



**Smailes Goldie**  
Chartered Accountants

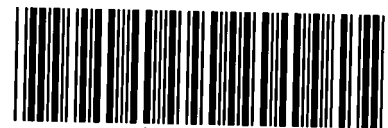
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# Hungerhill Academy Trust

## Financial Statements

**31st August 2016**

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COMPANIES HOUSE

Chartered  
accountants  
& lawyers



# **Hungerhill Academy Trust**

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## Hungerhill Academy Trust

### Reference and Administrative Details for the Year Ended 31st August 2016

#### Trustees (Members)

M Bates (i)(ii)(iii)(iv)(v) (resigned 12.05.16)  
R Kiddle (iii)(iv)(v)  
H Redford-Hernandez (i)(ii)(iii)(iv)(v)  
A Robinson (i)(ii)(iii)(iv)(v)  
R Young (i)(ii)(iv)(v)

#### Trustees

N Burne (i)(ii)(iii)(iv)(v)  
K Burns (iv)  
K Flanagan (ii)(iv)  
J Fletcher (iv) (resigned 03.10.16)  
N Holliday (i) (resigned 01.10.15)  
T Ladley (i)(iii)  
J McGlone (ii)(v) (resigned 15.09.16)  
A Monk (iv) (resigned 08.09.15)  
S Newman (ii)(v) (appointed 22.09.15)  
G Peacock (ii)(v)  
Z Piggott (iii) (resigned 08.10.16)  
S Stone (iv) (resigned 30.09.16)  
N Crowder (v) (appointed 02.12.15)  
W Sumner (iv) (resigned 08.09.15)

- (i) member of the Finance and Resources committee
- (ii) member of the Teaching, Learning and Performance committee
- (iii) member of the Human Resources committee
- (iv) member of the Student Welfare committee including Educational Visits and School Admissions sub committees
- (v) member of the Standards and Achievement committee

#### Accounting Officer

H Redford-Hernandez

#### Company Secretary

S Williams-McGlone (resigned 31.08.16)  
R Wilcox (appointed 01.09.2016)

#### Senior Leadership Team

Executive Headteacher	H Redford-Hernandez
Associate Headteacher	K Stephenson (resigned 31.08.16)
Business Manager	S Williams-McGlone (resigned 31.08.16)
Deputy Headteacher	L Pond
Deputy Headteacher	J Rivers
Assistant Headteacher	P Allman
Assistant Headteacher	S Parker-Browne
Clerk to the Trustees	C Keogan

#### Company Registration Number

07939747 (England and Wales)

#### Registered Office:

Hungerhill School  
Hungerhill Lane  
Edenthorpe  
Doncaster  
South Yorkshire  
DN3 2JY

#### Independent Auditors:

Smailes Goldie  
Regent's Court  
Princess Street  
Hull  
HU2 8BA

## **Hungerhill Academy Trust**

### **Reference and Administrative Details for the Year Ended 31st August 2016**

#### **Bankers:**

Barclays Bank plc  
Barclays Corporate Banking  
2nd Floor  
1 St Paul's Place  
121 Norfolk Street  
Sheffield  
S1 2JW

#### **Solicitors:**

Wrigleys Solicitors LLP  
19 Cookridge Street  
Leeds  
LS2 3AG

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

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

The trust operates as an academy for students aged 11 to 16, serving a catchment area including Barnby Dun, Dunsville, Edenthorpe and Kirk Sandall. It has a student capacity of 1,120 and had a roll of 1,134 in the school census on 1st October 2016.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees act as the Trustees for the charitable activities of Hungerhill Academy Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hungerhill Academy Trust operating as Hungerhill School.

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

### **Members' liability**

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

### **Trustees' Indemnities**

In accordance with normal commercial practice the Academy Trust has purchased cover to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The Academy Trust joined the Department for Education's risk protection arrangement (RPA) on 1st March 2015. The RPA is an alternative to insurance, through which the cost of risks that materialise will be covered by government funds. Part of the arrangement is unlimited Professional Indemnity.

