

**Haberdashers' Aske's Hatcham
College Trust**

(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

31 August 2006



Company Registration Number: 2535091
Charity Registration Number: 1001489

Haberdashers' Aske's Hatcham College Trust

REPORT AND FINANCIAL STATEMENTS

31 August 2006

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Haberdashers' Aske's Hatcham College Trust

LEGAL AND ADMINISTRATIVE INFORMATION

31 August 2006

NOMINATED GOVERNORS (WHO ARE CHARITY TRUSTEES & COMPANY DIRECTORS)

Richard Glover (1)	Chairman, Member
Dr Mark Archer (1)	Responsible Officer
Andrew Barlow (4), appointed 1.9.05	
Canon Owen Beament (3)	
Michael Baughan, appointed 1.9.06	
Daniel Confino (2)	
Hattie Harris (2)	
Tristram Jones-Parry (2), appointed 1.9.05	
Nicholas Lund (1)	Member
Dr Helen Murphy (2)	
Alun Oliver (3)	
Revd James Power (2)	Member
George Pulman (4)	Member
Alex Smith-Bingham (1), appointed 1.9.05	
Emma Jenks (3)	

CO-OPTED GOVERNORS

Debbie Barclay, resigned 31.8.06 (4)	Elected by parents
Carol Broomfield (2), appointed 1.9.05	Elected by staff
Ruth Cousins (3), appointed 1.9.05	Elected by staff
Malcolm Conlon (4), appointed 2.9.06	Elected by parents
Judy Harrington (3), appointed 1.9.05	Elected by parents
Mary Mabey (4), appointed 1.9.05	Elected by staff
Roger Mighton (4), appointed 1.9.05	Elected by parents
Anne Mogridge (4), appointed 1.9.05	Elected by staff
Cllr. Gavin Moore, resigned 31.8.06 (4)	Representing local community
Brentnol Roach (3)	Elected by parents

1	Finance, Premises & General Purposes Committee
2	Standards Committee
3	Hatcham Liaison Committee
4	Knights Liaison Committee

CHIEF EXECUTIVE OFFICER

Dr Liz Sidwell

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY & CLERK TO THE GOVERNORS

Paul Durgan

SENIOR MANAGEMENT TEAM

Michele Adamson, Principal Hatcham
Yvonne MacCallum, Principal Knights
Declan Jones, Deputy Principal
Dave Willis, Deputy Principal

REGISTERED OFFICE

Haberdashers' Aske's Hatcham College
Pepys Road
London SE14 5SF

Haberdashers' Aske's Hatcham College Trust

LEGAL AND ADMINISTRATIVE INFORMATION

31 August 2006

ADVISORS

AUDITOR

Baker Tilly
Registered Auditor
Chartered Accountants
1st Floor, 46 Clarendon Road
Watford
Herts,
WD17 1JJ

BANKERS

Barclays Bank plc
Peckham Rye Branch
223/229 Rye Lane
Peckham
London
SE15 4TY

SOLICITORS

Eversheds LLP
Senator House
85 Queen Victoria Street
London
EC4V 4JL

Haberdashers' Aske's Hatcham College Trust

GOVERNORS' REPORT

31 August 2006

The Governors, who are trustees for the purposes of Charity Law and directors for the purposes of the Companies Act, submit their annual report and audited accounts for the year ended 31 August 2006 and confirm that the latter comply with the requirements of the Companies Act 1985 and the Charities SORP 2005.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Trust is a charitable company limited by guarantee (registered number 2535091) and a registered charity (registered number 1001489). Particulars of the Trust and its governors are shown on pages 1 and 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Trust was formed on 28 August 1990 and its principal governing documents are the Memorandum & Articles of Association. The company does not have any share capital. Every member of the 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 and to pay such amounts as may be required not exceeding £1 for the debt and liabilities contracted before he/she ceases to be a member.

Governing body

Four Members, who are also Governors, are appointed by the Trust sponsor, the Worshipful Company of Haberdashers. Other Governors, known as Nominated Governors, are also appointed by the Worshipful Company. The Nominated Governors appoint Co-opted Governors, who include four teacher representatives, a local community representative and four parent representatives.

One member is appointed by the Secretary of State for Education.

The names of the Governors are given on page 1.

Recruitment and training of governors

Governors are recruited on the basis of the skills that they will bring to the governing body or on the basis of a proposal to the governing body by representative groups. On appointment governors receive extensive information relating to the Trust and are enabled to attend a briefing on the role and responsibilities of governors. During the year governors are offered training, particularly in liaison with the Haberdashers' Company.

Organisational management

The Governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the DfES.

All governors are members of the full board. In addition governors are members of committees who report to the full board. There are four governors committees. The Finance, Premises and General Purposes committee reports to the full board on finance issues. The Standards Committee has particular responsibility for curriculum and standards related matters. There is a liaison committee for each of the schools in the Trust who deal pastoral and inclusion issues. The membership of committees is shown on page 1.

The day to day running of the schools is delegated to the Trust executive team under the leadership of the Chief Executive Officer who attends governor meetings.

Group structure and relationships

The Trust has two trading subsidiaries, HAHC Trading Ltd and HAHC Education Ltd and has two partnerships, the South London Consortium and Haberdashers' Aske's School Sports Partnership. The activities of these entities is described in the 'Review of Achievements and Performance for the Year'.

Haberdashers' Aske's Hatcham College Trust

GOVERNORS' REPORT

31 August 2006

Risk management

The Governors have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management process is undertaken on an annual basis.

