

REPORT OF THE GOVERNORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019
FOR
HOCKERILL ANGLO-EUROPEAN COLLEGE LTD
PREVIOUSLY KNOWN AS
HOCKERILL COLLEGE ACADEMY TRUST

Cook & Partners Limited
Statutory Auditor
Manufactory House
Bell Lane
Hertford
Hertfordshire
SG14 1BP

SATURDAY



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COMPANIES HOUSE

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

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FOR THE YEAR ENDED 31 AUGUST 2019

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HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

MEMBERS

S J Pearson (appointed 1.9.19)
S W Beach (appointed 6.12.18)
M Roberts (appointed 17.10.19)
A J Mackenzie (appointed 1.9.19)
J R S Tatchell
R C Lawson (resigned 17.10.19)
S N T Waring (resigned 6.12.18)
J K Braeckman
R T Markham (resigned 4.7.19)

GOVERNORS

R T Markham (Principal & Accounting Officer) (resigned 4.7.19) *
C Smith (Staff) (resigned 14.1.19) *
S W Beach (Vice Chair of Governors)
P Lewis (resigned 25.1.19)
R C Lawson (Co-Chair of Governors – resigned role 17.10.19)
S N T Waring
J K Braeckman (Co-Chair of Governors) *
B Radukic *
T Abouharb
S Davids (Staff) *
J R S Tatchell *
J Stenhouse *
J Williams
R Williams
S J Hutley
M Roberts (Co-Chair of Governors from 17.10.19)
J E Dewhurst (Staff) (appointed 14.1.19)
R D Saunders (appointed 19.3.19) *
C J Wall (appointed 9.9.19)
S J Pearson (Joint Principal & Accounting Officer) (appointed 1.9.19) *
A J Mackenzie (Joint Principal) (appointed 1.9.19) *

* members of the Resources (Finance and General purpose) committee

COMPANY SECRETARY

A J Everett

SENIOR LEADERSHIP TEAM

C M R Waring
N L Pierrejean
M D Aldridge
S J Pearson (appointed 1.9.18)
S R Jones (appointed 1.9.18)
A J Mackenzie
R T Markham (Resigned 31.8.19)
A G Capener
G L Hodder (resigned 31.8.19)
A D McCulloch

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

REGISTERED OFFICE

Dunmow Road
Bishops Stortford
Hertfordshire
CM23 5HX

REGISTERED COMPANY NUMBER 7488870 (England and Wales)

AUDITORS

Cook & Partners Limited
Statutory Auditor
Manufactory House
Bell Lane
Hertford
Hertfordshire
SG14 1BP

SOLICITORS

Browne & Jacobson

BANKERS

HSBC Bank Plc

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

The governors who are also directors of the academy for the purposes of the Companies Act 2006, present their report with the financial statements of the academy for the year ended 31 August 2019. The governors have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the Charitable Company is the operation of the Hockerill College Academy which aims to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on languages and music.

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 students to the Academy and that the curriculum should comply with the substance of the national curriculum.

Objectives, Strategies and Activities

The main objectives of the Academy during the year ended 31 August 2019 are summarised below:

Objectives, Strategies and Activities

The main objectives of the Academy during the year ended 31 August 2019 are summarised below:

- To operate the College in line with the five guiding principles
 - High Aspirations
 - Strong Community
 - Progressive Curriculum
 - International Mindedness
 - Traditional values: Rigour, Responsibility and Respect
- Key priorities are
 - Site Development – Additional classrooms & sports facilities
 - IT – Develop BYOD (Bring Your Own Device) and cloud based solutions
 - Boarding – Widen the boarding experience & enhance facilities
 - Student Progress – Set robust targets with rigorous tracking & monitoring and supplemented by improved feedback & reflection
 - How to Learn – Use of the IB educational principles to develop learning, study and listening skills across the whole college and enforce lifelong learning.
 - Staff & Student Welfare – develop mental health awareness and resilience
 - Business Development – Boost alternative income streams

Public benefit

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives, aims and in planning future activities. The Governors consider that the Academy's Objectives, aims and activities are demonstrably to the public benefit.

Equal opportunities policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunities 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

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to most of the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

Achievement and performance

Charitable activities

The Academy is in its eighth year of independent operation, although the College has been in operation since the 1980's. The College has been an Academy since 2011

The College's results in public examinations at KS4 and KS5 continue to be rated outstanding.

At GCSE (KS4)

- >Progress 8 score +0.57
- > Attainment 8 score 65.1
- > Percentage of students achieving the English Baccalaureate 72%
- > Percentage of students achieving a grade 4 or higher in English and Maths 93%

At IBDP (KS5)

- > Average Point Score 35.67
- > Percentage passing the Diploma 98%

Our academic targets for 2019/20 are:

KEY STAGE 3 95% of students to have made Expected Progress in English & Maths by the end of KS3

KEY STAGE 4 Progress 8 target of 0.5- 0.59

Attainment 8 target of 60+

90% to 92% of students achieve a grade 4 or higher in English & Mathematics

Average Ebacc score is 5.50 to 5.99

KEY STAGE 5

IB Points score in range 34 - 35 points

Average progress against MEG +0.2-0.4

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

Financial review

Financial review

Approximately half of the Academy's income comes from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to the running costs of the Academy.

The remainder of the Academy's income comes from boarding fees. Such income is shown as restricted income.

The Academy also receives money for the hire of school facilities, from pupils for meals, trips, exams etc. plus donations from benefactors. This income is unrestricted.

At 31 August 2019 the net book value of fixed assets was £32,137,000 (2018 £27,614,000) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and associated support services to the students and boarders of the Academy.

Under FRS102, the Academy has an historic deficit on the Essex Local Government Pension Scheme of £3,364,000. This deficit has increased during the year from £2,563,000.

Statement of Financial Activities

Overall the general restricted fund has a surplus of £603,000 (2018 £1,561,000) net of Pension Deficit and reflecting transfers to restricted capital funds. The restricted fixed asset reserve has been increased by £2,575,000 net of depreciation charges to £31,769,000 due to capital grants received, capital expenditure and depreciation.

Balance Sheet

The main elements of the balance sheet are as follows:

Assets

- > Debtors of £3,048,000 (2018 £2,733,000) represents boarding income for the Lent & Summer terms not yet received. These monies due are either paid termly or payable by monthly payment plans and therefore not yet due.
- > £366,000 (2018 £79,000) of VAT is outstanding.
- > Prepayments total £862,000 (2018 £544,000) reflecting, school trips that have not yet been completed and costs incurred in advance, and accrued income including the Salix loan which has been granted but yet to be received.