### **Method of Recruitment and Appointment or Election of Trustees**

In accordance with the articles of association the Trustees are appointed as follows:

- a. The Members may appoint up to 7 parent Trustees, 3 staff Trustees and 9 community Trustees
- b. Staff Trustees are appointed through any process they may determine, including by a suitable election process. The total number of Trustees (including the Head) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.
- c. The Head shall be treated for all purposes as being an ex officio Trustee.
- d. The parent Trustees shall be elected in a secret ballot by parents of registered students at the academy. Where a vacancy for a parent Trustee is to be filled by election, the governing body takes such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil is informed of the vacancy and that he is entitled to stand as a candidate, and vote at the election, and be given an opportunity to do so. If it is not practical to fill the vacancy by a parent of a registered pupil at the Academy, the members may appoint a person who is the parent of a child of compulsory school age.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All Trustees, on appointment, receive a 'Trustee's Year Plan' which outlines the role of a Trustee; the structure of the governing body; the composition and remit of each committee; a calendar of meetings; the structure of the Senior Leadership Team and online links to further training. Each new Trustee then meets with the Chair and Headteacher, is given a tour of the school and an outline of the work of the governing body. A skills audit is undertaken and the Trustee is asked to consider the committees to which s/he is able to make a contribution.

Training for existing Trustees is provided on a 'bespoke' basis. Topics covered during 2015-16 included provision mapping and supporting children at SEN support, performance management, closing the gap, leadership development opportunities, visits update, 'Prevent' training, FFT data analysis, making best use of TAs, and safer recruitment. In addition annual training is provided on value added analysis of the school's examination results. Trustees have also attended child protection training and other staff training activities. The Local Authority also provides Trustee Forums - termly update sessions which are well attended by the Trustees of the school.

##### **Organisational structure**

The Trustees are responsible for establishing the strategic direction; setting general policy; approving and adopting a three year and annual development plan; setting and monitoring the budget; approving capital expenditure and staff appointments above a defined level.

The Senior Leadership Team (SLT) for the academic year 2015/16 consisted of the Headteacher; one Associate Headteacher; the Business Manager; two Deputy Headteachers, two Assistant Headteachers, three extended Assistant Headteachers and the Clerk to the Trustees. The team had been temporarily restructured for the academic year 2015/16 pending the retirement of the Associate Headteacher. The team currently consists of the Headteacher, two Deputy Headteachers; two Assistant Headteachers and three extended Assistant Headteachers. The core leadership team meets twice a week; one meeting is for strategic purposes and the other one focuses on operational matters. Each member of the leadership team has direct line management and project management responsibilities linked to all areas of the curriculum and school administration.

The Headteacher meets with the Chair of Trustees every two weeks.

The Headteacher attends all Trustee committee meetings and the Finance Director attends Full Board, all Finance and Resources and other committee meetings as Company Secretary. The Headteacher's PA clerks all Trustee committee meetings and the Local Authority Trustee's Support Service provide a clerk for the Full Board meetings.

Day-to-day management is delegated to the Headteacher. All strategic decisions are delegated to the SLT and all staff appointments are ratified by the Trustees. The Headteacher is the Accounting Officer.

##### **Arrangements for setting pay and remuneration for key management personnel**

Pay is linked to robust and successful Performance Management outcomes and the Pay Policy sets out clearly the basis on which all decisions that determine pay will be made. Performance of roles and responsibilities are assessed against the relevant standards and objectives.

An appropriately skilled, experienced and independent external school improvement partner is used to set and review the performance of the Head and the Senior Leadership Team and Trustees satisfy themselves through this process that the appraisal objectives for the leadership team are challenging. Performance is benchmarked against the top 10% of similar schools nationally.

##### **Related Parties and other Connected Charities and Organisations**

Hungerhill Academy Trust is an Associate Member of the Brighter Futures Learning Partnership Trust, which is an educational charitable trust established on 4 February 2010 consisting of: Barnby Dun Primary Academy; Canon Popham (Voluntary Aided) Church of England School; Dunsville Primary School; Edenthorpe Hall Primary School; Kirk Sandall Infant School; Kirk Sandall Junior School; the 'BEAK' Sure Start Children's Centre; John Leggott College; Doncaster Rovers Football Club and RDASH.

