<u>3,177,110</u>		<u>3,125,124</u>
Defined benefit pension scheme liability	24		(108,000)		(15,000)
Total net assets			<u>3,069,110</u>		<u>3,110,124</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	2,802,741		2,824,890	
General fund	15	203,803		223,849	
Pension reserve	15	<u>(108,000)</u>		<u>(15,000)</u>	
Total restricted funds			<u>2,898,544</u>		<u>3,033,539</u>
Unrestricted income funds	15		<u>170,566</u>		<u>76,585</u>
Total funds			<u>3,069,110</u>		<u>3,110,124</u>

The financial statements on pages 24 to 42 were approved by the trustees, and authorised for issue on 23 November 2016 and are signed on their behalf by:



Martine Archer

Trustee
Hatfield Community Free School
Company Registration Number: 07848854 (England and Wales)

Hatfield Community Free School

Cash Flow Statement for the year ended 31 August 2016

	Notes	2016	2015
Cash flows from operating activities	19	214,381	190,215
Cash flows from investing activities	21	(94,000)	(26,844)
Cash flows from financing activities	20	-	-
Change in cash and cash equivalents in the reporting period		<u>120,381</u>	<u>163,371</u>
Cash and cash equivalents at 1 September 2015		339,340	179,969
Cash and cash equivalents at 31 August 2016	22	<u>459,721</u>	<u>339,340</u>

Hatfield Community Free School

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Company information

Hatfield Community Free School is a limited company domiciled and incorporated in England and Wales. The registered office is Hatfield Community Free School, Briars Lane, Hatfield, Hertfordshire, AL10 8ES.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102))', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

First time adoption of FRS 102

These financial statements are the first financial statements of Hatfield Community Free School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements
for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement 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 are no performance-related conditions) where the receipt is probable and the amount can be

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in a settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including the support costs involved in undertaking each activity. Direct costs attributable to a single activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

Charitable Activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Expenditure on Raising Funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Tangible Fixed Assets

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Long leasehold buildings	- 50 years
Furniture and equipment	- 4 years
Plant and machinery	- 5 years
Computer equipment	- 3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in the settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods and services it must provide.

Provisions

Provisions can be recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle an obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the last pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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 part 11, chapter 3 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.

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.

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

1 Statement of Accounting Policies (continued)

Pensions Benefits (continued)

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 quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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 credit 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 the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

Critical accounting estimates and areas of judgment

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical accounting estimates and areas of judgment (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

2 Donations and capital grants

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
Capital Grants	-	-	5,350	5,350	4,675
Donated fixed assets	-	-	-	-	2,778,500
Other donations	1,341	-	6,500	7,841	1,690
	<u>1,341</u>	<u>-</u>	<u>11,850</u>	<u>13,191</u>	<u>2,784,865</u>

The income from donations and capital grants was £13,191 (2015: £2,784,865) of which £1,341 was unrestricted (2015: £1,690) and £11,850 was restricted fixed assets (2015: 2,783,175).

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
DfE / EFA revenue grants				
General Annual Grant (GAG) (note 2)	-	946,450	946,450	754,166
Start Up Grants	-	62,234	62,234	77,645
Other DfE/EFA grants	-	148,756	148,756	154,637
	<u>-</u>	<u>1,157,440</u>	<u>1,157,440</u>	<u>986,448</u>
Other Government grants				
Local authority grants	-	1,000	1,000	7,688
	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>7,688</u>
Other income from the academy trust's educational operations				
Catering income	-	22,059	22,059	1,053
Trip income	-	2,650	2,650	770
Other income	61,991	89,004	150,995	114,401
	<u>61,991</u>	<u>113,713</u>	<u>175,704</u>	<u>116,224</u>
	<u>61,991</u>	<u>1,272,153</u>	<u>1,334,144</u>	<u>1,110,360</u>

The income from funding for the academy trust's educational operations was £1,334,144 (2015: £1,110,360) of which £61,991 was unrestricted (2015: £67,152) and £1,272,153 was restricted (2015: £1,043,208).

4 Other trading activities

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
Hire of facilities	47,593	-	47,593	41,778
Rental income	35,000	-	35,000	40,039
Other income	13,959	-	13,959	10,237
	<u>96,552</u>	<u>-</u>	<u>96,552</u>	<u>92,054</u>

The income from other trading activities was £96,552 (2015: £92,054) of which £96,552 was unrestricted (2015: £76,600) and £nil was restricted (2015: £15,454).

5 Investment income

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
Bank Interest	2,530	-	2,530	1,388
	<u>2,530</u>	<u>-</u>	<u>2,530</u>	<u>1,388</u>

The income from investments was £2,530 (2015: £1,388) of which £2,530 was unrestricted (2015: £1,388).

