

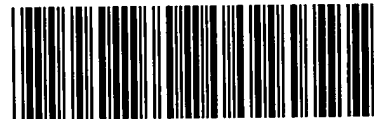
Company Registration Number: 07702119 (England and Wales)

HALL MEAD SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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HALL MEAD SCHOOL
(A company limited by guarantee)

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The following pages do not form part of the statutory financial statements:

Statement of Accounting Policies

Other Notes to the Financial Statements

HALL MEAD SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2015

Members

Mr J McKernan
Mr M Evans
Mr D Forster
Mr G Adams (resigned 25 November 2015)
Ms S Simon

Trustees / Governors

Glen Adams¹ (resigned 25 November 2015)
Caroline Brennan
James Brooks ¹
Kevin Cole (appointed 20 November 2014)
Jemma Dockrill (term ended 2 February 2015)
Steve Downham ¹
Margaret Drew (term ended 31 October 2014)
Malcolm Evans¹
Kirsty Fanning (appointed 2 February 2015)
David Forster
Victoria Hallett¹
David Harries¹
Fatima Kamali (appointed 3 April 2015)
Simon London, Head Teacher¹
Michelle McKee
John McKernan, Chair¹
Sarah Simon
Keith Stewart
Karen Townsend (resigned 15 September 2014)
Jonathan Walshe

¹ Member of the Finance and Audit Committee

Company Secretary

Nigel Curtis

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Senior Management Team:

Simon London, Headteacher
Elaine Ward, Deputy Headteacher
Paul Cotter, Acting Deputy Headteacher
Tina Parsons, Acting Deputy Headteacher
Daniel Lockwood, Acting Senior Assistant Headteacher
Joe Hales, Associate Assistant Headteacher
Victoria Hallett, Associate Assistant Headteacher
Nicola Afteni, Associate Assistant Headteacher
Nigel Curtis, Business Manager

Company Name

Hall Mead School

Principal and registered office

Marlborough Gardens, Upminster, Essex, RM14 1SF

Company registered number

07702119 (England & Wales)

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Bankers

Lloyds Bank PLC
1-3 Market Place
Romford
Essex
RM1 3AA

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

HALL MEAD SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2015. The Charitable Company is known as Hall Mead School and is referred to herein as the Charitable Company, Hall Mead School or the Academy.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements, and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005), as amended.

The trust operates an academy for pupils aged 11 to 16. It has a pupil capacity of 960 and had a roll of 961 in the school census on January 2015.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee with no share capital (registration number 07702119) and an exempt charity. As an exempt charity, it is not required to be registered with the Charities Commission and instead is regulated by the Education Funding Agency (EFA) on behalf of the Department of Education. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Articles of Association require there are at least 3 members of the Charitable Company who are responsible for the statutory and constitutional affairs of the Charitable Company and the appointment of Governors who are responsible for the management of the Academy.

Details of the trustees who served throughout the year except as noted 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.

The members are: - Mr J McKernan
 Mr M Evans
 Mr D Forster
 Mr G Adams (resigned 25 November 2015)
 Ms S Simon

Governors

The Governors are directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charities legislation and as such are responsible for all aspects of the operations of the Academy (and may be referred to herein as Governors, Trustees and/or Directors). Further details of the responsibilities of Governors are given in the sections below.

HALL MEAD SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Governing Body composition

The Governors who were in office at 31 August 2015 and served throughout the year, except where shown, are included in the Reference and Administrative Details pages of this Annual Report and Financial Statements. The Governing Body comprises up to nine community governors, six parent governors, three staff governors and the Headteacher.

Except for the Headteacher, Governors are appointed to serve for a period of four years, subject to remaining eligible within the class of governor of their appointment, but are eligible for re-election.

Governance code

The Governing Body has adopted a Code of Practice and adheres to the Seven Principles of Public Life set out by the Nolan Committee. It has also set out a Scheme of Delegations and Financial Regulations to codify various matters for the better operation of the Academy's business and within which it expressly reserves specified significant matters for its sole decision.

Governing Body Committees

Membership of committees is reviewed and determined annually. Committee appointments may involve non Governing Body members, but the attendance of those Committee members who are not Governors is not detailed in the table on page 16 for reasons of brevity.

A brief overview of the Constitution and responsibilities of the seven principal committees of the Governing Body is given below. Other panels and working groups are formed as considered appropriate to deal with the particular issues as they arise.

In addition to Governors, members of the Senior Leadership Team and other advisors will attend Committee meetings as necessary. The Governing Body as a whole also meets biannually with the Senior Leadership Team to undertake an operating review and receive training covering governor responsibilities.

Curriculum, Learning and Teaching Committee

The Curriculum Learning and Teaching Committee consists of between three and eight members. It meets at least four times per year and reviews and monitors the Academy's curriculum needs and the quality of teaching and learning. The Committee takes a strategic overview of the curriculum to ensure it reflects and reinforces the Academy's aims and values and the Academy meets the needs of the individual pupils and the locality within the framework set by Government; sets and monitors targets for attainment across the curriculum including progress; and approves Academy policies that support the delivery of the curriculum.

Finance and Audit Committee

The Finance and Audit Committee consists of between three and eight members and meets at least six times per year. It monitors Academy accounting policies, considers financial, funding and capital investment issues, and reviews the budget and management accounts. It oversees the strategic financial planning of the Academy; oversees the effective and efficient financial management of the Academy; and provides guidance and assistance to the Headteacher and the Governors in all matters relating to budgeting and finance.

The Finance and Audit Committee's audit functions are led by the vice chair of the committee and the work centres around ensuring the Academy has appropriate and effective systems of internal control and the management of risk.

HALL MEAD SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Premises, Health and Safety Committee

This Committee consists of between three and eight members and meets at least three times per year. It considers all matters connected with the Academy's premises and all health & safety issues relating to visitors, staff and pupils.

Governor Effectiveness Committee

This Committee consists of between three and eight members and meets at least four times per year. The Committee is responsible for ensuring the organisation and operations of the Governing body, its committees and the Governors themselves are efficient and effective. In October 2014 it was agreed that the Governor Effectiveness Committee had achieved its objectives and has been disbanded. The Governing Body has assumed the responsibilities delegated to that committee and wishes to thank the members of the committee for the work undertaken to improve the effectiveness of the Governing Body.

Pay Committee

This Committee consists of between three and eight members and meets at least once a year. It reviews Academy pay policy and determines pay progression.