Liabilities

- > Creditors of £744,000 (2018 £123,000) represents costs incurred not yet paid for by the Academy
- > Boarding and Other Deposits £747,000 (2018 £498,000) repayable when students leave the College
- > Accruals and Deferred Income £5,853,000 (2018 £5,493,000) reflecting:
 - School trips that have not yet been completed
 - Donations not yet allocated
 - Boarding fees invoiced in advance of the academic year 2019/20
 - Monies held on account.

Cash Flow

- > Expenditure on capital improvements a high percentage of the grants for which were received last year, has led to a large decrease of -£2,720,000 (2018 £1,454,000 (Increase)) in cash balances from those at 1 September 2018.

Investment policy and objectives

Surplus cash balances are invested in two Close Brothers fixed rate bonds, a Saffron BS charity Tracker or an HSBC deposit account. All accounts except the Close Brother accounts allow same day access. Balances at 31 August 2019 were £2,597,000 (2018 £3,134,000).

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

STRATEGIC REPORT

Financial review

Reserves policy

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the minimum appropriate level of free reserves should be £200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants/boarding revenues and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets funds and the pension deficit) is £753,000 (2018 £2,682,000). This is in excess of the threshold as we were amassing funds for major capital projects, but have now spent the majority of the funds as the projects reach completion.

Going concern

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

Principal risks and uncertainties

BREXIT in the short term has continued to make the provision of boarding places to parents in the euro zone much cheaper with an exchange rate of 1.10 at year end. However, longer term there is a potential for a hard BREXIT that may prevent EU parents from joining the academy. However, any BREXIT will reduce the demand for places from EU parents. There is however healthy demand for places within the UK that should offset much of such a reduction (as fees are significantly lower than equivalent independent schools). While historic bad debt levels have continued to be under 0.2% the college budgets for a 1% provision.

Future plans

Hockerill is passionate that every student who comes to the College fulfils their potential, both academically and beyond the classroom. The journey through Hockerill should be a wonderful experience and the College Improvement Plan and Strategic Development Plan aim to develop Hockerill's people, place and programmes to deliver on this vision.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Incorporation

Hockerill Anglo-European College Limited was incorporated on 11 January 2011 and took over the operations of the Hockerill Anglo European College from the local authority on the 1 February 2011

Charity constitution

Hockerill Anglo-European College Limited is a company Limited by guarantee with no share capital (registration no. 7488870), and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commissioner's regulatory powers which are monitored by the Department for Education.

The Academy's memorandum and articles of association are the primary governing documents of the Academy. Members of the Academy are nominated by (either) the Department for Education (or) by the Governors. The articles of association require the members of the Academy to appoint at least 3 Governors to be responsible for the statutory and constitutional affairs of the Academy and its management.

Governors

The Governors act as trustees for the charitable activities of Hockerill Anglo-European College Limited and are directors of the charitable company for the purposes of company law.

The Governors, who were in office at 31 August 2019 and served throughout the period, except where shown, are listed 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governors' Indemnities

The academy 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.

Principal activities

The principal object and activity of the Charitable Company is the operation of the Hockerill College Academy to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on languages and music.

Recruitment and appointment of new trustees

Governors are subject to retirement at the end of their 4 year term but are eligible for re-election.

Policies and Procedures Adopted for the Induction and Training of Governors

All new Governors are briefed on their responsibilities under charity Statement of Recommended Practice (SORP) and the Companies Act and provided training as required. Refresher training for all governors is provided in house as required. The training and induction provided to new Governors depends on their existing experience. Where necessary, induction provides training on charity, educational, legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. Due to low levels of new Governors in each period, induction is done on an informal basis and is tailored specifically to the individual.

Basis of recruitment

Governors are either elected as parent or staff governors, or co-opted as community or partnership governors.

Organisational structure

The management of the Academy is as set out in the Scheme of Management adopted by the members of the Trust.

This prescribes that the trustees will be responsible for the overall operations and strategic development of the Academy, but that they may delegate responsibilities relating to the operational affairs and development of the Academy to the Senior Leadership Team (SLT). In ensuring that the Academy finances are properly administered and that books of accounts are maintained and duly audited at least once per year, the trustees have also established a separate Resources Committee with appropriate delegated authorities.

The Principal and the Finance Director work closely on day-to-day matters of financial control and both meet regularly with the Chairman of Finance to debate such matters amongst others. The Trustees have appointed Cook and Partners Limited as internal auditors who reported to Brian Muscroft. The RO's role is fully defined and includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

The internal auditors have undertaken a number of checks during the year and reported to the RO and the Resources Committee three times in the past year, which culminates in a report to Trustees.

Arrangements for setting pay and remuneration of key management personnel

The governors have devolved the pay decisions for all key management personnel (except the Principal) to the Principal. The responsibilities of the key staff are reviewed annually alongside performance and pay progresses within a set pay band (subject to performance). In cases where key staff take on additional responsibilities the Principal & HR manager re-evaluate the role and potentially adjust the pay bands. Grades for all staff (including key staff) are agreed annually by the full governors.

In the case of the Principal a delegated governing committee evaluate performance and recommend any changes in grade within the proscribed pay bands. This is then ratified by the full governors.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

2

Full-time equivalent employee number

2

Percentage of time spent on facility time

Percentage of time

0%

1-50%

51-99%

100%

Number of employees

Nil

2

Nil

Nil

Percentage of pay bill spent on facility time

£'000

Total cost of facility time

6

Total pay bill

7409

Percentage of the total pay bill spent on facility time, calculated as:

$(\text{total cost of facility time} \div \text{total pay bill}) \times 100$

0.08%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:

$(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$

100%

Related Parties and other Connected Charities and Organisations

The Academy has a joint venture with the Bishops Stortford Hockey club (Hockerill Sports Trust HST) which oversees the All Weather Pitch (AWP) on the Academy's grounds. HST manages the rental of the AWP and uses these funds to re-lay the pitch as and when necessary. The AWP continues to be owned by the Academy. The Hockey Club and the college have free access to the AWP but pay an annual fee to the Hockerill Sports Trust for this access.

Independently of the academy there is a Hockerill Parents and Friends association (HPF). This association raises money on behalf of the College and periodically makes donations to the academy for specific projects. HPF is a separate registered charity.

Bishops Stortford Educational Trust (BSET)

Hockerill is a founding member of the Trust and continues to endorse the vision and values of the Trust. BSET's vision is to act as a co-operative, forward-thinking educational organisation to support provision from Early Years to Post-16 and beyond for the town of Bishop's Stortford and its surrounding villages. The Trust was created to formalise an already effective partnership between local primary and secondary schools and draws on the individual strengths of each institution. This collaboration is not only community-based, but is the only Trust at present to include the state and independent sectors working together to provide high quality education.

