

REGISTERED COMPANY NUMBER: 07665828 (England and Wales)

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2015
for**

The Hessle Academy Community Trust

TUESDAY



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COMPANIES HOUSE

**Harris Lacey and Swain
Chartered Accountants and Statutory Auditors
Suite 1
The Riverside Building
Hessle
East Yorkshire
HU13 0DZ**

The Hessle Academy Community Trust

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for the Year Ended 31 August 2015**

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The Hessle Academy Community Trust

**Reference and Administrative Details
for the Year Ended 31 August 2015**

MEMBERS

P Johnston (appointed 18.3.15)
W Birkett Fitt (appointed 18.3.15)
J A Peck (resigned 18.3.15)
D Myers (Chair of Trust Group)
T J White (resigned 18.3.15)

TRUSTEES

M A McDermott
S L Young (Head Teacher)
P Withers
J Woodford
S Tomkins (resigned 21.10.14)
D Willoughby
E Hepburn
M Newman (resigned 23.4.15)
I Furlong
P Hogan (Chair of Board of Directors)
A Crossland
G Welburn (appointed 4.12.14)

COMPANY SECRETARY

Mrs M Walton

REGISTERED OFFICE

Hessle Federation
Tranby House
Heads Lane
Hessle
HU13 0JQ

REGISTERED COMPANY NUMBER

07665828 (England and Wales)

AUDITORS

Harris Lacey and Swain
Chartered Accountants and Statutory Auditors
Suite 1
The Riverside Building
Hessle
East Yorkshire
HU13 0DZ

SOLICITORS

Gosschalks Solicitors
Queens Gardens
Hull
HU1 3DZ

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

The Hessle Academy Community Trust

**Reference and Administrative Details
for the Year Ended 31 August 2015**

SENIOR MANAGEMENT TEAM

Sarah Young - Headteacher
Andrew Jolley - Deputy Headteacher
Micheal Davison - Deputy Headteacher
Joanne Spencer - Deputy Headteacher

The Hessle Academy Community Trust

Report of the Trustees for the Year Ended 31 August 2015

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Academies Accounts Direction issued by the Education Funding Agency.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The academy trust is a company limited by guarantee as defined by the Companies Act 2006 and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees for the charitable activities of the Hessle Academy Community Trust Limited are also the directors of the Charitable Company for the purposes of company law.

Details of the trustees who served throughout the year are included in the Reference and Administrative details on page 1.

Members' liability

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

Principal activities

The principal activities of the Charitable Company are to establish, maintain and develop schools (the Academy) offering a broad and balanced curriculum.

The Hessle Academy Community Trust

Report of the Trustees for the Year Ended 31 August 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

Following a significant restructure to the governance structure of the multi-academy trust the Trustees continue to exhibit experience and skills in the following areas as identified in the Trust business continuation process:

- Business
- Marketing
- Legal
- Education

The Trustees are supported in their role by the Board of Directors. The Board members role is to deal effectively and professionally with company business and ensure that all statutory requirements of the Academy Trust are met. The Directors were appointed following application to meet a particular experience or skills set which includes:

- SEND/Inclusion
- Safeguarding
- Business
- Legal
- Health and Safety
- Partnerships

The Chair of the Board and the Executive Headteacher by appointment to their office as a Director are required to attend the Trustee meeting to offer explanation and context. In addition the Chair of the Trust also sits at Director level to ensure that a continuation of communication is maintained and decision making processes are not in isolation. The Board of Directors meet as a minimum 3 times per academic year (once per term) to monitor financial aspects of the company. In addition, though not a requirement, the Audit Committee meet 3 times per year to review:

- Risk Management Frameworks
- Contracts

The structure of governance sets out the requirements of the Academy Funding Agreement and considers the 19.9% Local Government reference.

The term of office of Trustees and Directors is two years though performance is reviewed annually.

Induction and training of new trustees

All members of the Board of Directors are experienced in their fields and contribute significantly to the effective running of the Academy Trust. However, following interview with the Executive Headteacher and the Chair of the Board of Directors applicants are given a tour of the site and are invited to attend a formal training session - an Introduction to Governance and provided with an induction pack. Where applications are received in excess of the places available a skills matrix is used to identify the most appropriate candidate.

In addition, the Vice Chair of the Board co-ordinates informal monthly training sessions to meet the needs of the Directors and Governors of Local Boards as identified through self-evaluation. More formal training is delivered each term by an external body and a 'Gold Membership' to the National Governors Association is maintained providing a bimonthly magazine update, weekly e-mailed updates and access to training which is supported by the Academy Trust Continuing Professional Development budget.