Pupils and Personnel Committee

This Committee currently consists of between three and eight members and meets at least three times per year. It oversees: the effective staffing of the Academy; supports and monitors the performance, continuous professional development and wellbeing of all staff; the contribution the pupils make to the Academy and wider community; and the wellbeing and behaviour of pupils.

Headteacher Performance Management Committee

This Committee currently comprises three Governors, including the Chair, Vice-Chair and one other Governor, elected annually and conducts the Headteacher's annual appraisal and pay review. It is supported by a suitably qualified external consultant appointed annually.

Governor Indemnities

The Articles of Association include provisions for the indemnification of Governors in respect of their actions in connection with the Academy. The Academy has in place Governors and Officers insurance for the benefit of Governors and other officers of the Academy. Details of the costs can be found in note 13 in the Financial Statements.

Principal Activities

The principal object and activity of the Charitable Company is the operation and development of the Hall Mead School to provide education for pupils of different abilities between the ages of 11 and 16 offering a broad and balanced curriculum.

HALL MEAD SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

In accordance with the Articles of Association the Charitable Company has adopted a scheme of Governance approved by the Secretary of State of the Department of Education. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Method of Recruitment and Appointment or Election of Governors

The recruitment and appointment of Governors is undertaken so far as possible, in such a way as to seek to ensure the Governing Body has the balance of skills, knowledge and experience it considers necessary. Parent governors are subject to election by the parents of pupils and staff Governors are subject to election by employees of the Academy. Community Governors are appointed by the Members of the Academy. The Governing Body also considers succession planning from time to time.

The members of the trust will appoint any new community Governors based on a majority vote.

Policies and Procedures Adopted for the Induction and Training of Trustees

As there are normally only two or three Governors appointed each year, induction tends to be undertaken informally and is tailored specifically to the individual, although all are allocated a mentor from amongst the other Governors. The training provided for new Governors depends upon their own experience although all Governors have access to web-based and traditional training provided by Havering Local Authority for all schools in the area. Where necessary induction will provide training on charity and educational, legal and financial matters. All new Governors are given a tour of the Academy and a chance to meet staff and students. All Governors have access to copies of policies, procedures, minutes, accounts, budget, plans and other documents they may require to undertake their role as Governors.

Organisational structure

The Academy's management structure consists of Governors, Headteacher, Senior Leadership Team and the teaching and support staff management Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governors are responsible for setting the strategic direction of the Academy, challenging and supporting the Academy by monitoring, reviewing and evaluating its performance and ensuring it is accountable to its stakeholders.

The Senior Leadership Team currently comprises the Headteacher, three Deputy Headteachers, one Senior Assistant Headteacher, three Associate Assistant Headteachers and the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governing Body and reporting back to them. As a group, the Senior Leadership Team are responsible for authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for senior staff will always involve a Governor. Some spending control is devolved to members of the management team, within limits, above which the Senior Leadership Team must countersign.

The teaching management team includes eight Directors of Faculty. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

The support staff management team consists of seven managers and are responsible for 55 Full Time Employees (FTE) members of staff.

HALL MEAD SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Risk management

The Governors, together with the Senior Leadership Team, have assessed the major risks to which the Academy is exposed; in particular relating to specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Governors consider that various systems are in existence to assess risks that the Academy faces. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains the Governors have, where deemed appropriate, put in place insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the value for money statement included within this report.

Connected Organisations, including Related Party Relationships

The Academy works in partnership with Havering Sixth Form College and Havering College of Further & Higher Education, to which many of the Academy's pupils transfer on completing their education.

The Academy is the Lead Academy in a Memorandum of Understanding with The Albany School and Redden Court School. The Academy is also a lead organisation in the Havering Teacher Training Partnership, which administers the training of new teachers in Havering schools.

The parents of pupils of the Academy are invited to attend and involve themselves in the activities of Hall Mead Friends Association (HMFA), a charity whose aim is to provide additional support to the Academy. During the year the Academy received donations of £15,000 On behalf of the Academy, the Governors wish to record their thanks for the continued support it receives from HMFA.

Objectives and Activities

Objects, aims and objectives

As noted above the principal object and activity of the Charitable Company is the operation and development of Hall Mead School to provide education for pupils of different abilities between the ages of 11 and 16 offering a broad and balanced curriculum. The Academy is recognised as a Leading Edge Specialist Academy and National Support School. It has two specialisms in technology and languages, endorsed by the Specialist Schools and Academies Trust and i.e. Teaching School.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

In setting the objectives and planning the Academy's activities, the Governors, as Trustees, have given careful consideration to the Charity Commission's guidance on public benefit.

The main objectives of the Academy during the year ended 31 August 2015 are summarised below:

- the education of young people between the ages of 11 - 16;
- enable the development of successful learners, confident individuals and responsible citizens;
- to raise the standards of educational achievement of all pupils;
- to raise aspirations and broaden the horizons of all pupils in the Academy;
- to support the employees of the Academy to enable them to achieve the stretching goals set for attainment and progress of students.

Strategies and activities

The Academy's main strategy is encompassed in its mission statement "Traditional values...future thinking". To this end the activities include:

- appropriate learning opportunities for all students to enable them to achieve their best;
- training opportunities for all staff;
- a pastoral system that supports the ethos of the school;
- support for students' progression to the next phase of their learning.

Public Benefit

The Charitable Company's aims are set out in this report. The Governors have complied with their duty under section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the Governors have paid due regard to this guidance in deciding what activities the Charitable Company should undertake.

The Academy was awarded Teaching School Status in 2014 and is the lead school in the 'Empower Teaching Alliance'. The Headteacher is a National Leader of Education and as such supports other schools locally and nationally.

Equal opportunity policy

The Governors recognise that equal opportunities should be an integral part of the good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

STRATEGIC REPORT

Achievements and Performance

The Academy has just completed its fourth year of operation and has strategic goals related to achievement, progress, engagement, destinations and its provision. These goals have been closely monitored by the Governing Body.

The Academy was inspected by Ofsted in February 2013 and was judged to be outstanding in all four categories and outstanding for Overall Effectiveness.

Total students in the year ended 31 August 2015 numbered 963 (2014 – 961) and the Academy has a full compliment in all year groups. The Academy admitted 192 students in September 2014 (2013 -192) from an application of 1083 (2013 – of 896) year 6 students.

Examination results 2015

The Academy takes enormous pride in its long history of academic excellence. The Academy's high levels of achievement were again recognised in 2014 with its re-designation as a Leading Edge Academy. Hall Mead performs highly in the full range of achievement measures from progress measures like 'value added' to attainment measures such as 'The English Baccalaureate'. Projected figures for the new 'Progress 8' measure are positive at +0.3.