Risk management

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess the risks that the college faces, especially in the operational areas (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in 'The Governance Statement'.

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2019

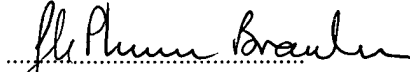
CHANGE OF NAME

The academy trust passed a special resolution on 6 June 2019 changing its name from Hockerill College Academy Trust to Hockerill Anglo-European College Ltd.

AUDITORS

The auditors, Cook & Partners Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the governors, incorporating a strategic report, approved by order of the board of governors, as the company directors, on 12th December 2019 and signed on the board's behalf by:


.....

J.K. Braeckman - Joint Chair of Governors

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2019**

Scope of Responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal's, R Markham (Left 31/08/2019) and S Pearson (Appointed 01/09/2019), as Accounting Officers, 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 Hockerill Anglo-European College Limited and the Secretary of State for Education. The accounting officers 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 5 times during the year. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings Attended	Out of a Possible
R T Markham (Principal & Accounting Officer)	3	5
A J Mackenzie (Joint Principal)	1	1
S Pearson (Joint Principal & Accounting Officer)	1	1
C Smith	1	5
S W Beach	5	5
P Lewis	0	2
R C Lawson (Co-Chair of Governors)	5	5
S N T Waring	5	5
T Abouharb	2	5
J Braeckman (Co-Chair of Governors)	3	5
B Radukic	3	5
S Davids	4	5
J Tatchell	5	5
R Williams	5	5
J Stenhouse	4	5
J Dewhurst	1	3
M Roberts (Co-Chair of Governors)	4	5
R Saunders	2	2
J Williams	5	5
S Hutley	1	5

In the addition to the Full governor meetings the governors also attend specialist committees depending on their expertise

- Curriculum
- Pastoral & Boarding
- Resources
- Steering

The Resources Committee is a sub-committee of the main governing body. Its purpose is to approve the budget, monitor expenditure and income and to consider all new financial transactions. Attendance at meetings during the year was as follows:

Governor	Meetings Attended	Out of a Possible
R T Markham (Principal & Accounting Officer)	4	5
J Tatchell (Chair of Resources)	5	5
S Beach	1	1

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

Governor	Meetings Attended	Out of a Possible
J Braeckman (Co-Chair of Governors)	3	5
R Lawson (Co-Chair of Governors)	3	4
B Radukic	3	5
S Davids	5	5
C Smith	2	2
J Stenhouse	3	5
R Saunders	2	2

Review of Value for Money

As accounting officers, one of the Joint - Principals has the responsibility for ensuring the academy delivers good value in the use of public resources. The accounting officers understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officers consider how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officers for the academy have delivered improved value for money in the year as follows:

>Staff utilisation is reviewed every year, linking to the budget & development plan to ensure that all staff are used effectively and that student outcomes are maximised.

>All staff grades are reviewed against performance in the classroom to ensure that excellent teachers are rewarded and those needing help are provided with the tools to improve. Teachers not achieving the teaching standards have been held back financially & those over achieving them have been promoted to reflect the standard that they are teaching at.

>Students receiving pupil premium have a dedicated resource to ensure that they can maximise their educational outcomes. In addition, the SEN department identifies all student with minor to major learning difficulties and provides support so that they can improve their performance.

>As a top 10 Comprehensive school we regularly host visitors from other schools and this helps to ensure that we maintain our value add for our students.

>We have implemented new procedures so that we can offer staff & students detailed analysis of their performance, helping them to take ownership of their own performance.

>Our attainment 8 & progress 8 scores were 65.1 & 0.57 respectively.

>IB results continue to track above world averages by 6 points making Hockerill one of the top IB schools in the world and borne out by still being the only state school to win the Time IB school of the year (2012). This is reflected in 87% of students getting their 1st choice universities and 78% going to Russell Group universities.

>From a capacity survey we have identified areas of the campus that do not have sufficient space; particularly deficits in indoor sports, whole school assembly, study space and 6th form classrooms. We have been awarded CIF money for a new Sports Hall and are self-funding a new Science Centre. Both Projects started in Aug 2018 and the Sports Hall was delivered in Aug 2019.

>Financially the College continues to run a small surplus while investing significant funds into the College campus. Contracts are reviewed regularly to ensure best value and resulting savings are re-invested into the College. Benchmarking against other academies & state boarding schools has also been done to ensure we offer best value.

>All capital projects are modelled using multiple scenarios to find the ones that best balances educational outcomes against costs. Use of opportunity costs is also used to ensure that only the key projects are implemented.

>Hockerill is part of the CPC and leverages this membership to get best value from contracts. We also work with cost saving consultants and specialist in utilities & catering to ensure best value. Recent tendered contracts were Grounds Maintenance, Security and Catering.

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2019**

Review of Value for Money

Overall financial health is ensured by use of internal audit provided by Cook & Partners but overseen by our responsible officer Steve Jones for part of the year and then Brian Muscroft who has been an FD in a FTSE top 250 company. Governors review performance bi-monthly but receive accounts monthly. The principal and Chair of Resources receive more detailed accounts monthly enabling closer control of financial performance.

As a boarding school we spend considerable time ensuring that boarding numbers are kept at near capacity and regularly have over 95% utilisation. This income is supplemented by holiday time hires. These hires are reviewed every two years to ensure best value.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that have been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governors have considered the need for a specific internal audit function and have commissioned Cook and Partners Limited to provide internal audit support to the Responsible Officer (RO), Steve Jones for part of the year followed by Brian Muscroft. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities on an annual basis. In particular, the checks carried out in the current period included:

- review of school trip income and expenditure in March 2019
- review of capital projects management and budgeting in September 2018
- review of bad debt provisions and credit control processes in September 2018
- Payroll systems were reviewed in May 2019

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Review of Effectiveness

As Accounting Officers, R Markham (Principal - Left 31/08/2019) and S Pearson (Joint - Principal), have the responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

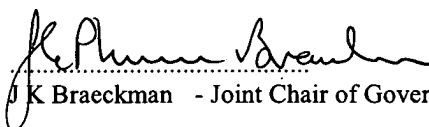
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

Review of Effectiveness

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

The Accounting Officers have been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12th December 2019 and signed on its behalf by:


J K Braeckman - Joint Chair of Governors


S Pearson - Accounting Officer

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Hockerill Anglo-European College Ltd I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of governors are able to identify any material irregular or improper use of all 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 2018.

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 governors and ESFA.