In addition, Hungerhill Academy Trust is the secondary lead school in the Partners In Learning teaching school alliance.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and Aims**

The objectives of the Academy Trust, as set out in the Articles of Association are:

1. To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy Trust")
2. Promoting for the benefit of the inhabitants of Edenthorpe and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of life of the said inhabitants.

The core purpose of the Academy Trust is to help young people to cope with the difficult task of growing up in today's society and to prepare themselves for adult life in a rapidly changing world. It is important to the school that all of our students are valued as unique individuals and are given every opportunity to fulfil their potential. Every person has talents and it is the job of the school to help youngsters to discover and nurture these talents.

The pursuit of excellence is important for everyone at the school and the school is totally committed to achieving the highest quality in all areas. High expectations lead to high standards, not only in academic performance but in all other areas of school life.

The success of Hungerhill School has been based on students, parents, Trustees and staff working together in partnership. In summary, it is a learning partnership dedicated to achieving the best education possible.

##### **Objectives, Strategies and Activities**

The school's aims are:

- To develop the potential of all students - their knowledge, skills and understanding - through an appropriate and relevant curriculum incorporating legal requirements;
- To use methods of learning and teaching which meet individual needs, develop feelings of confidence, bring success and maximise students' standards of achievement;
- To foster a caring, well-behaved community where students:
  - are well behaved and self-disciplined
  - feel they belong and are valued, are happy and emotionally secure, so that they are able to explore their feelings within a positive environment
  - value their own health and wellbeing
  - learn co-operation, tolerance and mutual respect and involve themselves fully in the life of the community
- To strive for quality and excellence in all aspects of school life;
- To provide clean, stimulating and safe surroundings which enhance learning and foster respect for the environment;
- To encourage a positive and active partnership with parents and the wider community.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **OBJECTIVES AND ACTIVITIES** **Objectives and aims (continued)**

More detailed information on the Academy Trust's main objectives for the year can be found in the development plan, which is divided into the following key areas:

- raising achievement and create a culture of excellence using 'Growth Mindset'  
developing the following:
- learning and teaching
- learning support
- leadership capacity
- comprehensive strategic direction of the school

#### **Public benefit**

In setting objectives and planning activities the Governing Body has paid due regard to and given careful consideration to the Charity Commission's published Guidance on public benefit in exercising its powers and duties. The achievement and performance of the Academy in the period provides clear evidence that it is meeting its obligations as a charity to deliver public benefit.

The admissions policy ensures that members of the surrounding community benefit from Academy activities as children residing in the catchment area are given highest priority, followed by other children at partner Trust schools. Children with statements of special educational needs and those who are in care are always admitted, as required by law.

In addition the facilities of the academy are made available for community and public use outside school hours, at weekends and in school holidays.

#### **STRATEGIC REPORT**

##### **Achievement and performance**

During the year the Academy Trust has continued to develop both its Teaching School and National Support School roles. The Headteacher is a National Leader of Education and has been deployed to support a number of local academies to improve pupil outcomes.

The school holds the title of a Pupil Premium Review School due to the outstanding progress its disadvantaged pupils make.

##### **Key Performance Indicators**

In 2012 the Academy Trust was inspected by Ofsted and was awarded the 'Outstanding' judgement in all areas of effectiveness. Since this judgement, the school has continued to improve its outcomes across all accountability measures.

It has been an excellent year for achievement and performance, with almost all targets set by the Trustees being met and in some cases exceeded. 76% of students achieved 5 A\*- C including English and Mathematics with 98% of students securing 3 levels progress in English and 81% in Mathematics. Above expected progress in English was 64% and 38% in Mathematics. These figures are well above national averages and represent outstanding performance from students whose attainment on entry is in line with national averages. The school secured a positive provisional progress 8 score of 0.36 which does not include remarks.

All groups of students made very strong progress. The gap between disadvantaged and non-disadvantaged students reduced significantly with 69% of this cohort of students achieving 5 A\*-C including English and Mathematics and a positive Progress 8 score of 0.2. The three year trend and current cohort data show the gap is continuing to close. The use of pupil premium funding has helped to secure rates of progress for this cohort of students in line with or above their FFTD targets and well above national attainment benchmarks. Progress in almost all subject areas is outstanding with a significant number of students making more than expected progress.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **STRATEGIC REPORT**

##### **Key Performance Indicators - continued**

Attendance continues to be much higher than the national average at 96.05% compared to a national average figure of 94.70%. The school's attendance record puts the school into the highest 10% of secondary schools across the country.