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total 2016	Total 2015
		Premises	Other		
Expenditure on raising funds	-	-	15,826	15,826	5,955
Academy's educational operations:					
Direct costs	748,662	135,679	93,653	977,994	816,280
Allocated support costs	186,816	78,717	141,078	406,611	295,522
	<u>935,478</u>	<u>214,396</u>	<u>250,557</u>	<u>1,400,431</u>	<u>1,117,757</u>

Expenditure from raising funds was £15,826 (2015: £5,955) of which £15,826 was unrestricted (2015: £5,955). Expenditure from the academy's educational operations was £1,384,605 (2015: £1,123,347) of which £15,000 was unrestricted (2015: £30,000), £1,233,926 was restricted (2015: £976,997) and £135,679 was restricted fixed assets (2015: £116,350).

Net income / (expenditure) for the period includes:

	2016	2015
Fees payable to auditor for:		
Audit	5,100	6,750
Other services	2,235	2,295
	<u>7,335</u>	<u>9,045</u>

7 Charitable Activities

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
Direct costs					
Teaching and educational support staff costs	15,000	733,662	-	748,662	585,030
Depreciation	-	-	135,679	135,679	116,350
Technology costs	-	9,647	-	9,647	9,692
Educational supplies	-	57,412	-	57,412	87,336
Staff development	-	12,846	-	12,846	15,151
Professional services	-	8,913	-	8,913	-
Other direct costs	-	4,835	-	4,835	2,721
	<u>15,000</u>	<u>827,315</u>	<u>135,679</u>	<u>977,994</u>	<u>816,280</u>
Support costs					
Support staff costs	-	182,276	-	182,276	129,171
Recruitment and support	-	4,540	-	4,540	4,376
Premise costs	-	40,382	-	40,382	4,718
Cleaning	-	4,727	-	4,727	4,254
Rates	-	16,473	-	16,473	15,455
Energy costs	-	17,135	-	17,135	17,453
Insurance	-	6,000	-	6,000	14,006
Catering	-	117,265	-	117,265	93,862
Bank interest and charges	-	32	-	32	32
Other support costs	-	5,374	-	5,374	12,195
Governance costs	-	12,407	-	12,407	11,545
	<u>-</u>	<u>406,611</u>	<u>-</u>	<u>406,611</u>	<u>307,067</u>
Total direct and support costs	<u>15,000</u>	<u>1,233,926</u>	<u>135,679</u>	<u>1,384,605</u>	<u>1,123,347</u>

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

8 Staff

a. Staff costs

Staff costs during the period were:

	2016	2015
Wages and salaries	738,450	590,533
Social security costs	49,968	39,339
Pension costs	142,520	90,786
	<u>930,938</u>	<u>720,658</u>

b. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2016 No.	2015 No.
Teachers	12	10
Administration and support	15	12
Management	2	1
	<u>29</u>	<u>23</u>

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
£90,001 - £100,000	1	1

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3, as well as the school Business Manager. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £198,686 (2015: £184,896).

9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

S. Attard (Executive Principal and Trustee):

Remuneration	£90,000 - £95,000 (2015: £45,000 - £50,000)
Employer's pension contributions	£15,000 - £15,500 (2015: £8,000 - £8,500)

A. De La Salle (Vice Principal and Staff Trustee):

Remuneration	£50,000 - £55,000 (2015: £45,000 - £50,000)
Employer's pension contributions	£8,500 - £9,000 (2015: £6,000 - £6,500)

J. Sutton (Staff Trustee):

Remuneration	£25,000 - £30,000 (2015: £25,000 - £30,000)
Employer's pension contributions	£7,000 - £7,500 (2015: £6,000 - £6,500)

During the year ended 31 August 2016, no expenses were reimbursed to trustees (2015: £nil).

10 Trustees and officers insurance

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

11 Tangible fixed assets

	Leasehold Land and Buildings	Furniture and Equipment	Plant and Machinery	Computer Equipment	Total
Cost					
At 1 September 2015	2,775,000	169,933	8,126	84,444	3,037,503
Additions	-	46,778	-	55,102	101,880
Disposals	-	-	-	-	-
At 31 August 2016	<u>2,775,000</u>	<u>216,711</u>	<u>8,126</u>	<u>139,546</u>	<u>3,139,383</u>
Depreciation					
At 1 September 2015	49,960	109,609	1,958	51,286	212,813
Charged in year	55,500	49,349	1,625	29,205	135,679
Disposals	-	-	-	-	-
At 31 August 2016	<u>105,460</u>	<u>158,958</u>	<u>3,583</u>	<u>80,491</u>	<u>348,492</u>
Net book values					
At 31 August 2016	<u>2,669,540</u>	<u>57,753</u>	<u>4,543</u>	<u>59,055</u>	<u>2,790,891</u>
At 31 August 2015	<u>2,725,040</u>	<u>60,324</u>	<u>6,168</u>	<u>33,158</u>	<u>2,824,690</u>

The leasehold land and buildings were assigned to the academy trust under a 125 year lease in the prior year. Land and buildings were recognised as gifted assets per valuation reports dated 31 March 2013 prepared by the Education Funding Agency and included within this amount is land of £277,000 which has not been depreciated.