S Pearson - Accounting Officer

Date: 12th December 2019

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

STATEMENT OF GOVERNORS RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The governors (who act as trustees of Hockerill Anglo-European College Ltd and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills 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 academy trust and of the incoming resources and application of resources, including the income and expenditure, of the academy trust for that period. In preparing those 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 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

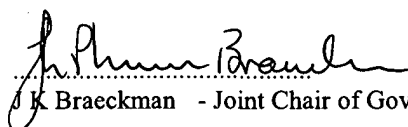
The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply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

The governors are responsible for ensuring that in its conduct and operation the academy trust 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 ESFA/DfE have been applied for the purposes intended.

In so far as the governors are aware:

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

Approved by order of the board of governors on 12th December 2019 and signed on its behalf by:


J K Braeckman - Joint Chair of Governors

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOCKERILL ANGLO-EUROPEAN COLLEGE LTD (REGISTERED NUMBER: 7488870)**

Opinion

We have audited the financial statements of Hockerill Anglo-European College Ltd (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HOCKERILL ANGLO-EUROPEAN COLLEGE LTD (REGISTERED NUMBER: 7488870)**

Matters on which we are required to report by exception

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

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

Responsibilities of governors

As explained more fully in the Statement of Governors 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, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

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



Mark Jones FCA (Senior Statutory Auditor)
for and on behalf of Cook & Partners Limited
Statutory Auditor
Manufactory House
Bell Lane
Hertford
Hertfordshire
SG14 1BP

Date: 12th December 2019

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
HOCKERILL ANGLO-EUROPEAN COLLEGE LTD AND THE EDUCATION AND SKILLS FUNDING
AGENCY (REGISTERED NUMBER: 7488870)**

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hockerill Anglo-European College Ltd during the period 1 September 2018 to 31 August 2019 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 Hockerill Anglo-European College Ltd and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hockerill Anglo-European College Ltd and the ESFA 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 Hockerill Anglo-European College Ltd and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hockerill Anglo-European College Ltd's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hockerill Anglo-European College Ltd's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 September 2018 to 31 August 2019 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 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes;

- Detailed review of expenditure, policies, controls and individual transaction testing.
- Detailed review of income, policies, control and individual transaction testing.
- Detailed review of payroll systems and controls.
- Detailed review of tendering policies, controls and processes.
- Analytical review of annual expenditure and income streams, comparing budgets and prior year balances.
- General attention given to potential regularity issues during accounts preparation work.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
HOCKERILL ANGLO-EUROPEAN COLLEGE LTD AND THE EDUCATION AND SKILLS FUNDING
AGENCY (REGISTERED NUMBER: 7488870)**

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 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Cook & Partners Limited

Cook & Partners Limited
Manufactory House
Bell Lane
Hertford
Hertfordshire
SG14 1BP

Date: 12th December 2019

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2019

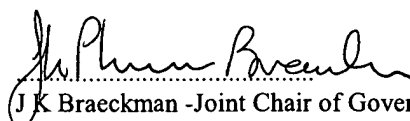
					2019	2018
	Not es	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed Asset Funds £'000	Total funds £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	4	50	7	63	120	48
Charitable activities						
Funding for the academy's educational operations	5	-	4,409	742	5,151	5,915
Provision of boarding activities	28	-	5,008	-	5,008	4,784
Other trading activities	6	1,047	-	-	1,047	1,196
Investment income	7	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>36</u>
Total		1,145	9,424	805	11,374	11,979
EXPENDITURE ON						
Raising funds						
Costs of fundraising		<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>
		-	2	-	2	2
Charitable activities						
Academy's educational operations		1,023	4,773	345	6,141	6,277
Provision of boarding activities	28	<u>-</u>	<u>4,788</u>	<u>157</u>	<u>4,945</u>	<u>4,805</u>
Total	8	1,023	9,563	502	11,088	11,084
NET						
INCOME/(EXPENDITURE)		122	(139)	303	286	895
Transfers between funds	21	<u>(1,093)</u>	<u>(1,179)</u>	<u>2,272</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>(441)</u>	<u>-</u>	<u>(441)</u>	<u>643</u>
Net movement in funds		(971)	(1,759)	2,575	(155)	1,538
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>1,121</u>	<u>(1,002)</u>	<u>29,194</u>	<u>29,313</u>	<u>27,775</u>
TOTAL FUNDS CARRIED FORWARD		150	(2,761)	31,769	29,158	29,313

The notes form part of these financial statements

BALANCE SHEET
AT 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
FIXED ASSETS			
Tangible assets	14	32,137	27,614
CURRENT ASSETS			
Debtors	15	4,276	3,356
Cash at bank		<u>4,299</u>	<u>7,019</u>
		8,575	10,375
CREDITORS			
Amounts falling due within one year	16	(7,394)	(6,113)
NET CURRENT ASSETS		<u>1,181</u>	<u>4,262</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,318	31,876
CREDITORS			
Amounts falling due after more than one year	17	(796)	-
PENSION LIABILITY	22	(3,364)	(2,563)
NET ASSETS		<u>29,158</u>	<u>29,313</u>
FUNDS	21		
Unrestricted funds		150	1,121
Restricted funds:			
General Annual Grant (GAG)		1	6
Pension reserve		(3,364)	(2,563)
Restricted fixed asset fund		31,769	29,194
Bursary fund		63	56
Restricted boarding fund		<u>539</u>	<u>1,499</u>
		<u>29,008</u>	<u>28,192</u>
TOTAL FUNDS		<u>29,158</u>	<u>29,313</u>

The financial statements were approved by the Board of Governors on 12th December 2019 and were signed on its behalf by:


J K Braeckman - Joint Chair of Governors

The notes form part of these financial statements

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities:			
Cash generated from operations	29	<u>596</u>	<u>738</u>
Net cash provided by (used in) operating activities		<u>596</u>	<u>738</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(5,013)	(792)
Capital grants from DfE/ESFA		742	1,468
Capital funding received from others		62	3
Interest received		<u>48</u>	<u>36</u>
Net cash provided by (used in) investing activities		<u>(4,161)</u>	<u>715</u>
Cash flows from financing activities:			
New loans in year		<u>845</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>845</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		<u>(2,720)</u>	<u>1,453</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>7,019</u>	<u>5,566</u>
Cash and cash equivalents at the end of the reporting period	2	<u>4,299</u>	<u>7,019</u>

The notes form part of these financial statements

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements 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 2018 to 2019 issued by the Education Funding Agency, the Charities Act 2011 and the Companies Act 2006.

Hockerill Anglo-European College Limited meets the definition of a public benefit entity under FRS 102.

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

Going concern

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

The Governors consider that the Academy has adequate resources to continue as a going concern for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus the financial statements have been prepared on this basis.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES - continued

Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured with sufficient reliability.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the relevant funds on the balance sheet.

Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Amounts that remain unspent are carried forward and reflected in the balance sheet in the restricted fixed asset fund.

Donations and Legacies

Donations and legacies are included in the statement of financial activities on a cash received basis (where there are no performance related conditions) or on an accruals basis where receipt is probable at the balance sheet date.

Restricted Capital income is recognised when there is entitlement and is not deferred over the life of the asset on which the income is restricted. Amounts that remain unspent are carried forward and reflected in the balance sheet in the restricted fixed asset fund.

Other income

Other income, including the hire of facilities, is recognised in the period to which the service relates. Fees receivable in advance are deferred and included in creditors as deferred income.

Donated services and gifts in kind

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 due 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'

Upon becoming an Academy the charitable company received donated assets from the local authority relating to property and other funds. The property has been included at valuation at the date of receipt and other funds at historic cost. The receipt of these assets has passed through The Statement of Financial Activities.

Interest receivable

Interest receivable is included within The Statement of Financial Activities on a receipts basis.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES - continued

Expenditure

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs relating to that activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Where costs cannot be directly attributed to particular activity or funds then they have been allocated on a basis consistent with the use of the resources for the activity or fund concerned.

Allocation basis's that have been used where applicable are as follows:

Estimated time spent on activities
Estimated occupation levels
Floor Area
Pupil Numbers

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Tangible fixed assets costing £10,000 or more acquired since the Academy was established are capitalised as tangible assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation

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.

Freehold Buildings an Expected Useful Life of 36 years from 1 February 2011

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

Where an asset comprises of two or more components which have substantially different lives, each component is depreciated separately over its useful economic life.

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.

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES - continued

Financial instruments

The academy holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals, other creditors and loans are basic financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and other agencies plus other income, including boarding income, which may be used for the main charitable activities and running costs of the Academy.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the surplus for the year.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

1. 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 settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy 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 the 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 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 where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Stocks

Uniform & catering supplies are not owned by the college. Stationery stocks are not deemed material.

Pensions

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

Teachers' Pension Scheme ('TPS')

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid in each period.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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, past service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. 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 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 gains and losses.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Critical accounting estimates and assumptions

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 23, 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 31st March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

Critical areas of judgement

No areas of judgement (apart from those involving estimation) have been noted by the Trustees that are considered to be critical to or have a significant effect on the academy's financial statements.

3. GENERAL ANNUAL GRANT

The funding agreement with the Secretary of State was varied on 16 July 2013 such that the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

4. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Other donations and legacies	<u>50</u>	<u>70</u>	<u>120</u>	<u>48</u>

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
DfE/ESFA revenue grant				
General Annual Grant (GAG)	-	4,300	4,300	4,371
DfE/ESFA capital grant				
Devolved Capital	-	89	89	25
Other capital allocations	<u>-</u>	<u>653</u>	<u>653</u>	<u>1,443</u>
	-	742	742	1,468
Other government grant				
Special educational projects	<u>-</u>	<u>109</u>	<u>109</u>	<u>76</u>
	<u>-</u>	<u>5,151</u>	<u>5,151</u>	<u>5,915</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

6. OTHER TRADING ACTIVITIES

	Unrestricted	Restricted	2019	2018
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
School trip and related income	455	-	455	589
Music school	203	-	203	211
School meals	153	-	153	161
Departmental income	2	-	2	6
Foreign Exchange Gains	16	-	16	1
Miscellaneous items	16	-	16	63
Income from facilities and services	202	-	202	165
	<u>1,047</u>	<u>-</u>	<u>1,047</u>	<u>1,196</u>

7. INVESTMENT INCOME

	Unrestricted	Restricted	2019	2018
	funds	funds	Total	Total
	£'000	£'000	funds	funds
	£'000	£'000	£'000	£'000
Deposit account interest	<u>48</u>	<u>-</u>	<u>48</u>	<u>36</u>

8. EXPENDITURE

		Non-pay expenditure		2019	2018
	Staff costs	Premises	Other costs	Total	Total
	£'000	£'000	£'000	£'000	£'000
Raising funds					
Costs of fundraising					
Direct costs	-	-	2	2	2
Charitable activities					
Academies educational operations					
Direct costs	3,739	266	618	4,623	4,608
Allocated support costs	443	267	808	1,518	1,669
Provision of boarding activities					
Direct costs	1,851	157	150	2,158	2,101
Allocated support costs	<u>1,376</u>	<u>435</u>	<u>976</u>	<u>2,787</u>	<u>2,704</u>
	<u>7,409</u>	<u>1,125</u>	<u>2,554</u>	<u>11,088</u>	<u>11,084</u>

Net expenditure is stated after charging:

	2019	2018
	£'000	£'000
Depreciation - owned assets	<u>490</u>	<u>467</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

8. EXPENDITURE – continued

Net expenditure for the period includes:

Fees payable to auditor for:

	2018	2018
Audit	8	8
Other services	5	3
Other operating leases	10	8

9. CHARITABLE ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Direct costs - academy's educational operations	168	4,455	4,623	4,608
Direct costs - provision of boarding activities	-	2,158	2,158	2,101
Support costs - academy's educational operations	855	663	1,518	1,669
Support costs - provision of boarding activities	<u>-</u>	<u>2,787</u>	<u>2,787</u>	<u>2,704</u>
	<u><u>1,023</u></u>	<u><u>10,063</u></u>	<u><u>11,086</u></u>	<u><u>11,082</u></u>

	Academy's educational operations £'000	Provision of boarding activities £'000	Teaching schools £'000	2019 Total £'000	2018 Total £'000
Analysis of support costs					
Support staff costs	443	1,376	-	1,819	1,735
Technology costs	59	94	-	153	144
Premises costs	267	435	-	702	684
Other support costs	735	882	-	1,617	1,797
Governance costs	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>13</u>
Total support costs	<u><u>1,518</u></u>	<u><u>2,787</u></u>	<u><u>-</u></u>	<u><u>4,305</u></u>	<u><u>4,373</u></u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

10. GOVERNORS' REMUNERATION AND BENEFITS

The principal and other senior staff Governors, only receive remuneration in respect of services they provide undertaking the roles of principal and staff and do not receive any remuneration in respect of their services as Governors. Other Governors did not receive any payments nor expenses from the Academy in respect of their roles as Governors.