Organisational structure

The trustees are supported by a wider local Board of Governors.

The Hesse Academy Community Trust

Report of the Trustees for the Year Ended 31 August 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

In addition to the benefits of cross phase working within the multi-academy trust, Penshurst Primary school are a partner with the Riding Forward Teaching School Alliance and support new entrants to the profession through this link in addition to developing teaching and learning. The Early Years Foundation Stage team work across the locality with other local childcare providers both in the private and public sector to moderate assessments and smooth transition for our youngest learners.

At Hesse High School and Sixth Form College the long standing partnership, The Consortium, which operates at post 16 level across three local secondary schools has recently seen a renewed more formal commitment from all three school leadership teams and Directors. This partnership has been extended to include provision for Foundation Learners at Key Stage 4.

In addition, we have become a strategic partner of the recently appointed Wold Teaching School Alliance, supporting new entrants to the profession and the professional development of colleagues. This is an exciting opportunity to ensure we have a sustainable recruitment plan for high quality teaching staff.

Our partnership with St Annes Community Special School is a real strength and provides not only opportunities for social interaction but also bespoke curriculum opportunities for our most vulnerable learners and joint training for staff across the two schools.

Risk management

The trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objective of the Charitable Company is to establish, maintain and develop the Academy (schools) offering a broad and balanced curriculum.

Public benefit

As an all inclusive Academy promoting educational activities the trustees believe this meets the Public Benefit test as required under Charity Law.

STRATEGIC REPORT

Achievement and performance

Going concern

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

**Report of the Trustees
for the Year Ended 31 August 2015**

STRATEGIC REPORT

Achievement and performance

Improving educational performance

There continue to be significant improvements in academic performance across all phases of the Hessle Academy Community Trust. This is reflected in the most recent OFSTED reports March 2014 and December 2014 at Penshurst Primary School and Hessle High School and Sixth Form College respectively. Both reports make reference to the determination of school leaders, including governors, middle and senior leaders, to drive forward school improvement with a shared vision. This is evident in the academic outcomes of learners. At Penshurst Primary School learners continue to achieve above the national expectation in all aspects of the Key Stage 2 curriculum. This is especially true of learners with additional need who outperform both their national peers and also in some areas (writing and maths) their internal peer groups. This is as a result of the sustained impact of our Nurture provision. This has been extended in Summer 2014 to an enhanced provision for children with additional need. Our very youngest children continue to enter our highly successful and popular Early Years Provision significantly below the national expectation. The highly experienced staff team in this area have begun to conduct home visits to maximise levels of engagement from parents and children offering advice on toilet training and gathering information about children's interests to be able to engage them in learning activities. In addition we maintain a strong link with other local providers and pre-school settings to ensure that on entry data is robust. Although our children leave the EYFS provision below in many of the development goals, they make rapid and sustained progress as they move into Year 1.

At Hessle High School, our trend of improving results continued this year. This continued improvements is in spite of turbulent picture nationally with English, though national expectations did not alter significantly. In addition we improved our position regionally as we continue to experience a steady improvement trend in all measures. The Basic measure was maintained at 68% with the Gold Standard measure (5A*-C inc English and Maths) improved to 66% from 62% in 2014. Particularly pleasing was the 4 Levels of Progress (4LOP) measures in English and Maths. Though we have significantly achieved above expectation at 3 Levels of Progress for the last two years, this year we achieved 34% in English at 4LOP against a national average of 31% and 32% in Maths 4 LOP against a national average of 30%. In addition 99% of all learners passed their programme of study demonstrating that the school provides an appropriate curriculum and adds significant value to all learners regardless of ability.

In addition the performance of Disadvantaged learners across both Penshurst Primary and Hessle High School saw the internal gaps against their peers close. This was particularly so at Hessle High School where there was no significant gap against national non-Disadvantaged cohorts and a decreasing gap against their Hessle High School non-Disadvantaged peers, despite the non-disadvantaged students achieving improved outcomes.

At Hessle Sixth Form College results in 2015 were exceptional, surpassing even the most aspirational of targets set by Senior Leaders and approved by the Local Sixth Form Governing Board. 29% of grades at Hessle Sixth Form College were of A*/A calibre with a staggering 65% being at A*-B compared to 55% nationally. For the third year running we achieved a 100% pass rate. For students following a vocational pathway 82% achieved the highest level Distinction*/Distinction.