The key controls used by the Trust include:

Formal agendas for all committee and board activity

Terms of reference for all governor and executive committees

Comprehensive strategic planning, budgeting and management reporting

An established organisational structure and clear lines for reporting

Formal written policies

Clear authorisation and approval levels

Vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The Trust objective is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on and developing a federation of schools, known as the Haberdashers' Aske's Federation. There are two schools in the Federation; Haberdashers' Aske's Hatcham College at New Cross, London and Haberdashers' Aske's Knights Academy at Downham, Bromley. Both schools are designated as Academies within the meaning of the Education Act 2002 and started in this designation from 1 September 2005. Haberdashers' Aske's Hatcham College was a City Technology College prior to this and Haberdashers' Aske's Knights Academy was previously known as Malory School under the control of Lewisham Borough Council.

Aims and intended impact

Our vision is one where all students are inspired to reach their full potential, no matter their ability or background; where aspirations and achievements are constantly raised; where the improvements of standards reflect the needs of the local and wider communities; through the highest quality academic, personal and vocational teaching and guidance.

Objectives for the year

The objectives for the year were to focus on continued achievement of academic performance, broadening experience through extension activities and continuing to operate effectively and efficiently within budgets.

Strategies to achieve the year's objectives

The Trust produces 3 detailed development plans. These are the Federation development plan for activities across the Trust, and the Haberdashers' Aske's Hatcham College and Haberdashers' Aske's Knights Academy development plans for strategies within the individual schools. The plans form the basis for review of the achievement of the objectives against the plan.

The Chief Executive Officer reports on Key Performance Indices (KPI's) at each main board governors meeting.

Haberdashers' Aske's Hatcham College Trust

GOVERNORS' REPORT

31 August 2006

Principal activities for the year

The principal activity for the year has been the provision of secondary education at each of the two school sites.

Grant making and social investment policy

Where resources allow, the Trust seeks to ensure that all pupils have equal access to the education on offer at the schools regardless of parental income. The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons policy

The policy of the Trust is to support recruitment and retention of students and employees with disabilities.

Volunteers

Both schools have active parent associations who contribute time and resources through fundraising to the schools.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE FOR THE YEAR

Operational performance of the schools

Haberdashers Aske's Hatcham College had another good year for examination results. At A Level average points were well above the national average and at GCSE 94% (80% 2005) of students achieved 5 or more A*-C grades. Of these 91% achieved A*-C grades in English and Mathematics. Early GCSE entries continued to gain good grades. Students achieving above Level 5 KS3 SATS were good in all subjects, with results above the national average.

Haberdashers' Aske's Knights Academy had outstanding results with 29% of students achieving 5 or more A*-C grades, compared with 9% in 2005. Students achieving above Level 5 KS3 SATS results were also improved.

Work with the local community continues to be a priority for the Federation. There is an extensive programme of projects funded jointly by the Trust and the DfES. In particular, a large number of departments work with Primary Schools providing lessons that use the Trust's first class facilities. The sports hall on the Nunhead playing fields provides further opportunities for developing external links.

Haberdashers' Aske's Knights Academy has entered into an agreement with Eltham College to use their College Meadow as a sports field and this has proved to be an excellent resource whilst the Academy develops its own playing fields.

South London Teacher Training, for which Hatcham College is the lead school, successfully trained its sixth cohort of 15 graduates who qualified as teachers in July.

Haberdashers' Aske's School Sports Partnership has been a new venture this year and has proved very successful in creating links across the Borough of Lewisham to bring secondary and primary schools into partnership to develop sport.

Trust capital projects

The complete refurbishment of the Dyson building for science on the Hatcham site along with the introduction of three lifts on the site to further enable access for disabled students, staff and visitors was completed during the year.

The two further major capital projects are underway to build a new teaching block at the Hatcham site and new school for 1,350 students on the Knights' site. These projects will not be completed until 2007.

Haberdashers' Aske's Hatcham College Trust

GOVERNORS' REPORT

31 August 2006

The major capital projects of the Trust are contracted and managed by the HAHC Education Ltd, the Trust's wholly owned construction subsidiary.

In addition to the major capital works associated with the Academy project, a programme of repairs and upgrading of the Federation facilities has continued during the year. This has included upgrade and refurbishment of the Federation classrooms and the introduction of multimedia facilities.

HAHC Trading Ltd, the Trust's wholly owned trading subsidiary, has continued to operate its lettings business and to build its consultancy business.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Note 19 to the financial statements shows the movement on restricted and unrestricted funds. Total funds of the charity amount to £29,389,315 (2005: £11,262,525) but only £116,276 (2005: £6,481) of this is freely available because the balance is invested in fixed assets or has a restriction for other purposes. The Governors have assessed the level of available free reserves and are confident that there are sufficient levels of reserves to meet current operating needs.

Tangible fixed assets are held for use by the Trust, but in the present property market the Governors are unable to estimate to what extent the current market value of these assets is materially different from that shown in the financial statements.

Reserves policy

The Governors have reviewed the requirement for free reserves, which are those unrestricted funds not invested in fixed assets, designated for specific purpose or otherwise committed. The Governors consider that, since operational finance is available, significant free reserves are not required to be held for the essential operation of the charity. The charity would not be able to continue operations in the current form in the event of a significant drop in grants.

Investment policy and objectives

The Governors aim to maximise the total investment return within the objectives of maintaining income. All free funds are invested in cash deposits at market rates.

FUTURE PLANS

The future plans for the Trust are contained in the development plans referred to above. These seek to continue to deliver a distinct mission: "to value tradition as well as progress and promote excellence". The Trust Federation will be at the cutting edge of national educational initiatives, committed to research and development and to adopting creative solutions that will benefit all Askean students.