The value of staff Governors remuneration (including taxable benefits, employers' pension contributions and boarding payments) for the year ended 31 August 2019 was as follows:

	2019	2018
	£'000	£'000
R Markham (Principal, left 31/08/2019)	105-110,000	120-125,000
A J Mackenzie (Joint Principal from 01/09/2019)	85-90,000	0
S Pearson (Joint Principal from 01/09/2019)	85-90,000	0
C Smith (resigned as Governor 14.1.19)	35-40,000	40-45,000
S Davids	70-75,000	70-75,000
J Dewhurst (joined as Governor 14.1.19)	40-45,000	0

Governors' expenses

There were no governors' expenses paid for the year ended 31 August 2019 nor for the year ended 31 August 2018.

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

11. STAFF COSTS

	2019 £000	2018 £000
Wages and salaries	5,615	5,503
Social security costs	528	507
Pension costs	<u>1,255</u>	<u>1,236</u>
	<u>7,398</u>	<u>7,246</u>
Other wage costs	<u>12</u>	<u>9</u>
Total staff costs	<u>7,410</u>	<u>7,255</u>

NON CONTRACTUAL STAFF SEVERANCE PAYMENTS

There were no non-statutory/non-contractual severance payments in 2019 or 2018.

KEY MANAGEMENT PERSONNEL

The key management personnel of the academy comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel was £953,000 (2018: £829,000)

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

	2019	2018
Teachers	75	73
Administration and support	92	89
Management	<u>11</u>	<u>10</u>
	<u>178</u>	<u>172</u>

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

	2019	2018
£60,001 - £70,000	5	4
£70,001 - £80,000	2	1
£90,001 - £100,000	1	-
£100,000 - £110,000	<u>-</u>	<u>1</u>
	<u>8</u>	<u>6</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019, pension contributions for these staff amounted to £87,000 (2018 £69,000)

12. GOVERNORS' AND OFFICERS' INSURANCE

The academy has opted into the Department for 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.

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed Asset Funds £'000	Total funds £'000
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	36	8	4	48
Charitable activities				
Funding for the academy's educational operations	-	4,447	1,468	5,915
Provision of boarding activities	-	4,784	-	4,784
Other trading activities	1,196	-	-	1,196
Investment income	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>
Total	1,268	9,239	1,472	11,979
 EXPENDITURE ON				
Raising funds	1	1	-	2
Charitable activities				
Academy's educational operations	1,162	4,804	311	6,277
Provision of boarding activities	<u>-</u>	<u>4,648</u>	<u>157</u>	<u>4,805</u>
Total	1,163	9,453	468	11,084
 NET INCOME/(EXPENDITURE)	105	(214)	1,004	895
 Transfers between funds	<u>(108)</u>	<u>(61)</u>	<u>169</u>	<u>-</u>
 Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>643</u>	<u>-</u>	<u>643</u>
Net movement in funds	(3)	368	1,173	1,538
 RECONCILIATION OF FUNDS				
Total funds brought forward	1,124	(1,370)	28,021	27,775
 TOTAL FUNDS CARRIED FORWARD	<u>1,121</u>	<u>(1,002)</u>	<u>29,194</u>	<u>29,313</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS

	Freehold buildings £'000	Freehold land £'000	Assets under construction £'000	Improvements to property £'000	Totals £'000
COST					
At 1 September 2018	12,839	13,858	496	3,623	30,816
Additions	-	-	4,374	639	5,013
At 31 August 2019	<u>12,839</u>	<u>13,858</u>	<u>4,870</u>	<u>4,262</u>	<u>35,829</u>
DEPRECIATION					
At 1 September 2018	2,702	-	-	500	3,202
Charge for year	<u>357</u>	<u>-</u>	<u>-</u>	<u>133</u>	<u>490</u>
At 31 August 2019	<u>3,059</u>	<u>-</u>	<u>-</u>	<u>633</u>	<u>3,692</u>
NET BOOK VALUE					
At 31 August 2019	<u>9,780</u>	<u>13,858</u>	<u>4,870</u>	<u>3,629</u>	<u>32,137</u>
At 31 August 2018	<u>10,137</u>	<u>13,858</u>	<u>496</u>	<u>3,123</u>	<u>27,614</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade debtors	3,048	2,733
VAT	366	79
Prepayments and accrued income	<u>862</u>	<u>544</u>
	<u>4,276</u>	<u>3,356</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	£'000
Other loans (see note 18)	50	-
Trade creditors	744	122
Other creditors	747	498
Deferred income	5,192	5,022
Accrued expenses	<u>661</u>	<u>471</u>
	<u><u>7,394</u></u>	<u><u>6,113</u></u>

Deferred Income

	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2019	2018
Deferred income at 1 September 2018	5,022	-	5,022	4,721
Income deferred in the period	5,192	-	5,192	5,022
Income released in the period	<u>(5,022)</u>	<u>-</u>	<u>(5,022)</u>	<u>(4,721)</u>
Deferred Income at 31 August 2019	<u><u>5,192</u></u>	<u><u>-</u></u>	<u><u>5,192</u></u>	<u><u>5,022</u></u>

Deferred income is made up as follows:

	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2019	2018
Deferred boarding income	5,178	-	5,178	5,006
Deferred rates grant	<u>14</u>	<u>-</u>	<u>14</u>	<u>16</u>
	<u><u>5,192</u></u>	<u><u>-</u></u>	<u><u>5,192</u></u>	<u><u>5,022</u></u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£'000	£'000
Other loans (see note 18)	<u><u>796</u></u>	<u><u>-</u></u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

18. LOANS

An analysis of the maturity of loans is given below:

	2019 £'000	2018 £'000
Amounts falling due within one year on demand:		
Other loans	<u>50</u>	<u>-</u>
	<u>50</u>	<u>-</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>90</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>269</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more 5yrs instal	<u>437</u>	<u>-</u>

Other loans were received during the year as follows:

£625,000 CIF Loan - Sports Hall - repayable over 10 years at an interest rate of 1.23%pa
 £50,000 CIF Loan - Fire Alarm improvements - repayable over 8 years at an interest rate of 1.73%pa
 £20,000 CIF Loan - Fire Safety improvements - repayable over 10 years at an interest rate of 1.23%pa
 £150,000 Salix Loan - LED Lighting improvements - repayable over 10 years. No interest charged.

All of the above loans are to repaid by way of an abatement of the GAG. Repayments began in September 2019.

No security has been provided for any of the loans outstanding at the balance sheet date.