Pupil numbers on role for the year to 31<sup>st</sup> August, 2016 were 1,134 which again exceeded the target figure of 1,120. The school therefore continues to be oversubscribed as it has been for several years. As a result, an increase in pupil admission numbers is currently being considered.

##### **Going Concern**

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

##### **Financial Review**

The majority of the Academy's income is obtained from the Education Funding Agency (EFA) in the form of the General Annual Grant (GAG), the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31<sup>st</sup> August, 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, these grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The Academy also receives other grants and income for items such as Pupil Premium, Special Needs and Teaching School funding. In accordance with SORP (Statement of Recommended Practice), these items are shown as restricted funding. The Academy also receives unrestricted funds which include facility hire and other services.

During the year ended 31<sup>st</sup> August, 2016, total expenditure was £6,886,420. The net expenditure over income for the year was £232,325. However, after adjusting for depreciation and pension charge for the year, net income over expenditure is £374,905. Expenditure incurred has supported the key objectives of the Academy Trust.

At 31<sup>st</sup> August, 2016 the net book value of fixed assets was £13,492,648. Details of movements are in Note 12 to the accounts.

The deficit on the Local Government Pension Scheme, in which the academy participates, amounted to £2,868,000 at 31<sup>st</sup> August, 2016. This is an increase of £1,274,000 from the 2015 deficit.

The Academy Trust had total fund balances of £12,582,270 at 31<sup>st</sup> August, 2016, of which £1,148,286 were unrestricted general funds, and £11,433,984 of restricted funds.

##### **Reserves Policy**

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the Academy Trust has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The Trustees need to ensure that the Academy Trust has sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The Trustees have determined that the appropriate level of free reserves should be equivalent to one month's expenditure, approximately £500,000. The Academy Trust's current level of free reserves (total funds less the amount held in restricted fixed asset funds) is in deficit by £910,378. However, this includes the pension reserves deficit total of £2,868,000. Taking into account the nature of the Academy Trust's income streams, the Trustees are of the view that reserves at this level are sufficient to cover its working capital needs, as well as for any school building projects, classroom refurbishment, and the introduction of the new 'Progress 8/EBAC' style curriculum.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **Reserves Policy - continued**

In addition, the Trustees have determined that the Academy Trust should build reserves for the purpose of large capital expenditure that cannot be funded from the annual budget. Such reserves can be from either unrestricted general funds or restricted funds. We have increased our net capacity this year through an additional build to accommodate increasing numbers from our local primary schools.

At 31 August 2016 the Academy Trust held cash at bank and in hand of £2,366,882.

The school's reserves accumulated over several years have been spent on the construction of a new teaching block which has recently been completed costing in total approximately £1,500,000. Other capital projects that had also been undertaken during the year ending 31 August 2016, which have also been funded from reserves.

In June 2016 the school suffered from flooding. Although the impact was not as great as it was from the flood in 2014, significant disruption occurred, and as a result the provision of teaching and canteen services were restricted for a period. The Trustees are seeking expert advice on flood management prevention.

The restricted pension reserve fund shows a deficit of £2,868,000 at 31 August 2016. At the date of transfer the Academy Trust entered into an agreement to reduce the past service deficit over 18 years. During the year it was agreed that the Academy Trust would make additional annual contributions totalling £79,500 in 2014/15, £81,600 in 2015/16 and £83,700 in 2016/17, in respect of past service debt. The repayment amount will be reassessed in 2017 with revised payments taking effect from April 2017.

#### **STRATEGIC REPORT**

##### **Investment policy**

The Academy Trust regularly reviews the level of funds which are not immediately required as working capital and invests this on the UK money market in a treasury deposit account with a high street institution to maximise interest. The Academy Trust will not invest funds with overseas financial institutions.