This breadth of appropriate study programme and the enrichment activities provided to support learners in the Sixth Form ensured that 100% of students secured their first choice university placement with 27% progressing on to Russell Group University's compared to a national average of 22%. 80% of students progressed from Year 13 to University. However, our progression rate is 99% onto further study, advanced apprenticeships or work with training.

This improved achievement has been made in spite of significant disruption to the school organisational structures as a result of the commencement of the Priority Schools Building Programme in October 2014. Students and staff have worked together as a team to ensure that improvements in teaching and learning made throughout recent years has resulted in sustained progress. As the programme enters its second winter the build is on track for the Academy Trust to take occupancy in January 2016.

In addition to academic outcomes our learners continue to enjoy a wide ranging and fulfilling educational experience with trips and visits and guest speakers being a frequent feature of the academic calendar across the Trust sites.

The Hessle Academy Community Trust

Report of the Trustees for the Year Ended 31 August 2015

STRATEGIC REPORT

Achievement and performance

Financial Governance and Oversight

The Board of Directors consider it good practice to have an audit committee to review aspects of the Academy Trusts financial acumen. The Financial Management Team ensure that the internal Financial Handbook accurately reflects both the statutory requirements of the Academy Financial Handbook and the internal monitoring procedures. This is reviewed annually by the Board of Directors.

Pupil admission numbers continue to be closely monitored by senior leaders and the impact on budget by Directors. Careful marketing strategies has seen recruitment increase from non-traditional areas and confidence in the schools remains high from parents both within East Riding and Hull City. Latest projections would demonstrate that the numbers at Penshurst Primary School remain extremely healthy (currently full in all year groups FS1 to Year 4) with a waiting list for FS1 and 3 appeals for FS2 in July 2015. However, though we have recruited successfully to Hessle High School, the numbers continue to be low, reflected across the East Riding until 2017 (increased birth rates and anticipated housing development in Hessle having a significant impact here however, the impact on recruitment of new school facilities and positive outcomes cannot be known). Based on projections Directors and Senior Leaders planned for 140 in Year 7 in September 2014 and we recruited 151, in September 2015 it is anticipated that 150 learners will enrol into Year 7 with early indications that this has been exceeded. The Sixth Form continues to recruit approximately 45% of learners from Year 11. However, there is increasing interest from outside our own cohort of learners which is encouraging.

Financial review

Reserves policy

The trustees have established a reserves policy, which is reviewed on a continuing basis, to maintain a level of reserves which would enable the Academy to continue its current activities in the event of any significant reduction in the level of funding.

Principal risks and uncertainties

The trustees believe that the principal risks and uncertainties in connection with providing the educational services the Academy is able to offer are;

- maintaining the level of pupil numbers which in turn provides the educational funding required in order to achieve its objectives
- maintaining the quality of the education provided in order to advance the level of achievement within its target population

Financial and risk management objectives and policies

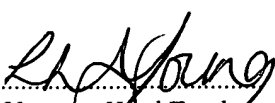
The policies of the Academy are structured with the following objectives in mind;

- to enable the Academy to continue as a going concern to achieve the aims and objectives set out in its governing document
- to promote the Academy's work as an educational establishment within the community it serves and to continue to improve the services it offers.

AUDITORS

The auditors, Harris Lacey and Swain, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 27 November 2015 and signed on the board's behalf by:


S L Young - Head Teacher

The Hessle Academy Community Trust

Governance Statement for the Year Ended 31 August 2015

Scope of Responsibility

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

The board of the trustees has delegated the day-to-day responsibility to the Head Teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Hessle Academy Community Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' Report and in the Statement of Trustees' responsibilities.

The Board adopted a new schedule of meetings during the year to further enhance its governance model. In addition a finance committee and audit committee have now been established. The meetings that have taken place during the year since the new structure came into existence have been as follows:

- The Board of Directors have met three times
- The Finance Committee have met three times
- The Audit Committee have met three times.
- The full Board of Trustees met at the AGM.

Attendance at these meetings has been as follows:

Trustee	Meetings attended	Out of a possible
P Hogan	10	10
A Crossland	3	3
J Woodford	3	3
D Willoughby	3	3
M A McDermott	2	3
P Withers	3	3
I Furlong	3	3
M Newman	-	-
E Hepburn	3	3
S L Young	10	10

Review of Value for Money

I accept that as Accounting Officer of The Hessle Academy Community Trust I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year.