During the year Hall Mead received an award from SSAT for at being in the top 20% of schools nationally for Achievement during 2013/2014 and was admitted into the London Schools Mayor's Gold Club for the exceptional performance of its Pupil Premium Students.

Percentage achieving 5+ A*-C GCSEs (or equivalent) including English and Maths GCSEs: 71%
(National figure for all maintained schools: 53%)

Percentage achieving all English Baccalaureate subjects: 27%
(National figure for all maintained schools: 23%)

Average point score per pupil (best 8) - all qualifications: 335
(National figure for all maintained schools: 307)

Percentage making Expected Progress in English 85%

Percentage making Expected Progress in Maths 80%

Percentage achieving A*/A grades of total entries 22%

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Key Performance Indicators

Other than the attainment targets for academic achievement, the Governing Body uses both financial and other non financial key performance indicators to manage the Academy. The Academy maintains a strong management information function which is focussed on regular and accurate reporting. Financial KPIs are measured continuously.

During the year the following key performance indicators were used:

Pupil numbers in year 7 (192)

Staff Turnover 8.47%

Cash income in excess of expenditure (excluding the pension liability and capital grants / depreciation) £(75,000)

Average cash balance £353K

Pupils making or exceeding expected level of progress English: 85% expected 50% better than expected.

Maths; 80% expected, 45% better than expected.

Pupil destinations on leaving 89.9% Full time education, 5.3% Training, 1.1% Employment, 3.7% other.

Going Concern

After making appropriate enquiries and considering the Academy's funding agreement with the Secretary of State for Education is only terminable on seven years' notice, or other exceptional events. The Governing Body has 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.

The Governing Body and Senior Leadership Team are aware of Central Government's announcement in 2015 that per pupil funding is likely to remain constant over the five year Parliament just commencing. This presents significant challenge, but the Governing Body and Senior Leadership Team are in the process of considering the changes needed to ensure the long term sustainability of the Academy.

HALL MEAD SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Financial Review

Most of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. Those grants received from the EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy has also been in receipt of capital grants from the EFA through the bid process for the Academies capital maintenance fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2015, total expenditure was incurred of £6,789,583 (2014 - £6,678,247). As income received was only £6,629,123 (2014 - £6,654,791) resulting in a deficit of £160,460 (2014 - deficit £23,456).

At 31 August 2015 the net book value of fixed assets was £14,073,413 (2014 - £14,184,984) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

In accordance with FRS17, the Academy received an actuarial assessment of the financial position of Academy staff who are members of the Local Government Pension Scheme (LGPS), but in common with other academies it received no detailed information about the financial position of Academy staff who are members of the Teachers Pension Scheme (TPS). The LGPS assets, liabilities and deficit in respect of the Academy staff are included within the Balance Sheet as at 31 August 2015 and supporting notes to the accounts (see note 24). The assets, liabilities and deficit of the TPS in respect of the Academy staff are not included within the Balance Sheet for the reason explained in note 1 of the financial statements.

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 reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected costs. The Academy's current level of free reserves (total funds less the amounts held in fixed assets and restricted funds) is £14,625 (2014 - £86,781). The Governors intend to build up the Academy's free reserves over time when financial conditions allow.

The pension reserve is in deficit due to the Academy's share of the LGPS liabilities exceeding its share of the assets.

At 31 August 2015 the total funds comprised:

Unrestricted	£14,625
Restricted: Fixed asset funds	£14,099,251
GAG	£186,499
Pension reserve	£(1,463,000)
Other	£21,815
	<u>£12,859,190</u>

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Investment Policy

Hall Mead School has an investment Policy which is reviewed annually by the Finance and Audit Committee. It covers the principal purpose and guidelines to ensure the Academy manages its cash balances to provide for the day to day working capital needs.

Interest bearing deposit accounts may be held with sound financial institutions only. Treasury deposits, with maturity dates which do result in the cash funds being unavailable for longer than 6 weeks are permissible. Periodically (at least every 3 months) the rates will be reviewed to ensure reasonable interest rates are being achieved.

Principal Risks and Uncertainties

As detailed the Governors have a comprehensive risk management process to identify and monitor the risks faced by the Academy. The key areas of risk have been categorised as: strategic and reputational, operational, compliance, financial, demographic and physical assets. The principal risks and uncertainties are centred around changes in the level of funding from the EFA, in light of the forthcoming Funding Review and its implications. In addition, the Academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy Balance Sheet and the Teachers Pension Scheme (TPS), not recognised on the Academy's Balance Sheet and explained further in note 1 of the financial statements.

The principal risks facing the Academy are:

- Reputation risk – mitigated by continued high performance at GCSE, "Outstanding" Ofsted judgement 2013, rigorous self evaluation including external input from registered Ofsted Inspector, National Support School/Teaching School/Leading Edge School and Headteacher National Leader of Education. Member of "Going 4 Great" network of outstanding London schools.
- Performance risk-mitigated by annual curriculum review and improvement planning process, rigorous and robust self evaluation including external input from registered Ofsted inspector need to fulfil KPIs for Teaching School status, access to latest advice and professional development through 'Going 4 great' network, Leading Edge network, Teaching School network and Havering Learning Partnership.
- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs mitigated by oversubscription thanks to high performance at GCSE, outstanding Ofsted judgement and national recognition of quality through National Support School/Teaching School/Leading Edge School and Headteacher National Leader of Education. We are undertaking a restructure of staffing to ensure value for money, and are proactive in obtaining grants/funding from central or other sources for our capital works,
- Risks associated with personnel mitigated by an ethos which ensure staff welfare is taken seriously with the introduction of a Human Resources Manager, subscription to Employee Assistance Programme, highly effective professional development and appraisal systems and strong, well established teacher training programme under Teaching School.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by the Senior Leadership Team.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Plans for Future Periods

At the annual Conference on 15 October 2015 the Governors and Senior Leadership Team undertook the following analyses:

An evaluation of its Academy Improvement Plan.
An evaluation of the 2015 GCSE results using the Progress 8 framework and modelled for the 15/16 cohort;
An assessment of 'Teaching Over Time' using the new Ofsted Framework.
Implement "Building Base Camp" Learning Challenge.
Improve rates of Boys' progress by combining approaches to seating plans, pastoral interventions and classroom strategies.
Implement new Progress 8 target setting and tracking system.
Continue and progress Teaching School Action Plan.

To complete the transition to form a MAT (Multi Academy Trust) under the banner of "Empower Learning Academy Trust" and bring in two secondary Academies into the Trust.