##### **Principal Risks and Uncertainties**

The principal risks and uncertainties affecting the charity as identified by the charity Trustees include the following:

**Pension funding risk:** The Local Government Pension Scheme is currently £2,868,000 in deficit and changes each year, although the deficit would only crystallise if the school became unable to service its commitments.

**Major disruption/disaster:** the Academy has contingency plans which it reviews regularly. More specifically, as noted above, the Trustees are taking expert advice on flood management and prevention.

**Legislation:** the Academy monitors current and forthcoming legislation regularly. The Academy not only seeks to ensure ongoing compliance but strives to ensure that it incorporates best practice.

**Litigation:** the Academy may be subject to litigation from time to time. The outcome of legal action is always uncertain and there is always the risk that it may prove more costly and time consuming than expected. There is a risk that litigation could be instigated in the future which could materially impact the Academy. The Academy endeavours to maintain adequate insurance levels for all appropriate insurable risks.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **Financial and risk management objectives and policies**

The Trustees have introduced systems and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement:

The Members and Trustees have reviewed current examples of best practice and have:

- set policies on internal controls which cover the following:
  - the type of risk 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
- clarified the responsibility of the senior leadership team to implement the Trustees' policies and to identify and evaluate risks for the Trustees' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Academy Trust's operations so that it becomes part of the culture of the Academy Trust;
- developed systems to respond quickly to evolving risks arising from factors within the Academy Trust and to changes in the external environments; and
- included procedures for reporting failing immediately to appropriate levels of management and the Trustees together with details of corrective action being taken.

#### **Plans for Future Periods**

The key aims and objectives for the Academy Trust are as follows:

- to work more closely with schools in the Brighter Futures Learning Partnership Trust, including consideration of creating a local multi Academy Trust;
- to continue to develop Hungerhill as an outstanding Secondary Teaching School and ensure it fulfils its responsibilities as a strong partner in the Partners in Learning and Humber Strategic Alliances
- to ensure that the school provides an outstanding learning environment with the planned refurbishment of a number of classrooms, the Physical Education block, and the Multi Use Games Area.
- to develop stronger partnerships with an outstanding post 16 provider, ensuring our students have access to the very best 11-18 provision.

## **Hungerhill Academy Trust**

### **Trustees' Report for the year ended 31st August 2016**

#### **AUDITORS**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company's directors, on 22<sup>nd</sup> November 2016 and signed on the board's behalf by:



A. Robinson - Trustee

22<sup>nd</sup> November, 2016

## Hungerhill Academy Trust

### Governance Statement for the year ended 31st August 2016

#### Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility 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 Hungerhill Academy Trust and the Secretary of State for Education. The Headteacher is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of Trustees, and sub-committees of the board, was as follows:

Trustee	Full Board of Trustees Meetings		Finance & Resources Committee		Human Resources Committee		Teaching, Learning and Performance Committee		Standards and Achievement Committee		Student Support Committee	
	No. attended	(Out of possible)	No. attended	(Out of possible)	No. attended	(Out of possible)	No. attended	(Out of possible)	No. attended	(Out of possible)	No. Attended	(Out of possible)
M Bates	2	(4)	7	(9)	1	(2)	2	(3)	4	(5)	1	(3)
N Burne	1	(4)	7	(9)	2	(2)	2	(3)	5	(5)	3	(3)
K Burns	3	(4)	-	-	-	-	-	-	-	-	2	(3)
N Crowder	2	(4)	-	-	-	-	-	-	2	(5)	-	-
P Flanagan	3	(4)	-	-	-	-	1	(3)	-	-	1	(3)
J Fletcher	2	(4)	-	-	-	-	-	-	-	-	2	(3)
N Holliday	-	-	-	(9)	-	-	-	-	-	-	-	-
B Kiddle	3	(4)	-	-	2	(2)	-	-	5	(5)	3	(3)
T Ladley	1	(4)	5	(9)	2	(2)	-	-	-	-	-	-
J McGlone	4	(4)	-	-	-	-	-	(3)	3	(5)	-	-
S Newman	4	(4)	-	-	-	-	3	(3)	5	(5)	-	-
B Peacock	3	(4)	-	-	-	-	3	(3)	4	(5)	-	-
Z Piggott	3	(4)	-	-	1	(2)	-	-	-	-	-	-
H Redford-Hernandez	4	(4)	8	(9)	2	(2)	3	(3)	5	(5)	2	(3)
A Robinson	4	(4)	6	(9)	2	(2)	3	(3)	5	(5)	2	(3)
S Stone	2	(4)	-	-	-	-	-	-	-	-	2	(3)
R Young	3	(4)	7	(9)	-	-	3	(3)	2	(5)	3	(3)