The Hessle Academy Community Trust

Governance Statement for the Year Ended 31 August 2015

Review of Value for Money

Learning Resources - in times of austerity for educational funding we have begun to access alternative suppliers of learning resources, particularly in response to ICT equipment. The Technical team and Procurement Officer have sourced high quality PC's for use in ICT suites which are pre-owned. These PC's are hi-spec and are successfully formulating a core aspect of our refresh programme. In addition we have developed a Music Hub to deliver high quality music tuition at a reduced cost to parents and the school budget which supports this extra-curricular provision. The quality of the service has improved and learners across the organisation continue to participate in high quality music tuition to develop their skills.

Pay Roll Provision - the appointment of a specialist Payroll Officer has enabled us to further develop this service provision to staff. The skills of the appointed colleague have enabled us to rectify 'set-up' issues within the software and begin to maximise the software as a staff management tool. Not only are we able to refine our service provision to staff we are significantly increasing the integrity and reliability of the system for all stakeholders.

Partnership Working - We have extended the work of the successful Consortium Partnership to provide high quality curriculum for foundation learners at Post-14 across the 3 partner schools. The reduced number of learners has meant that by working together we can access high quality alternative provision for our most vulnerable learners. This has been highly successful and has continued to ensure that the NEET rate is significantly lower than national average at 16.

External Experts - we have continued to work with private grant funding companies to ensure we maximise the availability of grants to support additional aspects of the Trust's work with children and young people. This has been especially important in providing play and fitness equipment to maximise the approach of children and young people to a healthy lifestyle.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Hessle Academy Community Trust for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, in accordance with EFA Guidance, the external auditors carry out extended testing throughout the year so as to satisfy the trustees they are fulfilling their duties.

The Hessle Academy Community Trust

**Governance Statement
for the Year Ended 31 August 2015**

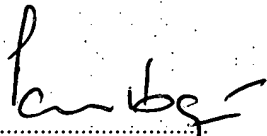
Review of Effectiveness

As accounting officer, S Young has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by;

- the work of the 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 officer has been advised of the implications of the result of their review of the system of internal control by the governing body 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 27 November 2015 and signed on its behalf by:



.....
P Hogan - Chair of Board of Directors



.....
S L Young - Accounting Officer

The Hessle Academy Community Trust

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2015**

As accounting officer of The Hessle Academy Community Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.


.....
S L Young - Accounting Officer

Date: 27.11.15

The Hessle Academy Community Trust

Statement of Trustees Responsibilities for the Year Ended 31 August 2015

The trustees (who act as governors of The Hessle Academy Community Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2005;
- 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.

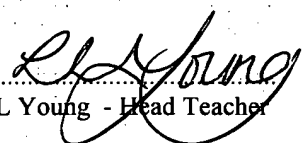
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply 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 trustees 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 EFA/DfE have been applied for the purposes intended.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 27 November 2015 and signed on it's behalf by:


S L Young - Head Teacher

Report of the Independent Auditors to the Members of The Hessle Academy Community Trust

We have audited the financial statements of The Hessle Academy Community Trust for the year ended 31 August 2015 on pages sixteen to thirty three. 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 2013 to 2014 issued by the Education Funding Agency (EFA).

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.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page twelve, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2015 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 Academies Accounts Direction 2014 to 2015 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

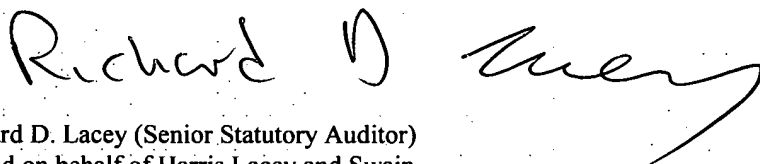
In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
The Hessle Academy Community Trust**

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard D. Lacey (Senior Statutory Auditor)
for and on behalf of Harris Lacey and Swain
Chartered Accountants and Statutory Auditors
Suite 1
The Riverside Building
Hessle
East Yorkshire
HU13 0DZ

Date:

4 December 2015

**Independent Reporting Accountant's Assurance Report on Regularity to
The Hessle Academy Community Trust and the Education Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hessle Academy Community Trust during the period 1 September 2014 to 31 August 2015 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 The Hessle Academy Community Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Hessle Academy Community Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Hessle Academy Community Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Hessle Academy Community Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Hessle Academy Community Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Harris Lacey and Swain
Suite 1
The Riverside Building
Hessle
East Yorkshire
HU13 0DZ