Key aspects determined to be addressed as a result of this were:

- Financial – the issues which the Academy face in light of indicative falling income from central Government and way we can ensure the Academy is financially sound for the foreseeable future.

- Facilitating the sharing and dissemination of best practice in teaching and learning whilst also addressing any weaknesses effectively;
- Delivering Special Education Needs provision in the light of the new SEND Code of Practice
- Meeting the needs of a pupil intake which has an increasingly widening ability spectrum and diverse ethnicity
- Better "narrowing the gap" for our Pupil Premium students;
- Meeting the challenges presented by the proposed and current qualification and curriculum reforms;
- Determining whether our admissions policy is still fit for purpose;
- Ensuring our plans are financially viable in the light of reducing funding and changes to funding methodology.
- Fulfilling our obligations as a Teaching School and for the Headteacher's National Leader of Education role

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

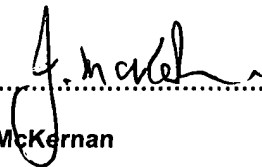
Auditor

In so far as the trustees are aware:

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

The auditors, MHA MacIntyre Hudson, are willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8th December 2015 and signed on the board's behalf by:


.....
J McKernan

Chair of Trustees

HALL MEAD SCHOOL
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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

Scope of Responsibility

The Governors acknowledge that they have overall responsibility for ensuring Hall Mead School 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 Governors are also responsible for keeping adequate books and accounting records which disclose, with reasonable accuracy at any time, the financial position of the Academy and enable the Governing Body to ensure the financial statements comply with the Companies Act 2006. The Governors also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities and to provide reasonable assurance that:

- the Academy is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the adequate records maintained and financial information used within the Academy or for publication is reliable; and
- the Academy complies with relevant laws and regulations.

The Governing Body has delegated the day-to-day responsibility of running the Academy to the Headteacher, 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 Hall Mead School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weakness or breakdowns in internal control.

Governance

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

Governing Body meetings

The Governing Body meets regularly and has established a number of committees to which the Governing Body has delegated certain responsibilities under formal Terms of Reference. The Governing Body meetings and its committees are attended by representatives of the Senior Leadership Team.

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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

The Full Governing Body meets at least six times per year and most of its committees meet no less than three times per year. The meetings held during the year and the current individual members of each are detailed below together with their attendance record.

	Governing Body	Curriculum Learning and Teaching Committee	Finance and Audit Committee	Premises, Health & Safety Committee	Headteachers Performance	Pay Committee	Pupils & Personnel
John McKernan (Chair)	6/6		5/6	2/3	1/1	2/2	0/3
David Forster (Vice chair)	5/6	3/3			1/1	2/2	
Glen Adams (resigned 25/11/15)	6/6		6/6				
Caroline Brennan	4/6						2/3
James Brooks	4/6		3/6	2/3			
Kevin Cole (appointed 20/11/14)	5/5			2/2			
Jemma Dockrill (term ended 2/2/15)	2/2						
Steve Downham	5/6	2/3	3/6				
Margaret Drew (term ended 31/10/14)	1/1						
Malcolm Evans	4/6		2/6			0/2	
Kirsty Fanning (appointed 2/2/15)	2/2						
Victoria Hallett	4/6		4/6				
David Harries	5/6	1/3	4/6				
Fatemeh Kamali (appointed 5/12/14)	3/4						
Simon London	6/6	2/3	5/6	1/3		2/2	3/3
Michelle McKee	4/6	2/3					3/3
Sarah Simon	6/6	2/3			1/1	2/2	3/3
Keith Stewart	6/6					1/2	3/3
Karen Townsend (resigned 15/9/14)	0/1						
Jonathan Walshe	6/6	3/3		3/3			2/2

No key changes of the board during the year have taken place.

During 2013/14 the Governing Effectiveness Committee undertook an overall review of governance issues impacting the Academy. Since its disbandment in October 2014 the Governing Body is now taking a more detail topic by topic approach and have received reports on improvement issues such as meeting effectiveness. The Governing Body also receives regular reports for link Governors attached to faculties.

HALL MEAD SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

The Finance and Audit Committee is a committee of the main board of Governors. Its purpose is to: monitor Academy accounting policies, considers financial, funding and capital investment issues, and reviews the budget and management accounts. It oversees the strategic financial planning of the Academy; oversees the effective and efficient financial management of the Academy; and provides guidance and assistance to the Headteacher and the Governors in all matters relating to budgeting and finance.

REVIEW OF VALUE FOR MONEY

Over the last financial period, Hall Mead School Academy Trust has taken a wide range of steps to ensure that the educational standards and levels of achievement for all pupils have continued to improve. This has resulted in continued high performance in the Academy Trust's GCSE results at a time of turbulence in the examination system nationally and locally. 71% of Hall Mead School pupils achieved 5 A*-C grades including English and Maths, 22% of all GCSEs grades were at A*/A and rates of expected progress were 85% in English and 80% in Maths. The new 'Progress 8' figure for the Academy is +0.31 meaning that Hall Mead students achieve an average grade which is 1/3 better than their peers nationally. This provides clear evidence that the value we achieved for our students from the quality of our teaching staff is self evident.

The Trust has produced a detailed financial analysis of how the Pupil Premium funding was spent and the impact of the funding for individual pupils which is available on our website. Similarly, funding for catch up groups for pupils is calculated in the same way. Our use of the funding for staffing, intervention programmes and aspiration raising initiatives has led to this year's Disadvantaged Pupils having no gap in performance compared to their non-Pupil Premium peers. This year we were recognised by the London Mayor's Office for our consistent work in enabling Disadvantaged Students to overcome barriers to learning and eliminate the gaps in their performance. Consequently, we have been awarded membership of the Mayor's 'London School Gold Club' for 2015/16.

The Trust has focussed on targeted improvement linked to the Academy Operating Plan to ensure maximum impact on outcomes for pupils and this plan has been carefully evaluated with Governors at the Academy's annual Improvement Planning Conference to ensure that initiatives have provided value for money in terms of Key Performance Indicators.

The Plan includes keeping the staffing structure under review and deploying staff efficiently to support individual pupils and the curriculum. This is evident in the short-term use of a temporary Senior Leadership Team structure as well as re-structuring of Senior Leadership Team pay ranges and interim middle leadership appointments and adjustments made to the curriculum to meet the demands of the new 'Progress 8' measure without increasing any surplus within the teaching budget.