The new Academies will be firmly rooted in their local communities. In this way, each Academy will have a distinct local character reflecting the area they serve.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The governors in office on the date of this report have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Haberdashers' Aske's Hatcham College Trust

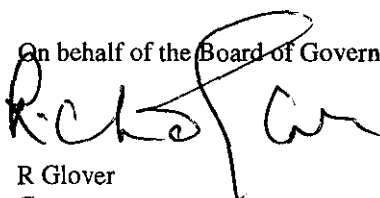
GOVERNORS' REPORT

31 August 2006

AUDITORS

A resolution proposing Baker Tilly to be reappointed as auditors of the charity will be put to the Annual General Meeting.

On behalf of the Board of Governors



R Glover
Governor

2006

8.1.07

Haberdashers' Aske's Hatcham College Trust

STATEMENT OF GOVERNORS' RESPONSIBILITIES

IN THE PREPARATION OF FINANCIAL STATEMENTS

31 August 2006

The Governors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity and Company law requires the Governors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources which include the income and expenditure of the charity for that year. In preparing these financial statements, the Governors are required to:

- a) select suitable accounting policies and apply them consistently
- b) made judgements and estimates that are reasonable and prudent
- c) follow applicable statements of recommended practice and UK accounting standards subject to any material departures disclosed and explained in the financial statements
- d) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in business.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Haberdashers' Aske's Hatcham College Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HABERDASHERS' ASKE'S HATCHAM COLLEGE TRUST

We have audited the financial statements on pages 11 to 29.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the trustees' (who are also directors of Haberdashers' Aske's Hatcham College Trust for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Governors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the Annual Report is consistent with the financial statements. We also report to you if in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- (a) the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company and the Group as at 31 August 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985;
- (b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Skills in respect of the relevant financial year;

Haberdashers' Aske's Hatcham College Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HABERDASHERS' ASKE'S HATCHAM COLLEGE TRUST

- (c) proper accounting records have been kept by the Academy throughout the financial year;
- (d) grants made by the Department for Education and Skills have been applied for the purposes intended;
and
- (e) the information given in the annual report is consistent with the financial statements.

Baker Tilly

BAKER TILLY
Registered Auditor
Chartered Accountants
1st Floor
46 Clarendon Road
Watford
Herts
WD17 1JJ

9 March 2007

Haberdashers' Aske's Hatcham College Trust

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

as at 31 August 2006

	<i>Note</i>	Unrestricted general fund £	Restricted general fund £	Restricted fixed asset fund £	Total 2006 £	As restated Total 2005 £
INCOMING RESOURCES:						
Incoming resources from generated funds:						
Voluntary income	4	44,000	-	600,000	644,000	213,500
Activities for generating funds - trading income	5	106,849	-	-	106,849	95,102
Investment income	7	82,404	-	-	82,404	43,916
Incoming resources from charitable activities:						
Funding for the academies' educational operations						
Annual per capita grant	2	-	11,613,323	-	11,613,323	7,578,779
Start up grants	2	-	1,522,444	-	1,522,444	-
Other	2	-	1,763,985	-	1,763,985	1,082,743
Haberdashers' Knights Academy	3	-	-	-	-	4,393,123
Academies Capital Grant	3	-	-	17,607,726	17,607,726	83,507
Other incoming resources	6	70,583	-	-	70,583	35,642
TOTAL INCOMING RESOURCES		303,836	14,899,752	18,207,726	33,411,314	13,526,312
RESOURCES EXPENDED:						
Cost of generating funds:						
Trading expenditure		41,055	-	-	41,055	41,580
Charitable activities:						
Academies' educational operations	9	-	14,217,153	920,626	15,137,779	10,657,739
Governance costs	9	-	149,690	-	149,690	121,006
TOTAL RESOURCES EXPENDED	8	41,055	14,366,843	920,626	15,328,524	10,820,325
NET INCOMING RESOURCES BEFORE TRANSFERS		262,781	532,909	17,287,100	18,082,790	2,705,987
Gross transfers between funds	24	(199,000)	(181,834)	380,834	-	-
NET INCOMING RESOURCES BEFORE ACTUARIAL GAINS ON DEFINED BENEFIT PENSION SCHEME		63,781	351,075	17,667,934	18,082,790	2,705,987
ACTUARIAL GAINS ON DEFINED BENEFIT PENSION SCHEME		44,000	-	-	44,000	-
NET MOVEMENT IN FUNDS		107,781	351,075	17,667,934	18,126,790	2,705,987
TOTAL FUNDS BROUGHT FORWARD AT 1 SEPTEMBER 2005		14,537	30,717	11,217,271	11,262,525	8,556,538
FUNDS CARRIED FORWARD AT 31 AUGUST 2006		122,318	381,792	28,885,205	29,389,315	11,262,525

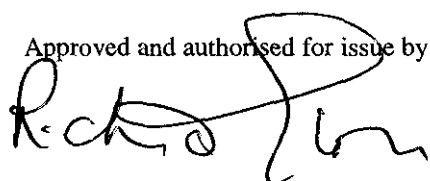
All of the above results are derived from continuing activities.

The Statement of Financial Activities analyses all the capital and income resources and expenditure during the year and reconciles the movements in funds. Accordingly no Statement of Total Recognized Gains and Losses has been prepared. The surplus for the year for Companies Act purposes comprises the net movement in funds and was £18,082,790 (2005: £2,705,987).