Date: 16 December 2015

The Hesse Academy Community Trust

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2015**

	Notes	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	-	8,692,956	8,692,956	9,064,556
Activities for generating funds	3	17,091	14,310	31,401	180,644
Investment income	4	9,624	-	9,624	7,418
Total incoming resources		26,715	8,707,266	8,733,981	9,252,618
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	6	-	6,027,052	6,027,052	5,877,487
Charitable activities					
Academy's educational operations	7	-	3,213,904	3,213,904	3,252,725
Governance costs	8	-	42,924	42,924	44,095
Total resources expended	5	-	9,283,880	9,283,880	9,174,307
NET INCOMING RESOURCES		26,715	(576,614)	(549,899)	78,311
Other recognised gains/losses					
Actuarial gains/losses on defined benefit schemes		-	(41,000)	(41,000)	(405,000)
Net movement in funds		26,715	(617,614)	(590,899)	(326,689)
RECONCILIATION OF FUNDS					
Total funds brought forward		56,818	27,229,438	27,286,256	27,612,945
TOTAL FUNDS CARRIED FORWARD		83,533	26,611,824	26,695,357	27,286,256

CONTINUING OPERATIONS

All incoming resources and resources expended arise from continuing activities.

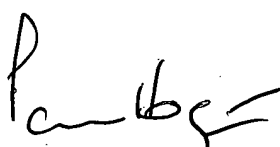
The notes form part of these financial statements

The Hesse Academy Community Trust

**Balance Sheet
At 31 August 2015**

	Notes	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
FIXED ASSETS					
Tangible assets	12	-	27,159,822	27,159,822	27,472,716
CURRENT ASSETS					
Debtors	13	-	139,009	139,009	162,610
Cash at bank and in hand		83,533	1,362,444	1,445,977	1,417,543
		<u>83,533</u>	<u>1,501,453</u>	<u>1,584,986</u>	<u>1,580,153</u>
CREDITORS					
Amounts falling due within one year	14	-	(519,451)	(519,451)	(378,613)
NET CURRENT ASSETS		<u>83,533</u>	<u>982,002</u>	<u>1,065,535</u>	<u>1,201,540</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,533</u>	<u>28,141,824</u>	<u>28,225,357</u>	<u>28,674,256</u>
PENSION LIABILITY	17	-	(1,530,000)	(1,530,000)	(1,388,000)
NET ASSETS		<u>83,533</u>	<u>26,611,824</u>	<u>26,695,357</u>	<u>27,286,256</u>
FUNDS	16				
Unrestricted funds:					
General fund				83,533	56,818
Restricted funds:					
General Annual Grant				28,141,824	28,588,195
Pension Reserve				(1,530,000)	(1,388,000)
Assets purchased from GAG				-	29,243
				<u>26,611,824</u>	<u>27,229,438</u>
TOTAL FUNDS				<u>26,695,357</u>	<u>27,286,256</u>

The financial statements were approved by the Board of Trustees on 27 November 2015 and were signed on its behalf by:


.....
P Hogan -Chair of Board of Directors

The notes form part of these financial statements

The Hessle Academy Community Trust

**Cash Flow Statement
for the Year Ended 31 August 2015**

		2015 £	2014 £
Net cash inflow from operating activities	Notes 1	66,394	170,944
Returns on investments and servicing of finance	2	9,624	7,418
Capital expenditure and financial investment	2	(47,584)	(10,149)
Increase in cash in the period		<u>28,434</u>	<u>168,213</u>

Reconciliation of net cash flow to movement in net debt

	3		
Increase in cash in the period		28,434	168,213
Change in net debt resulting from cash flows		28,434	168,213
Movement in net debt in the period		28,434	168,213
Net debt at 1 September		<u>1,417,543</u>	<u>1,249,330</u>
Net debt at 31 August		<u>1,445,977</u>	<u>1,417,543</u>

The notes form part of these financial statements

The Hessle Academy Community Trust

**Notes to the Cash Flow Statement
for the Year Ended 31 August 2015**

1. RECONCILIATION OF NET (OUTGOING)\INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015	2014
	£	£
Net (outgoing)\incoming resources	(549,899)	78,311
Depreciation charges	378,965	413,212
(Profit)/loss on disposal of fixed assets	(18,487)	5,200
Capital grants from DfE/EFA	-	240,560
Interest received	(9,624)	(7,418)
Decrease/(increase) in debtors	23,601	(46,145)
Increase/(decrease) in creditors	140,838	(33,656)
Difference between pension charge and cash contributions	101,000	(479,120)
Net cash inflow from operating activities	<u><u>66,394</u></u>	<u><u>170,944</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest received	9,624	7,418
Net cash inflow for returns on investments and servicing of finance	<u><u>9,624</u></u>	<u><u>7,418</u></u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(75,654)	(256,316)
Capital grants from DfE/EFA	-	240,560
Sale of tangible fixed assets	28,070	5,607
Net cash outflow for capital expenditure and financial investment	<u><u>(47,584)</u></u>	<u><u>(10,149)</u></u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.14	Cash flow	At 31.8.15
	£	£	£
Net cash:			
Cash at bank and in hand	1,417,543	28,434	1,445,977
Total	<u><u>1,417,543</u></u>	<u><u>28,434</u></u>	<u><u>1,445,977</u></u>

The Hessle Academy Community Trust

Notes to the Financial Statements for the Year Ended 31 August 2015

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, the Companies Act 2006, the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities and the Academies Accounts Direction 2014 to 2015 issued by the EFA.