The Trust was awarded Teaching School status in April 2014 and is the lead within the local Teaching School Alliance, the 'Empower Teaching Alliance' which consists of local secondary schools and academies. The Trust is a National Support School and the Principal is a National Leader of Education. Funding from the National College is used to run the network and this has been 'future proofed' by having all Alliance schools agree to an annual membership fee for the core package of support and professional development as well as sign up to an agreed pricing structure for bespoke support. The additional cost of the administrative staffing required to support the Alliance has been agreed in conjunction with the Havering Teacher Training Partnership so that the Trust's own budget is not impacted negatively by this responsibility. School to school support work within this programme has had a demonstrable impact, resulting for example in one supported local academy moving from an Ofsted category to Grade 3 during the year of Teaching School support.

HALL MEAD SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Our Academy Trust's expertise in school improvement and delivering strong student outcomes has led to our submission of an application to become a Multi-Academy Trust Sponsor. This will enable better student outcomes beyond our standalone Academy and spread the value of our best practice across our locality further. In addition, best value for shared services will also be enabled and there are clear plans for this within our Academy sponsor bid.

The Trust has a strong financial governance oversight with significant relevant expertise on the Finance and Audit Committee. Over the year, it has challenged financial decision making to ensure the effectiveness of spending. Examples of this include challenges around costs for Local Authority services, financial services and the future staffing structure.

The Trust benchmarks with other Academies when possible and the Chief Financial Officer is a prominent member of the local Business Managers group. He works closely with other Chief Financial Officers to broker the best deals with the Local Authority's Traded Services wing as well as other service providers. An example of this was bulk buying of paper collaborating with two other schools to obtain a competitive price. He also negotiated an improved pricing structure for the replacement of printers, a pilot internal audit service for academies at a much reduced rate, as well as the installation of cashless catering within Hall Mead School at no cost to the Trust. The introduction of the use of the cashless payment system to enable parents to pay online for dinners, trips and extended school sessions has been an efficiency saving.

The Trust generates a small income from lettings and school improvement work is growing exponentially which will bring in some additional income. Teaching School status has led to access to a number of additional support bids which have enabled the Academy to support other schools in Havering. During this year Hall Mead was successful in obtaining PSBP (Priority Schools Building Programme) which the main building will be redeveloped/refurbished over the next 5 years to ensure we have a future proof teaching and learning environment.

The Trust has internal controls in place to ensure strict financial procedures are followed and these were reviewed during the last financial period by the Governor Effectiveness Committee and Finance and Audit Committee before approval at full Governing Body so as to ensure compliance, fitness for purpose and relevance to the demands of Academy status. An internal auditor from Kingston Smith LLP was appointed to make independent checks. The Finance and Audit Committee received monthly budget reports which were analysed to identify areas of overspend and under-spend. Regular monitoring ensured the best use of resources and prevented waste. Bank balances are carefully monitored and a high interest deposit account was considered for short term investment.

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 Academy for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. The Academy has appointed Kingston Smith LLP as their internal Auditors during the financial year

HALL MEAD SCHOOL
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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 migrate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluation and managing the Academy's significant risks that has been in place for the year ending 31st August 2015 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 systems of internal financial control are 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 they include:

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

In addition the Governors have put in place procedures and internal controls around the management of risk, covering:

- the type of risks the Academy faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks materialising;
- the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
- the costs of operating particular controls relative to the benefits obtained;
- the responsibility of the Senior Leadership Team to implement the Governors' policies and to identify and evaluate risks for the Governors' consideration;
- the responsibility of employees with regard to internal control as part of their accountability for achieving objectives;
- the embedding of control system in the Academy's operations so that they become part of the culture of the Academy;
- the development of systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- procedures for reporting failings of risk management strategies immediately to appropriate levels of management and to Governors together with details of corrective action being undertaken.

The Governors have considered the need for a specific internal audit function and the revised guidance issued by the EFA during the previous year indicating that it was no longer necessary to have a Responsible Officer (RO). The Governors had previously appointed an RO, but in light of the amended guidance have decided to incorporate the functions and responsibilities of overseeing the effectiveness of internal controls with the Finance and Audit Committee's terms of reference. To aid this process the Governors have also decided to appoint an internal auditor to perform a range of checks of the Academy's systems as the Governors will from time to time specify. The internal auditor reported regularly to the Finance and Audit Committee of the Governing Body outlining the results of these checks and where appropriate making recommendations for improvement. In the year under review, no material control issues have been uncovered as a consequence of the work the Internal Auditor undertook.

HALL MEAD SCHOOL
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GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- Petty cash
- Credit card expenditure
- Monitoring of debts
- Verifying gross pay

On a termly basis, the auditor reports to the board of trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The board of trustees has considered the need for a specific internal audit function and has decided to appoint Kingston Smith LLP as an internal auditor.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The Internal Auditor reports to the board of trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities.

Review of effectiveness

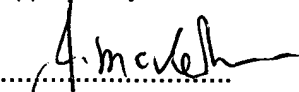
As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the systems of internal control. During the year the review has been informed by:

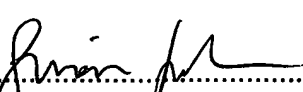
- the work of the Internal Auditor;
- the work of the External Auditor; and
- the work of the Senior Leadership Team who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer found nothing to indicate any material failures or weaknesses from the work undertaken in the year on the effectiveness of systems of internal control.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control, by the Finance and Audit 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 8 December 2015 and signed on its behalf by:


.....
J McKernan
Chair of Trustees


.....
Simon London
Accounting Officer

HALL MEAD SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hall Mead School 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 (2014).

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 (2014).

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 London
Accounting Officer



Date: 18/12/15

HALL MEAD SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who act as governors of Hall Mead School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report (including the Strategic report) 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 8 December 2015 and signed on its behalf by:


J McKeernan
Chair of Trustees

HALL MEAD SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALL MEAD SCHOOL

We have audited the financial statements of Hall Mead School for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. 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 Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy Trust 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 Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

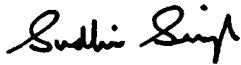
HALL MEAD SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALL MEAD SCHOOL

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.



Sudhir Singh FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditor

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: *18 December 2015*

HALL MEAD SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HALL MEAD SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 August 2015 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 Hall Mead School during the year 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 Hall Mead School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hall Mead School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hall Mead School and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF HALL MEAD SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Hall Mead School's funding agreement with the Secretary of State for Education dated 1 August 2011, 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 year 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 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.

HALL MEAD SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HALL MEAD SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw our conclusions includes:

- reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors of the Academy Trust;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Internal Reviewer.