Haberdashers' Aske's Hatcham College Trust
CONSOLIDATED AND CHARITY BALANCE SHEETS
as at 31 August 2006

		Group		Charity	
	Note	2006 £	2005 £	2006 £	2005 £
FIXED ASSETS					
Tangible assets	14	28,891,247	10,830,213	28,885,205	10,822,157
Investment in subsidiary	26	-	-	2	2
		<u>28,891,247</u>	<u>10,830,213</u>	<u>28,885,207</u>	<u>10,822,159</u>
CURRENT ASSETS					
Stocks and Work in Progress	15	114,911	456,950	114,911	47,115
Debtors	16	2,935,245	777,552	4,137,168	1,023,162
Cash at bank and in hand		2,380,182	2,054,663	942,424	514,489
		<u>5,430,338</u>	<u>3,289,165</u>	<u>5,194,503</u>	<u>1,584,766</u>
CREDITORS: amounts falling due within one year	17	(4,677,913)	(2,711,386)	(4,436,038)	(998,933)
NET CURRENT ASSETS		<u>752,425</u>	<u>577,779</u>	<u>758,465</u>	<u>585,833</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>29,643,672</u>	<u>11,407,992</u>	<u>29,643,672</u>	<u>11,407,992</u>
CREDITORS: amounts falling due after more than one year	18	(99,357)	(145,467)	(99,357)	(145,467)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		<u>29,544,315</u>	<u>11,262,525</u>	<u>29,544,315</u>	<u>11,262,525</u>
Pension Scheme Liability	13	(155,000)	-	(155,000)	-
NET ASSETS INCLUDING PENSION LIABILITY		<u>29,389,315</u>	<u>11,262,525</u>	<u>29,389,315</u>	<u>11,262,525</u>
FUNDS					
Restricted Fixed Asset fund	19	28,885,205	11,217,271	28,885,205	11,217,271
Restricted General fund	19	381,792	30,717	381,792	30,717
Unrestricted General fund	19	122,318	14,537	122,318	14,537
		<u>29,389,315</u>	<u>11,262,525</u>	<u>29,389,315</u>	<u>11,262,525</u>

Approved and authorised for issue by the Governors on 8/11/07 and signed on their behalf by:



R Glover
Chairman

Haberdashers' Aske's Hatcham College Trust

CONSOLIDATED CASH FLOW STATEMENT

31 August 2006

	<i>Note</i>	2006 £	2005 £
NET INCOMING RESOURCES		18,082,790	2,705,987
Less: Interest received		(82,404)	(43,916)
Add: Depreciation		926,806	2,154,635
Add: Loss on disposal		8,456	-
Decrease/(increase) in stocks		342,039	(14,427)
(Increase)/decrease in debtors		(2,157,693)	1,224,309
Increase/(decrease) in creditors		1,970,417	(2,264,742)
Net movement in pension provision		199,000	-
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>19,289,411</u>	<u>3,761,846</u>
		2006 £	2005 £
CASHFLOW STATEMENT			
Net cash inflow from operating activities		19,289,411	3,761,846
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		<u>82,404</u>	<u>43,916</u>
		19,371,815	3,805,762
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		<u>(18,996,296)</u>	<u>(4,715,227)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		375,519	(909,465)
MANAGEMENT OF LIQUID RESOURCES AND FINANCING			
Haberdashers' Aske's Charity loan repayment		<u>(50,000)</u>	<u>(50,000)</u>
NET INCREASE/(DECREASE) IN CASH	25	<u>325,519</u>	<u>(959,465)</u>

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the accounts are described below.

Format of accounts

The standard formats for the accounts as required by the Companies Act 1985, Schedule 4 Part 1 have been adapted to provide more appropriate information which complies with the Statement of Recommended Practice (SORP) 2005 "Accounting and Reporting by Charities" published in March 2005 and reflects the activities of the Trust. Certain balances have been restated under SORP 2005, but net assets remain unaffected in this respect.

The consolidated financial statements consolidate the results of the Trust and its subsidiary companies. Advantage has been taken of the exemption available to not prepare a Statement of Financial Activities for the Trust, as set out in the SORP, paragraph 397.

Company status

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

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Recognition of income

Income received for specific purposes is included in the Statement of Financial Activities and if unspent carried forward as part of restricted funds. Capital grants are restricted fixed asset funds, these are credited to the restricted fixed asset fund in the Statement of Financial Activities in the year of receipt. The annual recurrent grant from the DfES, which is intended to meet recurrent costs, is credited direct to the statement of financial activities.

Voluntary income

Voluntary income and donations are included in the Statement of Financial Activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and are receivable at the balance sheet date.

Investment income

Investment income is included within the Statement of Financial Activities on a receivable basis.

Allocation of costs between direct provision of education and other expenditure

In accordance with the Charities SORP, expenditure has been analysed between the costs of generating funds, Academies' charitable activities and governance. Items of expenditure, which involve more than one cost category, have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned; these include:

Cost category	Basis of apportionment
Maintenance of premises	Capacity of accommodation utilised/ratio of staff
Other occupancy costs	Capacity of accommodation utilised/ratio of staff
Depreciation	Usage of assets

Governance costs

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

Tangible fixed assets

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost.

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

1 ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a deferred income account and released to the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. The fixed asset grants are credited to the statement of financial activities on a receivable basis.

Equipment costing less than £1,250 per individual item is written off in the year of acquisition. All other equipment is capitalised.

All refurbishment costs are written off in the year incurred unless they substantially enhance the value of the building, in which case they are capitalised.

Depreciation

Tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

Leasehold land and buildings	2%
Fixture and fittings	20%
Office and Trust equipment	20%
Motor Vehicles	33%

Stocks

Stocks are valued at the lower of cost and net realisable value.