**Governance Statement  
for the year ended 31st August 2016**

**Purposes and issues dealt with by sub committees**

**Teaching, Learning and Curriculum Committee** is a sub-committee of the main board of Trustees. Its purpose is to monitor and evaluate the impact of the quality of teaching, CPD and teaching school on student progress and outcomes, and also on staff performance. It also reviews the school's curriculum to ensure it secures high standards of achievement whilst meeting the school's statutory obligations.

**Standards and Achievement Committee** is a sub-committee of the main board of Trustees. Its purpose is to set realistic and sufficiently challenging targets relating to students' examination results, including statutory targets; to monitor the progress made across the whole school in line with local and national standards, to ensure that suitable strategies are in place to address underperformance, to report to finance committee on the relative funding priorities, to monitor and evaluate the effectiveness of leadership and management (particularly focussing on Progress 8 subjects), and to set priorities for improvement. The Committee will also monitor and review the information reported to parents according to statutory requirements, and oversee all aspects of school evaluation in order to comply with the Ofsted Inspection Framework.

**Student Support Committee** is a sub-committee of the main board of Trustees. Its purpose is to consider all welfare, well-being, personal development and disciplinary issues concerning students, including exclusion. It considers equal opportunity policies for students, monitors the child protection procedure, monitors and evaluates the impact of the school's punctuality, attendance and behaviour policies, ensures there is an annual review of safeguarding and child protection policy, and monitors and evaluates the extent of students' spiritual, moral, social and cultural development.

**Human Resources Committee** is a sub-committee of the main board of Trustees. Its purpose is to review the staff structures and requirements including appointments, dismissals and pay. This committee also oversees, monitors and reviews the performance management for all staff ensuring the policies are fairly applied. Where necessary the committee will consider disciplinary and grievance issues, along with staff health issues.

**Finance and Resources Committee** is a sub-committee of the main board of Trustees. Its main purpose is to set, approve and monitor the school budget in accordance with the School Improvement Plan. The committee also considers medium-term financial plans. It ensures the school operates within the EFA Academies Financial Handbook and other regulatory guidelines and reviews reports from the Independent Reviewer and Auditors ensuring the financial procedures and controls are effective. Trustees are acutely aware of the need to spend public funds appropriately. One of their aims is to ensure the school obtains value for money and throughout the year it undertakes best value reviews prior to the purchase of resources including, this year, IT hardware and software, building maintenance, refurbishment and capital build, and spending on the grounds of health and safety.

**Review of Value for Money**

As accounting officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by improving outcomes and efficiencies by:

- securing and continuing to improve examination outcomes;
- reviewing the curriculum to ensure maximum efficiency with staff usage;
- constantly reviewing the curriculum and staff structure to align the new curriculum to accountability measures;
- rigorous monthly monitoring of the budget, actuals v/s budget
- monitoring carefully utilities, challenging consumption levels;
- undertake best value reviews when purchasing goods and services;
- reviewing services to ensure they are still fit for purpose;
- comparing our outcomes to similar schools and consulting with other schools on initiatives to drive efficiency.

## **Hungerhill Academy Trust**

### **Governance Statement for the year ended 31st August 2016**

#### **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 Hungerhill Academy Trust for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1st September 2015 to 31st August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

#### **The Risk and Control Framework**

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

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

The governing body has considered the need for a specific internal audit function, and appointed Smailes Goldie to undertake the Independent Reviewer (IR) role with effect from 1st September 2015. The IR is independent of the external audit team from Smailes Goldie.

The IR's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The IR reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

The IR provided reports to the Finance and Resources committee for each of the three terms in the academic year.

No material control issues were highlighted to the board.