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 year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditor

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: *18 December 2015*

HALL MEAD SCHOOL
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	26,954	-	-	26,954	90,442
Activities for generating funds	3	296,862	-	-	296,862	122,299
Investment income	4	771	-	-	771	818
Incoming resources from charitable activities	5	-	5,835,765	98,894	5,934,659	5,948,398
Other incoming resources	6	161,030	208,847	-	369,877	492,834
TOTAL INCOMING RESOURCES		485,617	6,044,612	98,894	6,629,123	6,654,791
RESOURCES EXPENDED						
Charitable activities: Academy						
Trust educational operations	8	557,773	6,021,126	184,627	6,763,526	6,656,455
Governance costs	9	-	26,057	-	26,057	21,792
TOTAL RESOURCES EXPENDED	7	557,773	6,047,183	184,627	6,789,583	6,678,247
NET RESOURCES EXPENDED BEFORE TRANSFERS		(72,156)	(2,571)	(85,733)	(160,460)	(23,456)
Actuarial gains and losses on defined benefit pension schemes		-	(93,000)	-	(93,000)	(292,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(72,156)	(95,571)	(85,733)	(253,460)	(315,456)
<i>Total funds at 1 September 2014</i>		<i>86,781</i>	<i>(1,159,115)</i>	<i>14,184,984</i>	<i>13,112,650</i>	<i>13,428,106</i>
TOTAL FUNDS AT 31 AUGUST 2015		14,625	(1,254,686)	14,099,251	12,859,190	13,112,650

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 30 to 51 form part of these financial statements.

HALL MEAD SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07702119

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		14,073,413		14,184,984
CURRENT ASSETS					
Debtors	15	95,826		65,879	
Cash at bank and in hand		573,702		464,494	
		<u>669,528</u>		<u>530,373</u>	
CREDITORS: amounts falling due within one year	16	(420,751)		(284,707)	
NET CURRENT ASSETS			<u>248,777</u>		<u>245,666</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,322,190</u>		<u>14,430,650</u>
Defined benefit pension scheme liability	24		<u>(1,463,000)</u>		<u>(1,318,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>12,859,190</u></u>		<u><u>13,112,650</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	208,314		158,885	
Restricted fixed asset funds	17	14,099,251		14,184,984	
Restricted funds excluding pension liability		<u>14,307,565</u>		<u>14,343,869</u>	
Pension reserve		<u>(1,463,000)</u>		<u>(1,318,000)</u>	
Total restricted funds			<u>12,844,565</u>		<u>13,025,869</u>
Unrestricted funds	17		<u>14,625</u>		<u>86,781</u>
TOTAL FUNDS			<u><u>12,859,190</u></u>		<u><u>13,112,650</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2015 and are signed on their behalf, by:


J McKerran
Chair of Trustees

The notes on pages 30 to 51 form part of these financial statements.

HALL MEAD SCHOOL
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	19	82,599	(90,186)
Returns on investments and servicing of finance	20	771	818
Capital expenditure and financial investment	20	25,838	(29,423)
INCREASE/(DECREASE) IN CASH IN THE YEAR		109,208	(118,791)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase/(Decrease) in cash in the year	109,208	(118,791)
MOVEMENT IN NET FUNDS IN THE YEAR	109,208	(118,791)
Net funds at 1 September 2014	464,494	583,285
NET FUNDS AT 31 AUGUST 2015	573,702	464,494

The notes on pages 30 to 51 form part of these financial statements.

HALL MEAD SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA, and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

1.2 Going concern

The 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 Academy Trust 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.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 general fund.

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

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

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.4 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, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Academy Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £250 are capitalised.

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 are 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.

A review for the 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.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Furniture and equipment	-	5 years straight line
Motor vehicles	-	10 years straight line
Computer equipment	-	3 years straight line
Assets under construction	-	Depreciation is charged when the assets are brought into use

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.6 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.7 Taxation

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.8 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, 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 operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, other sources and the fund that represents the LGPS obligation.

Investment income, gains and losses are allocated to the appropriate fund.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	26,954	-	26,954	90,442

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	32,623	-	32,623	10,610
Other self generated income	264,239	-	264,239	111,689
	<u>296,862</u>	<u>-</u>	<u>296,862</u>	<u>122,299</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest receivable	771	-	771	818
	<u>771</u>	<u>-</u>	<u>771</u>	<u>818</u>

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Educational Operations	-	5,934,659	5,934,659	5,948,398
	<u>-</u>	<u>5,934,659</u>	<u>5,934,659</u>	<u>5,948,398</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,299,564	5,299,564	5,434,198
Pupil Premium	-	126,616	126,616	99,713
DfE/EFA Capital Grants	-	98,894	98,894	98,945
Other EFA Grants	-	163,600	163,600	-
	<u>-</u>	<u>5,688,674</u>	<u>5,688,674</u>	<u>5,632,856</u>
Other government grants				
Local Authority Grants	-	245,985	245,985	315,542
	<u>-</u>	<u>245,985</u>	<u>245,985</u>	<u>315,542</u>
	<u>-</u>	<u>5,934,659</u>	<u>5,934,659</u>	<u>5,948,398</u>

6. OTHER INCOMING RESOURCES FROM EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Other income	<u>161,030</u>	<u>208,847</u>	<u>369,877</u>	<u>492,834</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total	<i>Total</i>
	2015	Premises	Other costs	2015	2014
	£	2015	2015	£	£
		£	£		
Direct costs - Educational Operations	4,511,874	-	574,880	5,086,754	<i>5,022,168</i>
Support costs - Educational Operations	832,073	558,530	286,169	1,676,772	<i>1,634,287</i>
Charitable activities	5,343,947	558,530	861,049	6,763,526	<i>6,656,455</i>
Governance costs including allocated support costs	-	-	26,057	26,057	<i>21,792</i>
	5,343,947	558,530	887,106	6,789,583	<i>6,678,247</i>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

8. CHARITABLE ACTIVITIES

	Total funds 2015 £	Total funds 2014 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs	4,511,874	4,395,189
Educational Supplies	420,353	509,542
Examination Fees	82,008	76,945
Staff Development and Training	54,153	9,676
Educational Consultancy	8,422	-
Other Direct Costs	9,944	30,816
	<u>5,086,754</u>	<u>5,022,168</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs	821,073	805,115
Depreciation	184,627	185,698
FRS17 pension finance costs	11,000	23,000
Technology Costs	24,962	25,433
Recruitment and Support	1,896	891
Maintenance of Premises and Equipment	172,160	227,485
Cleaning	17,601	16,479
Rent and Rates	52,679	40,784
Energy Costs	78,500	81,195
Insurance	24,050	-
Security and Transport	5,770	6,634
Catering	27,833	22,727
Bank Interest and Charges	221	25
Other Support Costs	254,400	198,821
	<u>1,676,772</u>	<u>1,634,287</u>
	<u><u>6,763,526</u></u>	<u><u>6,656,455</u></u>