Leased assets

Rentals payable under operating leases are charged to the statement of financial activities as incurred.

Taxation

The Trust continues to qualify for the exemptions from income and corporation tax contained in the Income and Corporation Taxes Act 1988 and no tax liability has arisen for the period. The cost of irrecoverable Value Added Tax incurred by the Trust is included in the Statement of Financial Activities.

Pension costs

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the Teachers' Pension Scheme (TPS). The TPS, a statutory, contributory, final salary scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education and Skills. Costs include normal and supplementary contributions. The regular cost is the normal contributions, expressed as a percentage of salary of a teacher newly entering service, which would defray the cost of benefits payable in respect of that service. Variations from the regular pension cost are met by a supplementary contribution. This occurs if, as a result of the actuarial investigations, it is found that the accumulated liabilities for the benefits to past and present teachers are not fully covered by normal contributions to be paid in the future and by the fund built up from past contributions. The normal and supplementary contributions are charged to the income and expenditure account in the year.

Certain non-teaching members of staff are offered membership of the Local Government Pension Scheme (LGPS) of the London Borough of Lewisham. The LGPS is a defined benefit scheme, and the requirements of Financial Reporting Standard 17 (Retirement Benefits) have been followed.

Other non-teaching employees are offered membership of a defined contribution scheme. The assets of this scheme are held separately from those of the Trust. The pension costs for that scheme represent the contributions payable by the Trust in the year.

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

2	GENERAL ANNUAL GRANT (GAG) AND OTHER FUNDING	2006	As restated
		£	2005 £
	Annual per capita grant	11,613,323	7,578,779
	Start up grants	1,522,444	-
	Other grants:		
	LEA Standard Fund	1,168,230	-
	Lewisham School Sports Partnership	171,414	-
	SEN Statement Funding	241,141	-
	Catering Income	183,200	-
	Carry over from previous year	30,717	70,588
	TOTAL GAG AVAILABLE TO SPEND	14,930,469	7,649,367
	Net GAG revenue expenditure	(14,366,843)	(7,618,650)
	Fixed assets purchased from GAG (See Note 19)	(181,834)	-
	UNDERSPENT GAG	381,792	30,717
<hr/>			
3	OTHER GRANTS	2006	2005
		£	£
	DfES		
	Capital grants	17,607,726	-
	Formula funding	-	31,848
	Devolved capital fund	-	204,549
		17,607,726	236,397
	Community grant	-	20,063
	DfES contribution to teachers' pensions costs	-	-
	Haberdashers' Knights Academy capital grants	-	4,476,630
	Academy Implementation grants	-	793,061
	Other	-	33,222
		17,607,726	5,559,373
<hr/>			
4	VOLUNTARY INCOME	2006	2005
		£	£
	Donations – trust and corporate		
	Haberdashers' Aske's Charity	619,000	206,500
	Dyson Memorial Fund	10,000	4,410
	Arkwright Trust	-	675
	Schroders' & Haberdashers'	15,000	1,915
		644,000	213,500
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Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

5	TRADING INCOME			2006 £	2005 £
	Hire of facilities			81,290	91,467
	Training			25,559	3,635
				<u>106,849</u>	<u>95,102</u>
6	OTHER INCOMING RESOURCES			2006 £	2005 £
	Sundry income, including teacher training			70,583	35,642
7	INVESTMENT INCOME			2006 £	2005 £
	Bank interest			82,404	43,916
8	TOTAL RESOURCES EXPENDED				As restated Total 2005 £
		Staff costs £	Depreciation £	Other costs £	Total 2006 £
	Academies' Educational operations:				
	Direct costs	7,113,870	865,389	1,991,316	9,970,575
	Allocated support costs	3,431,516	59,403	1,676,285	5,167,204
		<u>10,545,386</u>	<u>924,792</u>	<u>3,667,601</u>	<u>15,137,779</u>
	Cost of generating trading income	30,415	2,014	8,626	41,055
	Governance costs	79,546	-	70,144	149,690
		<u>10,655,347</u>	<u>926,806</u>	<u>3,746,371</u>	<u>15,328,524</u>
	Included in the above are Academy Implementation costs of:	-	-	-	798,916

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

9 CHARITABLE ACTIVITIES – ACADEMIES' EDUCATIONAL OPERATIONS

	2006 £	As restated 2005 £
Direct Costs		
Teaching and educational support staff costs	7,113,871	4,529,054
Depreciation	865,389	2,025,357
Books, apparatus and stationery	1,343,821	1,095,786
Examination fees	170,894	111,743
Staff development	92,564	44,425
Fees for external advice	21,049	12,737
Other direct costs	362,987	130,061
	<u>9,970,575</u>	<u>7,949,163</u>
Allocated Support Costs		
Support staff costs	3,431,516	1,367,027
Depreciation	55,238	129,278
Pupil recruitment and support	123,339	74,819
Maintenance of premises and equipment	252,639	299,684
Cleaning	263,182	152,688
Rent and rates	57,329	37,227
Heat and light	179,387	86,791
Insurance	75,715	49,419
Security	42,691	33,886
Transport	30,941	12,093
Catering	243,253	209,717
Technology costs	410,675	255,737
Bank interest and charges	1,299	210
	<u>5,167,204</u>	<u>2,708,576</u>
	<u>15,137,779</u>	<u>10,657,739</u>
Governance Costs		
	2006 £	As restated 2005 £
Management time	84,232	75,000
Legal and professional fees	45,307	25,719
Audit fees	20,151	20,287
	<u>149,690</u>	<u>121,006</u>

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

10 EMOLUMENTS OF GOVERNORS

The Governors did not receive any payment for their services or reimbursement of expenses.