Going concern

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

Incoming resources

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

Grants receivable

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

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

Capital Grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

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

Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources.

Charitable activities

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

Governance costs

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

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 2% on cost
Plant and machinery	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the academy trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

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

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 14, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

2. VOLUNTARY INCOME

	2015 £	2014 £
Grants	<u>8,692,956</u>	<u>9,064,556</u>
Grants received, included in the above, are as follows:		
	2015 £	2014 £
General Annual Grant(GAG)	7,931,979	8,247,302
Government Building Scheme	-	240,560
Other EFA Grants	428,741	320,984
Other Government Grants	280,071	223,994
Teacher Training Grant	-	985
Other Grants	52,165	30,731
	<u>8,692,956</u>	<u>9,064,556</u>

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

3. ACTIVITIES FOR GENERATING FUNDS

	2015 £	2014 £
Hire of facilities	17,092	10,134
Catering income	631	141,519
Miscellaneous income	13,678	28,991
	<u>31,401</u>	<u>180,644</u>

4. INVESTMENT INCOME

	2015 £	2014 £
Deposit account interest	<u>9,624</u>	<u>7,418</u>

5. RESOURCES EXPENDED

	2015	2014
	Total £	Total £
Costs of generating funds		
Costs of generating voluntary income	6,027,052	5,877,487
Charitable activities		
Academies educational operations		
Direct costs	-	840,201
Allocated support costs	1,129,587	2,379,122
	<u>7,156,639</u>	<u>9,096,810</u>
Governance costs including allocated support costs	-	44,095
	<u>7,156,639</u>	<u>9,140,905</u>

Net resources are stated after charging/(crediting):

	2015 £	2014 £
Auditors' remuneration	9,400	7,351
Depreciation - owned assets	378,965	413,212
Hire of plant and machinery	46,038	61,775
Other operating leases	47,490	38,854
(Surplus)\deficit on disposal of fixed asset	<u>(18,487)</u>	<u>5,200</u>

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

6. COSTS OF GENERATING VOLUNTARY INCOME

	2015 £	2014 £
Staff costs	<u>6,027,052</u>	<u>5,877,487</u>

7. RESOURCES EXPENDED FROM CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2015 Total funds £	2014 Total funds £
Direct costs				
Amortisation	-	115,073	115,073	33,402
Technology costs	-	71,288	71,288	87,280
Educational supplies	-	32,956	32,956	42,155
Examination fees	-	135,980	135,980	129,822
Staff development	-	57,722	57,722	48,146
Educational consultancy	-	5,661	5,661	29,293
Development Plans and Alternative Learning Provision	-	369,275	369,275	367,818
Other Direct Costs	-	96,358	96,358	86,130
Consortium Costs	-	36,680	36,680	49,557
	-	<u>920,993</u>	<u>920,993</u>	<u>873,603</u>
Allocated support costs				
Support staff costs	-	1,129,587	1,129,587	1,037,448
Depreciation	-	378,965	378,965	413,212
Loss on sale of assets	-	(18,487)	(18,487)	5,200
Technology costs	-	64,599	64,599	74,673
Office, finance and administration support costs	-	210,347	210,347	236,887
Maintenance of premises and equipment	-	133,327	133,327	93,800
Cleaning	-	18,272	18,272	15,961
Rates and water	-	43,334	43,334	49,939
Energy costs	-	167,965	167,965	176,497
Insurance	-	51,859	51,859	61,102
Security and transport	-	5,162	5,162	6,560
Catering	-	4,453	4,453	86,214
Other support costs	-	103,528	103,528	121,629
	-	<u>2,292,911</u>	<u>2,292,911</u>	<u>2,379,122</u>
	-	<u>3,213,904</u>	<u>3,213,904</u>	<u>3,252,725</u>

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

8. GOVERNANCE COSTS

	2015	2014
	£	£
Professional fees	33,524	36,744
Auditors' remuneration	9,400	7,351
	<u>42,924</u>	<u>44,095</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the period ended 31 August 2015.