9. GOVERNANCE COSTS

	Total funds 2015 £	Total funds 2014 £
Legal and professional fees	6,039	3,272
Auditor's remuneration - Other services	4,563	-
Auditor's remuneration - Audit of the financial statements	8,760	13,325
Support costs	6,695	5,195
	<u>26,057</u>	<u>21,792</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

10. NET RESOURCES EXPENDED

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	184,627	185,698
Auditors' remuneration	8,760	13,325
Auditors' remuneration - non-audit	4,563	-
Operating lease rentals:		
- other operating leases	78,892	72,063
	<u>78,892</u>	<u>72,063</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	4,140,935	4,212,130
Social security costs	305,490	308,423
Other pension costs (note 24)	683,399	584,579
	<u>5,129,824</u>	<u>5,105,132</u>
Supply teacher costs	203,123	95,172
FRS 17 pension finance costs	11,000	23,000
	<u>5,343,947</u>	<u>5,223,304</u>

b. Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	60	61
Administration and support	55	55
Management	9	9
	<u>124</u>	<u>125</u>

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NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF (continued)

c. Higher paid staff

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

	2015	2014
	No.	No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	0

Three of the above employees participated in the Teachers' Pension Scheme. During the year end 31 August 2015, pension contributions for these staff amounted to £34,086 (2014 : £35,820). No employer pension contributions were made in respect of the other employee.

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NOTES TO THE FINANCIAL STATEMENTS
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12. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

	2015 £	2014 £
S London	115,000-120,000	110,000-115,000
V Hallett	25,000-30,000	60,000-65,000
J Dockrill (term ended 2 February 2015)	15,000-20,000	45,000-50,000
M Drew (term ended 31 October 2014)	0-5,000	5,000-10,000
K Fanning (appointed 2 February 2015)	5,000-10,000	-
K Cole (appointed 20 November 2014)	20,000-25,000	-

During the year ended 31 August 2015, expenses for attending conferences, totalling £185 (2014 - £584) were reimbursed to 1 Trustees (2014 - 1).

The value of Trustees' remuneration includes gross salary and employer pension contributions made during the year.

Remuneration disclosures for Trustees who resigned prior to 1 September 2014 are not reflected in the table above.

S London is accruing retirement benefits under the Teachers' Pension Scheme and contributions in the year fell within the band £10,000-£15,000 (2014: £10,000-£15,000).

V Hallett is accruing retirement benefits under the Teachers' Pension Scheme and contributions in the year fell within the band £5,000-£10,000 (2014: £5,000-£10,000).

J Dockrill is accruing retirement benefits under the Teachers' Pension Scheme and contributions in the year fell within the band £0-£5,000 (2014: £5,000-£10,000).

M Drew is accruing retirement benefits under the Local Government Pension Scheme and contributions in the year fell within the band £0-£5,000 (2014: £0-£5,000).

K Fanning is accruing retirement benefits under the Teachers' Pension Scheme and contributions in the year fell within the band £0-£5,000.

K Cole is accruing retirement benefits under the Local Government Pension Scheme and contributions in the year fell within the band £0-£5,000.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides governors' liability cover up to £5,000,000 on any one loss and any one membership year. The cost of the insurance for the year ended 31 August 2015 is included in the total insurance cost of £24,050 paid under the Department for Education's Risk Protection Arrangement, (RPA). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise from 1 September 2014 are covered by government funds.

14. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2014	14,612,728	81,757	28,000	78,453	-	14,800,938
Additions	-	-	-	-	73,056	73,056
At 31 August 2015	14,612,728	81,757	28,000	78,453	73,056	14,873,994
Depreciation						
At 1 September 2014	487,955	60,352	13,103	54,544	-	615,954
Charge for the year	161,494	6,087	2,800	14,246	-	184,627
At 31 August 2015	649,449	66,439	15,903	68,790	-	800,581
Net book value						
At 31 August 2015	13,963,279	15,318	12,097	9,663	73,056	14,073,413
At 31 August 2014	14,124,773	21,405	14,897	23,909	-	14,184,984

Included in land and buildings is freehold land valued at £6,550,000 which is not depreciated. The freehold property was professionally valued at conversion to Academy status by Hilbery Chaplin.

15. DEBTORS

	2015 £	2014 £
Trade debtors	26,966	15,687
VAT recoverable	8,266	7,268
Prepayments and accrued income	60,594	42,924
	<u>95,826</u>	<u>65,879</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

16. CREDITORS:

Amounts falling due within one year

	2015 £	2014 £
Other taxation and social security	94,463	-
Pension payable	82,475	-
Accruals and deferred income	243,813	284,707
	<u>420,751</u>	<u>284,707</u>
		£
Deferred income		
Deferred income at 1 September 2014		173,622
Resources deferred during the year		215,776
Amounts released from previous years		<u>(173,622)</u>
Deferred income at 31 August 2015		<u>215,776</u>

At the balance sheet date the Academy was holding funds received in advance of the 2015/16 financial year in respect of the teaching school, rates relief funding and parental contributions to trips and clubs.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

17. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	86,781	485,617	(557,773)	-	-	14,625
Restricted funds						
General Annual Grant (GAG)	-	5,299,564	(5,113,065)	-	-	186,499
Pupil Premium	42,710	126,616	(169,326)	-	-	-
Other EFA Grants	92,725	40,000	(132,725)	-	-	-
Teaching School	-	123,600	(101,785)	-	-	21,815
Local Authority Grants	23,450	245,985	(269,435)	-	-	-
Other activities	-	208,847	(208,847)	-	-	-
Pension reserve	(1,318,000)	-	(52,000)	-	(93,000)	(1,463,000)
	(1,159,115)	6,044,612	(6,047,183)	-	(93,000)	(1,254,686)
Restricted fixed asset funds						
EFA Capital Grants	-	98,894	-	(73,056)	-	25,838
Fixed assets purchased	14,184,984	-	(184,627)	73,056	-	14,073,413
	14,184,984	98,894	(184,627)	-	-	14,099,251
Total restricted funds	13,025,869	6,143,506	(6,231,810)	-	(93,000)	12,844,565
Total of funds	13,112,650	6,629,123	(6,789,583)	-	(93,000)	12,859,190

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

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

The Local Authority revenue grants fund has been set up to recognise the income received from London Borough of Havering as a contribution towards the cost of the Academy Trust's revenue expenditure.