19. MEMBERS' LIABILITY

Each member of the academy undertakes to contribute to the assets of the academy 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 £1 for the debts and liabilities contracted before he/she ceases to be a member.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £'000	Restricted funds £'000	Restricted Fixed Asset Funds £'000	Total funds £'000
Fixed assets	-	-	32,137	32,137
Current assets	619	6,783	1,173	8,575
Current liabilities	(469)	(6,180)	(745)	(7,394)
Long term liabilities	-	-	(796)	(796)
Pension liability	<u>-</u>	<u>(3,364)</u>	<u>-</u>	<u>(3,364)</u>
	<u>150</u>	<u>(2,761)</u>	<u>31,769</u>	<u>29,158</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS - continued

Comparative information in respect of the preceeding period is as follows:

	Unrestricted funds	Restricted funds	Restricted Fixed Asset Funds	Total funds
			£'000	£'000
Fixed assets	-	-	27,614	27,614
Current assets	1,449	7,346	1,580	10,375
Current liabilities	(328)	(5,785)	-	(6,113)
Pension liability	-	(2,563)	-	(2,563)
	<u>1,121</u>	<u>(1,002)</u>	<u>29,194</u>	<u>29,313</u>

21. MOVEMENT IN FUNDS

	At 1.9.18 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.19 £'000
Unrestricted funds				
Lettings/Interest	744	138	(793)	89
Private Funds	289	50	(300)	39
Other	<u>88</u>	<u>(66)</u>	<u>-</u>	<u>22</u>
	1,121	122	(1,093)	150
Restricted funds				
General Annual Grant (GAG)	6	(365)	360	1
Pension reserve	(2,563)	(441)	(360)	(3,364)
Restricted fixed asset fund	29,194	303	2,272	31,769
Bursary fund	56	7	-	63
Restricted boarding fund	<u>1,499</u>	<u>219</u>	<u>(1,179)</u>	<u>539</u>
	28,192	(277)	1,093	29,008
TOTAL FUNDS	<u>29,313</u>	<u>(155)</u>	<u>-</u>	<u>29,158</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

21. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
Lettings/Interest	247	(109)	-	138
Private Funds	50	-	-	50
Other	<u>848</u>	<u>(914)</u>	<u>-</u>	<u>(66)</u>
	1,145	(1,023)	-	122
Restricted funds				
General Annual Grant (GAG)	4,408	(4,773)	-	(365)
Restricted fixed asset fund	805	(502)	-	303
Bursary fund	9	(2)	-	7
Restricted boarding fund	5,007	(4,788)	-	219
Pension reserve	<u>-</u>	<u>-</u>	<u>(441)</u>	<u>(441)</u>
	10,229	(10,065)	(441)	(277)
TOTAL FUNDS	<u>11,374</u>	<u>(11,088)</u>	<u>(441)</u>	<u>(155)</u>

Comparatives for movement in funds

	At 1.9.17 £'000	Net movement in funds £'000	Transfers between funds £'000	At 31.8.18 £'000
Unrestricted Funds				
Lettings/Interest	757	95	(108)	744
Private Funds	254	35	-	289
Other	<u>113</u>	<u>(25)</u>	<u>-</u>	<u>88</u>
	1,124	105	(108)	1,121
Restricted Funds				
General Annual Grant (GAG)	2	(357)	361	6
Pension reserve	(2,845)	643	(361)	(2,563)
Restricted fixed asset fund	28,021	1,004	169	29,194
Bursary fund	50	6	-	56
Restricted boarding fund	<u>1,423</u>	<u>137</u>	<u>(61)</u>	<u>1,499</u>
	26,651	1,433	108	28,192
TOTAL FUNDS	<u>27,775</u>	<u>1,538</u>	<u>-</u>	<u>29,313</u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

21. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Movement in funds £'000
Unrestricted funds				
Lettings/Interest	200	(105)	-	95
Private Funds	36	(1)	-	35
Other	<u>1,032</u>	<u>(1,057)</u>	<u>-</u>	<u>(25)</u>
	1,268	(1,163)	-	105
Restricted funds				
General Annual Grant (GAG)	4,447	(4,804)	-	(357)
Restricted fixed asset fund	1,472	(468)	-	1,004
Bursary fund	7	(1)	-	6
Restricted boarding fund	4,785	(4,648)	-	137
Pension reserve	<u>-</u>	<u>-</u>	<u>643</u>	<u>643</u>
	10,711	(9,921)	643	1,433
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u><u>11,979</u></u>	<u><u>(11,084)</u></u>	<u><u>643</u></u>	<u><u>1,538</u></u>

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

21. MOVEMENT IN FUNDS - continued

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2019 £000
Restricted fixed asset funds - analysis					
ESFA capital grants expended	25,357	256	(459)	1,247	26,401
Unexpended	833	146	-	(986)	(7)
Capital expenditure from restricted funds	1,761	-	(30)	(915)	816
Future Capital Projects expended	496	251	-	3,498	4,245
Unexpended	748	151	(12)	(573)	314
	<u>29,195</u>	<u>804</u>	<u>(501)</u>	<u>2,271</u>	<u>31,769</u>

Restricted General Funds

These represent funds generated by the Academy either from grants received or boarding operations, which can only be used for normal running costs of the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The Bursary Fund is maintained to support boarders in financial difficulty. The fund is maintained by donations from the boarding community primarily ex-students.

Restricted Fixed Asset Funds

Represents assets inherited on conversion to an Academy, other surplus unrestricted funds, and other funds received which have or are to be used to finance the capital costs of the Academy less accumulated depreciation.

Unrestricted Funds

Represents funds generated by the academy from other operations and fundraising which can be used for any purpose at the discretion of the Governors.

Transfers

During the year £1,093,000 was transferred from unrestricted funds and £1,178,000 from restricted boarding funds to cover capital expenditure incurred in improving the educational facilities of the Academy.

22. PENSION AND SIMILAR OBLIGATIONS

The academy's employees belong to two principle 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 Essex Council. Both are multi employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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

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 at 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)
- > total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective 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 is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £570,028 (2018: £570,261).

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 an unfunded multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £421,000 (2018: £399,000), of which employer's contributions totalled £331,000 (2018: £311,000) and employees' contributions totalled £90,000 (2018: £88,000). The agreed contribution rates for 2019/2020 are 22.2% and in future years increase to 23.2 % for employers and are variable for employees.

The scheme is in deficit however the above increasing contribution rates are deemed sufficient to cover the deficit and no further payments are required by the academy.