Trustees' expenses

There were no trustees' expenses paid for the period ended 31 August 2015.

The Hesse Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

10. STAFF COSTS

	2015	2014
	£	£
Wages and salaries	5,801,045	5,703,005
Social security costs	385,741	385,457
Other pension costs	969,853	826,473
	<u>7,156,639</u>	<u>6,914,935</u>

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

	2015	2014
Teachers	102	109
Educational Support Staff	23	31
Administration	63	85
	<u>188</u>	<u>225</u>

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

	2015	2014
£60,001 - £70,000	3	3
£100,000 - £110,000	1	1
	<u>4</u>	<u>4</u>

All the above participated in the Teachers' Pension Scheme. During the year ending 31 August 2015 pension contributions for these staff amounted to £42,454.

The emoluments of the Executive Headteacher who is also a trustee and the highest paid individual during the period is as follows:

	2015	2014
Emoluments	£107,209	£103,709
Pension contributions	£15,116	£14,602

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £3,763.

The Hesse Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2014	27,987,734	109,946	55,862	528,073	28,681,615
Additions	15,800	7,290	33,990	18,574	75,654
Disposals	-	(2,560)	(26,162)	(4,360)	(33,082)
At 31 August 2015	28,003,534	114,676	63,690	542,287	28,724,187
DEPRECIATION					
At 1 September 2014	750,665	71,803	39,524	346,907	1,208,899
Charge for year	258,106	23,245	12,938	84,676	378,965
Eliminated on disposal	-	-	(23,499)	-	(23,499)
At 31 August 2015	1,008,771	95,048	28,963	431,583	1,564,365
NET BOOK VALUE					
At 31 August 2015	26,994,763	19,628	34,727	110,704	27,159,822
At 31 August 2014	27,237,069	38,143	16,338	181,166	27,472,716

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade debtors	21,402	16,782
Other debtors	51,472	56,861
Prepayments and accrued income	66,135	88,967
	<u>139,009</u>	<u>162,610</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Social security and other taxes	107,592	106,606
Accrued expenses	312,864	244,058
Deferred government grants	98,995	27,949
	<u>519,451</u>	<u>378,613</u>

15. TRUSTEES' LIABILITY

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

The Hesse Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

16. MOVEMENT IN FUNDS

	At 1.9.14 £	Net movement in funds £	At 31.8.15 £
Unrestricted funds			
General fund	56,818	26,715	83,533
Restricted funds			
General Annual Grant	28,617,438	(475,614)	28,141,824
Pension Reserve	(1,388,000)	(142,000)	(1,530,000)
	<u>27,229,438</u>	<u>(617,614)</u>	<u>26,611,824</u>
TOTAL FUNDS	<u><u>27,286,256</u></u>	<u><u>(590,899)</u></u>	<u><u>26,695,357</u></u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	26,715	-	-	26,715
Restricted funds				
General Annual Grant	8,707,266	(9,182,880)	-	(475,614)
Pension Reserve	-	(101,000)	(41,000)	(142,000)
	<u>8,707,266</u>	<u>(9,283,880)</u>	<u>(41,000)</u>	<u>(617,614)</u>
TOTAL FUNDS	<u><u>8,733,981</u></u>	<u><u>(9,283,880)</u></u>	<u><u>(41,000)</u></u>	<u><u>(590,899)</u></u>

17. PENSION AND SIMILAR OBLIGATIONS

Teachers' pension scheme

Local government pension scheme

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding of Yorkshire Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries.

Contributions amounting to £109,316 (2014: £32,928) were payable to the schemes at 31 August 2015 and are included within creditors.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2015

17. PENSION AND SIMILAR OBLIGATIONS
- continued

Introduction

The Teachers' Pension Scheme ('TPS') is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as 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 (currently 14.1%);
- 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; and
- 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%.

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

Pension and similar obligations

The pension costs paid to TPS in the year amounted to £887,166 (of which employers costs were £533,519) (2014: 882,861 (Employers costs: £539,301)).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

17. PENSION AND SIMILAR OBLIGATIONS
- continued

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2015 was £429,000 (2014: £384,000) of which employer's contributions totalled £341,000 (2014: £305,000) and employees' contributions totalled £88,000 (2014: £79,000).