The Restricted Fixed Assets fund has been set up to recognise the tangible assets gifted to the Academy Trust upon conversion by the Local Authority which represent the school site inherited from the local authority including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

The Department for Education and Local Authority capital grants fund has been set up to recognise the tangible assets purchased by the Academy Trust following conversion that have been funded from grants received from the EFA. Depreciation charged on those tangible assets is allocated to the fund.

The LGPS deficit (pension reserve) fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy Trust status, and through which all the pension scheme movements are recognised.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	86,781	485,617	(557,773)	-	-	14,625
Restricted funds	(1,159,115)	6,044,612	(6,047,183)	-	(93,000)	(1,254,686)
Restricted fixed asset funds	14,184,984	98,894	(184,627)	-	-	14,099,251
	<u>13,112,650</u>	<u>6,629,123</u>	<u>(6,789,583)</u>	<u>-</u>	<u>(93,000)</u>	<u>12,859,190</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	14,073,413	14,073,413	14,184,984
Current assets	14,625	629,065	25,838	669,528	530,373
Creditors due within one year	-	(420,751)	-	(420,751)	(284,707)
Pension scheme liability	-	(1,463,000)	-	(1,463,000)	(1,318,000)
	<u>14,625</u>	<u>(1,254,686)</u>	<u>14,099,251</u>	<u>12,859,190</u>	<u>13,112,650</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net outgoing resources	(160,460)	(23,456)
Returns on investments and servicing of finance	(771)	(818)
Depreciation of tangible fixed assets	184,627	185,698
Capital grants from DfE	(98,894)	(178,945)
(Increase)/decrease in debtors	(29,947)	12,407
Increase/(decrease) in creditors	136,044	(108,072)
FRS 17 adjustments	52,000	23,000
Net cash inflow/(outflow) from operations	82,599	(90,186)

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	771	818
	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(73,056)	(208,368)
Capital grants from DfE	98,894	98,945
Other capital funding received	-	80,000
Net cash inflow/(outflow) capital expenditure	25,838	(29,423)

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	464,494	109,208	-	573,702
Net funds	464,494	109,208	-	573,702

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NOTES TO THE FINANCIAL STATEMENTS
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22. MEMBERS LIABILITY

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

23. CAPITAL COMMITMENTS

At 31 August 2015 the Academy Trust had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	<u>5,842</u>	<u>-</u>

24. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Havering. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £82,475 were payable to the schemes at 31 August 2015 (2014 - £nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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
- 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.

The pension costs paid to TPS in the period amounted to £609,045 (2014: £613,673).

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

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

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 £356,000, of which employer's contributions totalled £291,771 and employees' contributions totalled £64,229. The agreed contribution rates for future years are 30.3% for employers and 5.5-12.0% for employees.

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
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24. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.70	1,547,000	6.50	1,328,000
Bonds	3.70	629,000	3.30	511,000
Property	3.70	121,000	4.50	102,000
Cash	3.70	121,000	3.30	102,000
Total market value of assets		2,418,000		2,043,000
Present value of scheme liabilities		(3,881,000)		(3,361,000)
Deficit in the scheme		(1,463,000)		(1,318,000)

For accounting years beginning on or after 1 January 2015, the expected rate of return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the Actuary has not disclosed an expected return assumption for the year to 31 August 2016. For the year to 31 August 2015, the expected return was 5.3% per annum, which has been used to determine the charge to the Statement of Financial Activities.

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(3,881,000)	(3,361,000)
Fair value of scheme assets	2,418,000	2,043,000
Net liability	(1,463,000)	(1,318,000)

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

	2015 £	2014 £
Current service cost	(329,000)	(265,000)
Interest on obligation	(131,000)	(126,000)
Expected return on scheme assets	120,000	103,000
Total	(340,000)	(288,000)
Actual return on scheme assets	56,000	182,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	3,361,000	2,610,000
Current service cost	329,000	265,000
Interest cost	131,000	126,000
Contributions by scheme participants	68,000	63,000
Actuarial Losses	29,000	366,000
Benefits paid	(37,000)	(69,000)
	<u>3,881,000</u>	<u>3,361,000</u>
Closing defined benefit obligation	<u>3,881,000</u>	<u>3,361,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	2,043,000	1,607,000
Expected return on assets	120,000	103,000
Actuarial gains and (losses)	(64,000)	74,000
Contributions by employer	288,000	265,000
Contributions by employees	68,000	63,000
Benefits paid	(37,000)	(69,000)
	<u>2,418,000</u>	<u>2,043,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £569,000 loss (2014 - £476,000 loss).

The Academy Trust expects to contribute £296,000 to its Local Government defined benefit pension scheme in 2016.

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

	2015	2014
Discount rate for scheme liabilities	3.70 %	3.70 %
Expected return on scheme assets at 31 August	3.70 %	5.40 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.60 %	2.60 %

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FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	22.1	22.1
Females	24.1	24.1
Retiring in 20 years		
Males	24.2	24.2
Females	26.7	26.7

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

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(3,881,000)	(3,361,000)	(2,610,000)	(2,190,000)
Scheme assets	2,418,000	2,043,000	1,607,000	1,165,000
Deficit	(1,463,000)	(1,318,000)	(1,003,000)	(1,025,000)
Experience adjustments on scheme liabilities	(29,000)	(366,000)	-	-
Experience adjustments on scheme assets	(64,000)	74,000	136,000	(24,000)

25. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	8,474	-
Between 2 and 5 years	76,518	11,492
After more than 5 years	-	73,500

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NOTES TO THE FINANCIAL STATEMENTS
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26. RELATED PARTY TRANSACTIONS

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

The Academy has a connected charity "Hall Mead Friends Association" (HMFA) - registered number 299496. It is run independently of the Academy and raises funds from parents for the benefit of the Academy. The treasurer of the Association is a trustee of the Academy. The Associations' activities are independent of the Academy and the Trustees consider that the Academy does not have control over the Association and so should not be consolidated into the financial statements. During the year the Academy received £15,000 from the Association and at the year end there were no outstanding balances.

27. CONTROLLING PARTY

There is no ultimate controlling party.

28. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.

29. POST BALANCE SHEET EVENTS

As referred to in the Trustees Report after the year end the Academy is in discussions with two local Academies about the prospect of forming a Multi-Academy Trust, with the Academy acting as lead partner. At the date of approval of the accounts the final decision has still to be made but it is anticipated to take place within the foreseeable future. The Department for Education has approved the Hall Mead Academy Trust as an Academy sponsor. The Trustees consider that the financial statements should still be prepared on the going concern basis.