11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Trust has purchased insurance to protect Governors and Officers from claims arising from negligence and errors or omissions occurring whilst on Trust business. The insurance provided covers up to £1,000,000 in respect of all claims first made during any one period of insurance. The cost of the cover was in the region of £3,000 (2005: £2,826).

The Trust also insures against any losses of money or goods resulting from fraud or dishonesty by Trust employees. The insurance provides cover up to £5,000 and the cost for the year was £1,048 (2005: £1,238).

12 STAFF COSTS	2006 £	2005 £
Wages and salaries	8,793,284	4,891,934
Social security costs	748,788	482,168
Other pension costs (see note 13)	1,113,275	552,779
	<u>10,655,347</u>	<u>5,926,881</u>

The number of employees earning in excess of £60,000 were:

	Number	Number
£60,001 - £70,000	2	1
£80,001 - £90,000	2	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	<u>6</u>	<u>3</u>

Five higher paid employees are members of the Teachers' Pension Scheme. One higher paid employee is a member of the Local Government Pension Scheme.

The average number of persons (including senior postholders) employed by the charity during the period expressed as full time equivalents was:

	Number	Number
Management	11	6
Support	120	69
Teachers	131	83
	<u>262</u>	<u>158</u>

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

13 PENSION COSTS

	2006 £	2005 £
Other pension costs included in staff costs comprise:		
Defined benefit scheme - regular cost	649,761	467,681
Defined benefit scheme - impact of LGPS	199,000	-
Defined contribution scheme	264,514	85,098
	<u>1,113,275</u>	<u>552,779</u>

There are three pension schemes available to employees of the Trust. These are the Teachers' Pension Scheme, the Haberdashers' Aske's Hatcham College Trust Retirement Benefits scheme and the Local Government Pension Scheme (LGPS), administered by the London Borough of Lewisham.

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Trust has accounted for its contributions as if it were a defined contribution scheme. Contributions made in the year amounted to £649,761 (2005: £467,681).

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The latest actuarial valuation undertaken as at 31 March 2001 used the prospective benefits method. The key assumptions that have the most significant effect on the determination of the contribution levels are gross investment returns per annum of 7% and salary increases per annum of 5%. The market value of assets at the date of the last valuation was £142,880 million. Under the Teachers' Pension Regulations, for the purposes of this actuarial review the notional investments as at the valuation date are such that the value of the scheme assets equals the value of the scheme liabilities. The scheme assets consist of the notional investments and the future contributions in respect of existing members.

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. From 1 April 2003 the employer contribution was 13.5%. From 1 January 2007 the employer contribution will be 14.1%.

Haberdashers' Aske's Hatcham College Trust Retirement Benefits Scheme

The Trust has arranged a Money Purchase Scheme, administered by Scottish Equitable, for those staff who wish to avail themselves of the facility. The assets of the scheme are held separately from those of the Trust in an independently administered fund. This scheme is a defined contribution scheme. The Trust contribution rate has been 10% from 1 January 2004.

Local Government Pension Scheme (LGPS)

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

The Trust's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognized as an asset or liability on the balance sheet. Any movement in the asset or liability between balance sheet dates is reflected in the Statement of Financial Activities.

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

13 PENSION COSTS (CONTINUED)

The following information is based upon a full actuarial valuation of the fund at 31 March 2004, updated to 31 August 2006 by a qualified independent actuary.

The major assumptions used by the actuary were:

	At 31 August 2006 (% pa)	At 1 September 2005 (% pa)
Inflation	3.1%	2.8%
Rate of increase in salaries	4.6%	4.3%
Rate of increase in pensions	3.1%	2.8%
Discount rate for liabilities	5.0%	4.9%

The trust's share of the assets and liabilities in the scheme and the expected rate of return were:

Assets (employer)	Long Term Return at 31 August 2006 % p.a.	Assets at 31 August 2006 £(000)	Long term Return at 1 September 2005 % p.a.	Assets at 1 September 2005 £(000)
Equities	7.6%	1,449	7.3%	1,164
Bonds	4.5%	303	4.6%	239
Property	5.6%	215	5.3%	144
Cash	4.7%	65	4.4%	48
Total fair value of assets	6.8%	2,032	6.6%	1,595
Present value of scheme liabilities		(2,187)		(1,764)
Net pension liability		(155)		(169)

Analysis of amount chargeable to Statement of Financial Activities

	Year to 31 August 2006 £(000)
Employer service cost	245
Expected return on employer's share of scheme assets	(112)
Interest on pension liabilities	92
	225

Amount recognized in actuarial gains within Statement of Financial Activities

	Year to 31 August 2006 £(000)
Actual return less expected return on pension scheme assets	133
Experience gains and losses arising on scheme liabilities	(1)
Changes in financial assumptions underlying the present value of scheme liabilities	(88)
	44

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

13 PENSION COSTS (CONTINUED)

MOVEMENT IN DEFICIT DURING THE YEAR	2006 £(000)
Deficit in the scheme recognized at 1 September 2005	(169)
Movement in the year:	
Current service cost	(245)
Employer contributions	195
Expected return on employer assets	112
Interest on pension scheme liabilities	(92)
Actuarial gains	44
Deficit in the scheme at 31 August 2006	(155)

HISTORY OF EXPERIENCE GAINS AND LOSSES

Period to
31 August 2006
£(000)

Difference between the expected and actual return on assets	133
Value of assets	2,032
Percentage of assets	6.5%
Experience gains and losses on scheme liabilities	(1)
Total present value of liabilities	2,187
Percentage of the total present value of liabilities	(0.0%)
Actuarial gains recognized	44
Total present value of liabilities	2,187
Percentage of the total present value of liabilities	2.0%