#### **Review of Effectiveness**

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

- the work of the Independent Reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the existing managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

## **Hungerhill Academy Trust**


### **Governance Statement for the year ended 31st August 2016**

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 Resources committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 22<sup>nd</sup> November 2016 and signed on its behalf by:

A handwritten signature in black ink that reads "A. Robinson" followed by a horizontal line.

A Robinson - Trustee

A handwritten signature in black ink that reads "H. Redford-Hernandez" in a cursive style.

H Redford-Hernandez - Accounting Officer

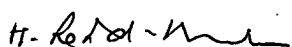
## **Hungerhill Academy Trust**

### **Statement on Regularity, Propriety and Compliance for the year ended 31st August 2016**

As accounting officer of Hungerhill Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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.



H Redford-Hernandez - Accounting Officer

22<sup>nd</sup> November 2016

## Hungerhill Academy Trust

### Statement of Trustees Responsibilities for the year ended 31st August 2016

The Trustees (who act as Trustees of Hungerhill Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Academy Trust and of the incoming resources and application of resources, including the income and expenditure, of the Academy Trust for that period. In preparing those financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in business.

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


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

In so far as the Trustees are aware:

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

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

This Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company's directors, on 22<sup>nd</sup> November 2016 and signed on its behalf by:



A Robinson - Trustee

# **Report of the Independent Auditors to the Members of Hungerhill Academy Trust**

We have audited the financial statements of Hungerhill Academy Trust for the year ended 31st August 2016 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

## **Respective responsibilities of Trustees and auditors**

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

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

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 31st August 2016 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

## **Opinion on other matter prescribed by the Companies Act 2006**

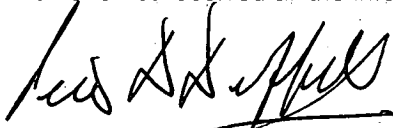
In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of  
Hungerhill Academy Trust**

**Matters on which we are required to report by exception**

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

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



Peter Duffield LLB FCA (Senior Statutory Auditor)  
for and on behalf of Smailes Goldie  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

22<sup>nd</sup> November 2016

## **Independent Reporting Accountant's Assurance Report on Regularity to Hungerhill Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 18th November 2015 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hungerhill Academy Trust during the period 1st September 2015 to 31st August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hungerhill Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hungerhill Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hungerhill Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Hungerhill Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hungerhill Academy Trust's funding agreement with the Secretary of State for Education dated 4th September 2012 and the Academies Financial Handbook, extant from 1st September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1st September 2015 to 31st August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Ensuring value for money is sought for all goods/services procured by the academy, including those procured from related parties of the academy.
- Ensuring that fixed asset additions are made in line with the terms of the funding received and that fixed asset disposals are properly authorised by the DfE
- Ensuring that expenditure incurred through the academy bank account and debit card is appropriate for the purposes of the academy and that there has been no personal expenditure from the academy's funds.
- Ensuring pension contributions are paid to the respective schemes in a timely manner.
- Ensuring returns required by regulatory or funding authorities are completed on a timely basis.

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1st September 2015 to 31st August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Smailes Goldie  
Chartered Accountants  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

22<sup>nd</sup> November 2016

# Hungerhill Academy Trust

## Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31st August 2016

				2016	2015
		Unrestricted funds	Restricted fixed asset fund	Restricted general funds	Total funds
	Notes	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM</b>					
Donations and capital grants	4	-	22,925	-	22,925
<b>Charitable activities</b>					
Funding for the academy's educational operations	5	-	-	6,582,470	6,582,470
Other trading activities	6	36,999	-	-	36,999
Investment income	7	11,701	-	-	11,701
<b>Total</b>		<b>48,700</b>	<b>22,925</b>	<b>6,582,470</b>	<b>6,654,095</b>
<b>EXPENDITURE ON</b>					
Raising funds		22,269	-	-	22,269
<b>Charitable activities</b>					
Academy's educational operations		-	549,497	6,314,654	6,864,151
<b>Total</b>	8	<b>22,269</b>	<b>549,497</b>	<b>6,314,654</b>	<b>6,886,420</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>26,431</b>	<b>(526,572)</b>	<b>267,816</b>	<b>(232,325)</b>
Transfers between funds	20	-	1,416,810	(1,416,810)	-
<b>Other recognised gains/(losses)</b>					
Actuarial losses on defined benefit schemes		-	-	(1,212,000)	(1,212,000)
<b>Net movement in funds</b>		<b>26,431</b>	<b>890,238</b>	<b>(2,360,994)</b>	<b>(1,444,325)</b>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		1,121,855	12,602,410	302,330	14,026,595
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,148,286</b>	<b>13,492,648</b>	<b>(2,058,664)</b>	<b>14,026,595</b>