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2015	2014
	£	£
Present value of funded obligations	(3,830,000)	(3,285,000)
Fair value of plan assets	2,300,000	1,897,000
	<u>(1,530,000)</u>	<u>(1,388,000)</u>
Deficit	<u>(1,530,000)</u>	<u>(1,388,000)</u>
Liability	<u><u>(1,530,000)</u></u>	<u><u>(1,388,000)</u></u>

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

	Defined benefit pension plans	
	2015	2014
	£	£
Current service cost	432,000	336,000
Interest cost	130,000	119,000
Expected return	<u>(120,000)</u>	<u>(98,000)</u>
	<u>442,000</u>	<u>357,000</u>
Actual return on plan assets	<u><u>13,000</u></u>	<u><u>215,000</u></u>

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2015**

17. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	2015	2014
	£	£
Defined benefit obligation	(3,285,000)	(2,547,000)
Current service cost	(432,000)	(336,000)
Contributions by scheme participants	(88,000)	(79,000)
Interest cost	(130,000)	(119,000)
Actuarial losses/(gains)	66,000	(522,000)
Benefits paid	39,000	22,000
Liabilities Extinguished on Settlements	-	296,000
	<u>(3,830,000)</u>	<u>(3,285,000)</u>

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

	Defined benefit pension plans	
	2015	2014
	£	£
Fair value of scheme assets	1,897,000	1,566,000
Contributions by employer	341,000	305,000
Contributions by scheme participants	88,000	79,000
Expected return	120,000	98,000
Actuarial gains/(losses)	(107,000)	117,000
Benefits paid	(39,000)	(22,000)
Assets Distributed on Settlements	-	(246,000)
	<u>2,300,000</u>	<u>1,897,000</u>

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

	Defined benefit pension plans	
	2015	2014
	£	£
Equities	1,725,000	1,461,000
Bonds	230,000	189,000
Property	253,000	133,000
Cash	92,000	114,000
	<u>2,300,000</u>	<u>1,897,000</u>

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

	2015	2014
Discount rate	3.8%	3.7%
Expected return on scheme assets	3.8%	5.7%
Future salary increases	4.1%	4%
Future pension increases	2.7%	2.7%

Salary increases are assumed to be 1% pa until 31 March 2015 reverting to the long term assumption thereafter.

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**Notes to the Financial Statements - continued
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17. PENSION AND SIMILAR OBLIGATIONS
- continued

Life expectancy is based on the SAPS year of birth tables with improvements from 2007 in line with the Medium Cohort and a 1% underpin. Mortality loadings were applied to the SAPS tables on membership class. Based on these assumptions, the average future life expectancies at age 65 are as follows;

Current Pensioners

Males	21.9 years
Females	24.1 years

Future Pensioners (assume members aged 45 as at last formal valuation)

Males	24.2 years
Females	26.7 years

Amounts for the current and previous two periods are as follows:

	2015 £	2014 £	2013 £
Defined benefit pension plans			
Defined benefit obligation	(3,830,000)	(3,285,000)	(2,547,000)
Fair value of scheme assets	2,300,000	1,897,000	1,566,000
Deficit	(1,530,000)	(1,388,000)	(981,000)

18. OTHER FINANCIAL COMMITMENTS

Operating leases

At 31 August 2015 the academy had annual commitments under non-cancelable operating leases as follows:

Other	2015	2014
Expiring within one year	131,238	143,517
Expiring within two to five years inclusive	107,154	107,209

19. RELATED PARTY DISCLOSURES

The following related party transaction took place during the year:

White Agency - a company in which Tim White, a member of the board, has an interest. The total gross expenditure with the Agency was £75,518 (2014: £84,973) in the year. All transactions are on a non profit basis.

20. POST BALANCE SHEET EVENTS

The Academy will, in January 2016, start operating from new premises built at the Heads Lane site in Hessle. These have been built under the Priority Schools Building Programme, a central government initiative. The buildings will be transferred to the school on completion. The value of the programme is £18.9million. As a result of this the Boothferry Road site will be handed back to the local authority in line with the original lease and transfer agreement. As the building work necessitates the demolition of some of the Heads Lane site, a total estate revaluation will be carried out.

The Hessle Academy Community Trust

**Notes to the Financial Statements - continued
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21. ACADEMY OPERATIONS ANALYSIS

	Hessle £	Penshurst £	Total £
Incoming Resources	<u>7,143,076</u>	<u>1,590,905</u>	<u>8,733,981</u>
Expenses	7,475,696	1,437,706	8,913,402
Pension Adjustments	8,000	2,000	10,000
Depreciation/Loss on Sale	<u>303,574</u>	<u>56,904</u>	<u>360,478</u>
Total Resources Expended	<u>7,787,270</u>	<u>1,496,610</u>	<u>9,283,880</u>
Net Incoming Resources	<u>(644,194)</u>	<u>94,295</u>	<u>(549,899)</u>