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

14 TANGIBLE FIXED ASSETS

GROUP	Long leasehold land and buildings £	Fixtures and fittings £	Office and Trust equipment £	Motor vehicles £	Total £
COST					
At 1 September 2005	12,689,547	2,487,741	2,365,230	22,934	17,565,452
Additions	18,546,958	43,408	346,405	59,525	18,996,296
Disposals	-	-	-	(12,623)	(12,623)
At 31 August 2006	31,236,505	2,531,149	2,711,635	69,836	36,549,125
DEPRECIATION					
At 1 September 2005	2,257,550	2,451,868	2,002,887	22,934	6,735,239
Charge for the year	648,883	31,226	227,054	19,643	926,806
Disposals	-	-	-	(4,167)	(4,167)
At 31 August 2006	2,906,433	2,483,094	2,229,941	38,410	7,657,878
NET BOOK VALUES					
At 31 August 2006	28,330,072	48,055	481,694	31,426	28,891,247
At 31 August 2005	10,431,997	35,873	362,343	-	10,830,213

CHARITY

COST					
At 1 September 2005	12,689,547	2,487,741	2,344,476	22,934	17,544,698
Additions	18,546,958	43,408	346,405	59,525	18,996,296
Disposals	-	-	-	(12,623)	(12,623)
At 31 August 2006	31,236,505	2,531,149	2,690,881	69,836	36,528,371
DEPRECIATION					
At 1 September 2005	2,257,550	2,451,868	1,990,189	22,934	6,722,541
Charge for the year	648,883	31,226	225,040	19,643	924,792
Disposals	-	-	-	(4,167)	(4,167)
At 31 August 2006	2,906,433	2,483,094	2,215,229	38,410	7,643,166
NET BOOK VALUES					
At 31 August 2006	28,330,072	48,055	475,652	31,426	28,885,205
At 31 August 2005	10,431,997	35,873	354,287	-	10,822,157

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

14 TANGIBLE FIXED ASSETS (*continued*)

The charity net book value at 31 August 2006 represents fixed assets used for:

DIRECT CHARITABLE PURPOSES:	Long leasehold land and buildings £	Fixtures and fittings £	Office and Trust equipment £	Motor vehicle £	Total £
Educational provision	21,530,853	36,523	399,548	26,398	21,993,322
Support services	6,799,219	11,532	76,104	5,028	6,891,883
	<u>28,330,072</u>	<u>48,055</u>	<u>475,652</u>	<u>31,426</u>	<u>28,885,205</u>

SOURCE OF FUNDING FOR CHARITY TANGIBLE FIXED ASSETS

	2006 £	2005 £
DfES Capital grants	28,585,219	10,814,136
Recurrent funding	1,786,797	1,574,207
Private sector	6,156,355	5,156,355
	<u>36,528,371</u>	<u>17,544,698</u>

15 STOCKS AND WORK IN PROGRESS

	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Work in progress	-	409,835	-	-
School uniforms	9,452	6,180	9,452	6,180
Books and stationery	105,459	40,935	105,459	40,935
	<u>114,911</u>	<u>456,950</u>	<u>114,911</u>	<u>47,115</u>

16 DEBTORS

	Group 2006 £	Group 2005 £	Charity 2006 £	Charity 2005 £
Trade debtors	398,058	187,727	1,035,505	171,208
Capital grant	1,740,654	30,514	1,599,371	30,414
Other DfES receivables	-	102,104	-	100,994
Amounts owed to parent company	-	-	26,897	20,835
Gift Aid to parent company	-	-	1,411,660	368,067
Other debtors	759,953	167,776	27,155	42,213
Prepayments and accrued income	36,580	289,431	36,580	289,431
	<u>2,935,245</u>	<u>777,552</u>	<u>4,137,168</u>	<u>1,023,162</u>

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

17	CREDITORS: amounts falling due within one year	2006 £	Group 2005 £	2006 £	Charity 2005 £
	Haberdashers' Aske's Charity loan (see note 18)	50,000	50,000	50,000	50,000
	Trade creditors	2,023,020	469,967	290,911	36,215
	Amount owed to subsidiary undertaking	-	-	2,754,973	307,519
	Taxation and social security	282,029	156,388	282,029	156,388
	Other creditors	151,912	139,591	151,712	138,825
	Accruals and deferred income	2,170,952	1,895,440	906,413	309,986
		<u>4,677,913</u>	<u>2,711,386</u>	<u>4,436,038</u>	<u>998,933</u>

18	CREDITORS: amounts falling due after more than one year	2006 £	Group 2005 £	2006 £	Charity 2005 £
	Haberdashers' Aske's Charity loan	76,667	126,667	76,667	126,667
	Other creditors	22,690	18,800	22,690	18,800
		<u>99,357</u>	<u>145,467</u>	<u>99,357</u>	<u>145,467</u>

The Haberdashers' Aske's Charity loan is unsecured and has been approved by the DfES. The loan repayments of the principal sum are indexed to the RPI. The RPI adjustment is repayable annually. The repayments, excluding the annual RPI adjustment, will fall due as follows:

	£
In one year or less (see note 17)	50,000
Between one and two years	50,000
Between two and five years	26,667
	<u>126,667</u>