12 Stock

	2016	2015
Clothing	536	3,894
	<u>536</u>	<u>3,894</u>

13 Debtors

	2016	2015
Trade debtors	30,442	33,238
VAT recoverable	19,385	40,967
Prepayments and accrued income	24,335	13,686
	<u>74,162</u>	<u>87,891</u>

14 Creditors: Amounts falling due within one year

	2016	2015
Trade creditors	46,856	40,063
Taxation and social security	14,242	10,339
Other creditors	15,976	10,767
Accruals and deferred income	71,126	69,522
	<u>148,200</u>	<u>130,691</u>

Deferred income

	2016	2015
Deferred income at 1 September 2015	55,774	50,864
Resources deferred in the year	71,126	55,774
Amounts released from previous years	(55,774)	(50,864)
Deferred income at 31 August 2016	<u>71,126</u>	<u>55,774</u>

Deferred income relates to universal free school meal income, rates income and devolved capital funding received EFA in advance for the 2016-17 academic year. There is also a £3,000 employers allowance that relates to the 2016-17 academic year.

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

15 Funds	Balance at 1 September 2015	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2016
Restricted general funds					
General Annual Grant (GAG)	213,119	946,450	(864,511)	(101,880)	193,178
Start Up Grant	-	62,234	(62,234)	-	-
Other DfE Grants	10,480	148,756	(149,861)	-	9,375
Local Authority Grants	250	1,000	-	-	1,250
Pension reserve	(15,000)	-	(6,000)	(87,000)	(108,000)
Other income	-	113,713	(151,320)	37,607	-
	<u>208,849</u>	<u>1,272,153</u>	<u>(1,233,926)</u>	<u>(151,273)</u>	<u>95,803</u>
Restricted fixed asset funds					
DfE/EFA capital grants	6,693	5,350	-	-	12,043
Capital expenditure from GAG	48,489	-	(135,679)	101,880	14,690
Donations	2,769,508	6,500	-	-	2,776,008
	<u>2,824,690</u>	<u>11,850</u>	<u>(135,679)</u>	<u>101,880</u>	<u>2,802,741</u>
Total restricted funds	<u>3,033,539</u>	<u>1,284,003</u>	<u>(1,369,605)</u>	<u>(49,393)</u>	<u>2,898,544</u>
Total unrestricted funds	<u>76,585</u>	<u>162,414</u>	<u>(30,826)</u>	<u>(37,607)</u>	<u>170,566</u>
Total funds	<u>3,110,124</u>	<u>1,446,417</u>	<u>(1,400,431)</u>	<u>(87,000)</u>	<u>3,069,110</u>

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

The General Annual Grant (GAG) fund represents the core funding for the educational activities of the school that has been provided to the academy trust via the Education Funding Agency (EFA) by the Department for Education (DfE). The GAG fund has been set up because the GAG must be used for the normal running costs of the academy.

Start up grants are received from the DfE to help with the costs of converting to academy status.

Material funds included in other DfE / EFA grants are represented by pupil premium which is funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more disadvantaged students and Universal Free School Meals income.

The restricted asset fund represents the net book value of fixed assets funded from DfE / EFA capital grants, donations for capital purchases and assets purchased from GAG.

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2016.

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

16 Analysis of net assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
Tangible fixed assets	-	-	2,790,891	2,790,891
Current assets	55,878	478,541	-	534,419
Current liabilities	-	(148,200)	-	(148,200)
Pension scheme liability	-	(108,000)	-	(108,000)
Total net assets	55,878	222,341	2,790,891	3,069,110

17 Capital Commitments

2016 2015

Contracted for, but not provided in the financial statements

18 Financial Commitments

Operating Leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
Other		
Amounts due within one year	12,392	624
Amounts due between two and five years	14,457	-
Amounts due after five years	-	-
	26,849	624