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

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Present value of funded obligations	(6,683)	(5,306)
Fair value of plan assets	<u>3,319</u>	<u>2,743</u>
	<u>(3,364)</u>	<u>(2,563)</u>
Deficit	<u>(3,364)</u>	<u>(2,563)</u>
Liability	<u>(3,364)</u>	<u>(2,563)</u>

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

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Current service cost	546	601
Net interest from net defined benefit asset/liability	141	132
Past service cost	<u>80</u>	<u>-</u>
	<u>767</u>	<u>733</u>
Actual return on plan assets	<u>-</u>	<u>-</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Defined benefit obligation	5,306	5,044
Current service cost	546	601
Past service cost	80	-
Contributions by employer	90	88
Interest cost	141	132
Oblig Unfunded Pension Payment	(4)	(5)
Benefits paid	(83)	2
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(338)	-
Actuarial (gains)/losses from changes in financial assumptions	<u>945</u>	<u>(556)</u>
	<u>6,683</u>	<u>5,306</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Fair value of scheme assets	2,743	2,199
Assets Interest	77	62
Admin Expenses	(1)	(1)
Contributions by employer	331	311
Contributions by scheme participants	90	88
Asset Unfunded Pension Payment	(4)	(5)
Benefits paid	(83)	2
Return on plan assets (excluding interest income)	166	87
	<u>3,319</u>	<u>2,743</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Actuarial (gains)/losses from changes in demographic assumptions	338	-
Actuarial (gains)/losses from changes in financial assumptions	(945)	556
Return on plan assets (excluding interest income)	166	87
	<u>(441)</u>	<u>643</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Equities	2,091	1,747
Gilts	183	147
Other Bonds	187	160
Property	266	245
Cash	97	93
Alternative Assets	325	246
Other managed funds	170	105
	<u>3,319</u>	<u>2,743</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are to be a margin above gilt yields.

Actual return on scheme assets was £243,000 (2018: £149,000)

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	2019	2018
Discount rate for scheme liabilities	1.85%	2.65%
Rate of increase in salaries	3.7%	3.8%
Rate of increase in pensions for payment	2.2%	2.3%
Inflation assumption (CPI)0	2.2%	2.3%
Commutation of pensions lump sums	60%	60%

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 2019	At 31 August 2018
Retiring today		
Males	21.3	22.3
Females	23.6	24.8
Retiring in 20 years		
Males	23.0	24.5
Females	25.4	27.1

Sensitivity analysis

	At 31 August 2019£000	At 31 August 2018£000
Discount rate +0.1%	6,536	5,190
Discount rate -0.1%	6,834	5,425
Mortality Assumption - 1 year increase	6,940	5,478
Mortality Assumption - 1 year decrease	6,436	5,140
CPI rate +0.1%	6,703	5,409
CPI rate -0.1%	6,663	5,206

Impact of McCloud/Sargeant judgement

GAD estimated the impact on past service liabilities to be 3.2% of active liabilities based on a salary increase assumption of CPI plus 1.5% p.a.

Adjusting this to reflect the Employer's own salary increase assumption from 31 March 2016 (which is that salaries will increase at 2.2% until 31 March 2020 and 3.7% thereafter), gives an estimated impact of 1.8% of active liabilities.

Adjusting this to allow for the additional accrual of liabilities since 31 March 2019 and an approximate adjustment to strip out members who are unlikely to be affected by the outcome of the judgement gives an estimated impact of 1.5% of active liabilities.

This is equivalent to 1.2% of the Employer's total liabilities at the accounting date (i.e. active liabilities are estimated to be 79% of the Employer's total liabilities at the accounting date).

GAD estimated the impact on the service cost to be 3.0% of payroll based on a salary increase assumption of CPI plus 1.5% p.a.

Adjusting this to reflect the Employer's own salary increase assumption from 31 March 2016 (as set out above), gives an estimated impact of 1.7% of payroll.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Making an approximate adjustment to strip out members who are unlikely to be affected by the outcome of the judgement gives an estimated impact of 0.9% of payroll.

This is equivalent to 2.1% of the projected service cost.

A past service cost of £80,000 has been included within the service cost in the statement of profit and loss for this year as an estimate of the impact of the Mccloud/Sargeant judgement.

23. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education 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.

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

(a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy: and

(b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24. CAPITAL COMMITMENTS

The following capital projects were contracted for at the 31st August 2019

- 1) Sports Hall - Total contract value £2,171,301
- 2) Science Block - Total contract value £2,460,362
- 3) Fire Safety project - Total contract value £202,000
- 4) LED Lighting project - Total contract value £176,871

Of the above contracts, £4,434,226 of costs have been incurred prior to 31st August 2019. Leaving an overall commitment of £576,308.

At 31st August 2019, ESFA Condition Improvement Fund Grants of £1,088,000 have been received in relation to these projects along with loans totalling £845,000 and a further £89,000 of grants will be received in the next financial year.

The remaining contracts not funded by grants or other capital income will be funded from surplus unrestricted funds and boarding funds.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

25. OTHER FINANCIAL COMMITMENTS

At 31 August 2019 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	2	5
Amounts due between one and two years	<u>-</u>	<u>-</u>
	2	5

26. RELATED PARTY DISCLOSURES

The governors are not aware of any transactions between the academy and related parties, which require disclosure in accordance with FRS102 in either the current or the previous financial years.

27. INVESTMENTS

The academy owns 100% of the issued ordinary shares of Hockerill Enterprises, a company incorporated in England (registration number 3027362). Hockerill Enterprises has been Dormant throughout the year ended 31 August 2019.

HOCKERILL ANGLO-EUROPEAN COLLEGE LTD

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

28. ACADEMY BOARDING TRADING ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

	2019£000	2018£000
Income		
Fee Income	4,934	4,718
Other Income	<u>74</u>	<u>66</u>
	5,008	4,784
Direct costs		
Teaching and educational support staff costs	1,851	1,806
Other student related costs	24	28
Bad debts	-1	1
Commissions	26	20
Other costs	<u>102</u>	<u>89</u>
	2,002	1,944
Allocated support costs		
Support staff costs	1,377	1,322
Catering costs	803	805
Maintenance of premises and equipment	171	134
Furniture costs	12	5
Other premises costs	252	230
Technology costs	94	95
Other support costs	67	89
Contingency costs	<u>12</u>	<u>24</u>
	2,788	2,704
Total Costs	4,790	4,648
Transfer to Restricted Fixed Asset Fund	1,178	61
Surplus/(Deficit) on Boarding Activities	(960)	75
Surplus at 1 September 2018	1,499	1,424
Surplus at 31 August 2019	539	1,499

The costs for 2019 do not include £157,000 of depreciation which is allocated directly to the restricted fixed asset fund.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2019

29. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £'000	2018 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	286	895
Adjustments for:		
Depreciation	490	467
Capital grants from DfE/ESFA	(742)	(1,471)
Interest received	(48)	(36)
Defined benefit pension scheme cost	626	601
Defined benefit pension sch finance cost	64	70
Capital funding from other sources	(62)	-
(Increase)/decrease in debtors	(919)	288
Increase in creditors	1,232	235
Difference between pension charge and cash contributions	<u>(331)</u>	<u>(311)</u>
Net cash provided by (used in) operating activities	<u>596</u>	<u>738</u>