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

19 STATEMENT OF FUNDS

	1 September 2005 £	Incoming Resources £	Resources Expended £	Transfers and Actuarial Gains £	31 August 2006 £
General Annual Grant (GAG)	19,217	11,613,323	(11,831,540)	199,000	-
Start Up grant	-	1,522,444	(759,818)	(380,834)	381,792
Other grants	11,500	1,763,985	(1,775,485)	-	-
TOTAL RESTRICTED GENERAL FUNDS	30,717	14,899,752	(14,366,843)	(181,834)	381,792
DfES capital grant	3,899,044	17,607,726	(920,626)	2,565,964	23,152,108
Recurrent funding	853,405	-	-	212,590	1,065,995
Private sector	3,503,744	-	-	163,358	3,667,102
Haberdashers' Knights Academy	2,565,964	-	-	(2,565,964)	-
	10,822,157	17,607,726	(920,626)	375,948	27,885,205
Haberdashers' Aske's Charity capital grant	395,114	600,000	-	4,886	1,000,000
TOTAL FIXED ASSET FUND	11,217,271	18,207,726	(920,626)	380,834	28,885,205
TOTAL RESTRICTED FUNDS	11,247,988	33,107,478	(15,287,469)	199,000	29,266,997
UNRESTRICTED FUND					
- General	14,537	303,836	(41,055)	(155,000)	122,318
TOTAL FUNDS	11,262,525	33,411,314	(15,328,524)	44,000	29,389,315

The General Annual Grant (GAG) must be used for the normal running costs of the Trust, including salaries and related costs, overheads, repairs and maintenance and insurance. The Trust is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of the GAG can be used for general purposes at the discretion of the Trust but any balance over 2% must be used for capital purposes.

Other grants includes the London Borough of Lewisham Standards Funds, the London Borough of Lewisham Masterclass Grant, Haberdashers' Aske's Schools Sports Partnership funding, and SEN Statements Funds.

The fixed asset funds have been set up to assist in identifying those funds that are not free funds and they represent the net book value of charity tangible fixed assets.

The unrestricted fund represents the general funds of the charity which are not designated for particular purposes.

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

20 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted Fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total £
Tangible fixed assets and investments	6,042	28,885,205	-	28,891,247
Current assets	1,636,223	3,412,323	381,792	5,430,338
Current liabilities	(1,265,590)	(3,412,323)	-	(4,677,913)
Long term liabilities	(99,357)	-	-	(99,357)
Pension scheme liability	(155,000)	-	-	(155,000)
	<u>122,318</u>	<u>28,885,205</u>	<u>381,792</u>	<u>29,389,315</u>

21 CAPITAL COMMITMENTS

No capital expenditure has been contracted for at 31 August 2006 (2005: £Nil).

22 OPERATING LEASES

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 August 2006:

	2006 £	2005 £
Expiring within one year	57,208	6,812
Expiring within two and five years	22,690	103,404
	<u>79,898</u>	<u>110,216</u>

23 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2006.

In the event, during the period of the Funding Agreement, of the sale or disposal by other means of any asset for which a capital grant was received, the Trust shall, if it does not reinvest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

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

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

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

24 TRANSFERS BETWEEN FUNDS

The transfers relate to items financed from unrestricted and restricted general funds. The transfers have been made in accordance with the guidance from the DfES in order to equate the fixed asset funds to the amount of tangible fixed assets, and to recognize the pension scheme liability within unrestricted general funds.

25 NOTE TO CASHFLOW STATEMENT

ANALYSIS OF CHANGES IN NET FUNDS	1 September 2005 £	Cash flows £	31 August 2006 £
Cash at bank and in hand	2,054,663	325,519	2,380,182
Debt due within one year	(50,000)	-	(50,000)
Debt due after one year	(126,667)	50,000	(76,667)
	<u>1,877,996</u>	<u>375,519</u>	<u>2,253,515</u>

26 SUBSIDIARY COMPANIES

The charity acts as the ultimate parent undertaking, having 100% control, of HAHC Trading Ltd, a company limited by guarantee and registered in England. The subsidiary is used for non-primary purpose trading activities.

All activities have been consolidated on a line by line basis in the statement of financial activities. The total net profit is gifted to the charity.

A summary of the trading results and balance sheet of the subsidiary company is shown below:

	2006 £	2005 £
PROFIT AND LOSS ACCOUNT		
Turnover	106,849	95,102
Other operating expenses	(41,056)	(41,580)
Net profit	65,793	53,522
Amount gifted to the charity	(65,793)	(53,522)
Retained in subsidiary	-	-
	<u>-</u>	<u>-</u>
BALANCE SHEET		
Assets	74,327	68,038
Liabilities	(74,327)	(68,038)
Net funds	<u>-</u>	<u>-</u>

Haberdashers' Aske's Hatcham College Trust

NOTES TO THE FINANCIAL STATEMENTS

31 August 2006

26 SUBSIDIARY COMPANIES (*continued*)

The charity also owns the whole of the issued ordinary share capital of HAHC Education Ltd, a company registered in England. The subsidiary is used for construction activities.

All activities have been consolidated on a line by line basis in the statement of financial activities. The total net profit is gifted to the charity.

A summary of the trading results and balance sheet of the subsidiary company is shown below:

PROFIT AND LOSS ACCOUNT	2006	2005
	£	£
Turnover	19,467,628	4,809,897
Operating and administrative expenses	(18,121,761)	(4,495,352)
Net profit	1,345,867	314,545
Amount gifted to the charity	(1,345,867)	(314,545)
Retained in subsidiary	-	-
	<hr/>	<hr/>
BALANCE SHEET	2006	2005
	£	£
Assets	5,025,028	2,339,992
Liabilities	(5,025,026)	(2,339,990)
Net funds	2	2
	<hr/>	<hr/>