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

19	Reconciliation of Net Income/(expenditure) to Net Cash Inflow from Operating Activities	2016	2015
	Net income/(expenditure) for the reporting period (as per the statement of financial activities)	45,986	2,863,365
	Adjusted for:		
	Depreciation [note 11]	135,679	116,350
	Capital Grants from DfE and other capital income	(5,350)	(2,783,175)
	Interest receivable [note 5]	(2,530)	(1,388)
	Defined benefit pension scheme obligation inherited	-	-
	Defined benefit pension scheme cost less contributions payable [note 24]	6,000	5,000
	Defined benefit pension scheme finance cost [note 24]	-	-
	(Increase)/decrease in stock	3,358	(1,704)
	(Increase)/decrease in debtors	13,729	(38,371)
	Increase/(decrease) in creditors	17,509	30,138
	Net Cash provided by / (used in) Operating Activities	214,381	190,215
20	Cash flows from financing activities	2016	2015
	Repayments of borrowing	-	-
	Cash inflows from new borrowing	-	-
	Net cash provided by / (used in) financing activities	-	-
21	Cash flows from investing activities	2016	2015
	Dividends, interest and rents from investments	2,530	1,388
	Proceeds from sale of tangible fixed assets	-	-
	Purchase of intangible fixed assets	-	-
	Purchase of tangible fixed assets	(101,880)	(28,232)
	Capital grants from DfE/EFA	5,350	-
	Capital funding received from sponsors and others	-	-
	Net Cash provided by / (used in) Operating Activities	(94,000)	(26,844)
22	Analysis of cash and cash equivalents	At 31 August 2016	At 31 August 2015
	Cash in hand and at bank	254,664	259,340
	Notice deposits (less than 3 months)	205,057	80,000
	Total cash and cash equivalents	459,721	339,340

Notes to the Financial Statements (continued)
for the year ended 31 August 2016

23 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

24 Pension and Similar Obligations

The academy'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 Hertfordshire County Council. Both are multi-employer 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 2012 and of the LGPS 31 March 2016.

Contributions amounting to £15,710 were payable to the schemes at 31 August 2016 (2015: £20,000) 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) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return of 3.0% in excess of prices and 2% in excess of earnings. The rate or real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Teachers' Pension Scheme Changes

The employer's pension costs paid to TPS in the period amounted to £129,209 (2015: £38,122).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

24 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £182,910 (2015: £47,664), of which employer's contributions totalled £129,209 (2015: £48,000) and employees' contributions totalled £ (2015: £11,000). The agreed contribution rates for future years are 22.5 per cent for employers and 5.5 - 6.8 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an 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.

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.60%	4.10%
Rate of increase for pensions in payment/inflation	2.10%	2.70%
Discount rate for scheme liabilities	2.10%	3.80%
Inflation assumption (CPI)		
Commutation of pensions to lump sums		

The FRC Reporting Statement 'Retirement Benefits' recommends that disclosure should include a sensitivity analysis for the principal assumptions used to measure scheme liabilities, showing how the measurement of scheme liabilities would have been affected by changes in the relevant assumption that were reasonably possible at the balance sheet date.

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.3 years	22.3 years
Females	24.5 years	24.5 years
<i>Retiring in 20 years</i>		
Males	24.3 years	24.3 years
Females	26.7 years	26.7 years

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

	Expected Fair value at 31 August 2016	Fair value at 31 August 2015
Equity instruments	221,130	85,000
Debt instruments	98,280	37,000
Property	24,570	10,000
Cash	7,020	6,000
Total market value of assets	351,000	138,000

Hatfield Community Free School

Notes to the Financial Statements (continued) for the year ended 31 August 2016

24 Pension and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities	2016 £000	2015 £000
Current service cost (net of employee contributions)	6	5
Net interest	-	-
Total operating charge	6	5

Changes in the fair value of defined benefit obligations were as follows:

	2016 £000	2015 £000
At 1 September	153	88
Current service cost	69	53
Interest cost	7	4
Employee contributions	14	11
Actuarial (gain)/loss	108	(3)
At 31 August	351	153

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

	2016 £000	2015 £000
At 1 September	138	74
Interest income	7	4
Employee contributions	14	11
Employer contributions	63	48
Actuarial (gain)/loss	21	1
At 31 August	243	138

25 Related Party Transactions

Owing to the nature of the academy trust 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 the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The following related party transactions took place in the period of account:

West Herts Community Free School Trust (WHCFST) is a company in which S. Poole and G. Jones are trustees.

During the year there were transactions totalling to £131,114 (2015: £90,416 between the Academy and WHCFST relating to consultancy secondments of the Executive Principal and Vice Principal. At the year end £24,383 (2015: £23,711) was owing to the academy trust.

26 Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £2,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

Cash flow statement

The adoption of FRS 102 has required certain presentational changes to the cash flow statement, although the cash flow statement presents substantially the same information as under previous UK GAAP. Under previous UK GAAP cash flows are presented under nine standard headings whereas under FRS 102 the requirement is to classify cash flows into operating, investing and financing activities.