The notes form part of these financial statements

**Hungerhill Academy Trust (Registered number: 07939747)**

**Balance Sheet  
At 31st August 2016**

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	12	13,492,648	12,602,410
<b>CURRENT ASSETS</b>			
Stocks	13	29,276	30,001
Debtors	14	350,695	269,907
Cash at bank		<u>2,366,882</u>	<u>3,176,842</u>
		<b>2,746,853</b>	<b>3,476,750</b>
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>(710,231)</u>	<u>(458,565)</u>
<b>NET CURRENT ASSETS</b>		<u><b>2,036,622</b></u>	<u><b>3,018,185</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>15,529,270</b>	<b>15,620,595</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	<b>(79,000)</b>	-
<b>PENSION LIABILITY</b>	21	<u><b>(2,868,000)</b></u>	<u><b>(1,594,000)</b></u>
<b>NET ASSETS</b>		<u><b>12,582,270</b></u>	<u><b>14,026,595</b></u>
<b>FUNDS</b>	20		
Unrestricted funds		<b>1,148,286</b>	<b>1,121,855</b>
Restricted funds		<u><b>11,433,984</b></u>	<u><b>12,904,740</b></u>
<b>TOTAL FUNDS</b>		<u><b>12,582,270</b></u>	<u><b>14,026,595</b></u>

The financial statements were approved by the Board of Trustees on 22<sup>nd</sup> November 2016 and were signed on its behalf by:

*A. Robinson*

A Robinson -Trustee

The notes form part of these financial statements

# Hungerhill Academy Trust

## Cash Flow Statement for the year ended 31st August 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	24	<u>618,074</u>	<u>638,993</u>
<b>Net cash provided by (used in) operating activities</b>		<u>618,074</u>	<u>638,993</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(1,440,124)	(347,009)
Capital grants from DfE/EFA		-	23,046
Sale of tangible fixed assets		389	400
Interest received		<u>11,701</u>	<u>11,921</u>
<b>Net cash used in investing activities</b>		<u>(1,428,034)</u>	<u>(311,642)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		(809,960)	327,351
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>3,176,842</u>	<u>2,849,491</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>2,366,882</u></u>	<u><u>3,176,842</u></u>

The notes form part of these financial statements

## **Hungerhill Academy Trust**

### **Notes to the Financial Statements for the year ended 31st August 2016**

#### **1. ACCOUNTING POLICIES**

##### **Statement of accounting policies**

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

##### **Basis of preparing the financial statements**

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

Hungerhill Academy Trust meets the definition of a public benefit entity under FRS 102.

##### **First time adoption of FRS 102**

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

##### **Going concern**

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

##### **Income**

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

##### **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

##### **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

**Notes to the Financial Statements - continued  
for the year ended 31st August 2016**

**1. ACCOUNTING POLICIES - continued**

**Donations**

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

**Other income**

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

**Expenditure**

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

**Expenditure on raising funds**

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

**Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold buildings	2%
Furniture and equipment	10%
Computer equipment	33%
Other computer equipment	10%

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**Notes to the Financial Statements - continued  
for the year ended 31st August 2016**

**1. ACCOUNTING POLICIES - continued**

**Liabilities**

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

**Leased assets**

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

**Stocks**

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

**Taxation**

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

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

**Pension benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Notes to the Financial Statements - continued  
for the year ended 31st August 2016**

**1. ACCOUNTING POLICIES - continued**

**Fund accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>2016 Total funds £</b>	<b>2015 Total funds £</b>
Capital grants	<u>-</u>	<u>22,925</u>	<u>22,925</u>	<u>23,047</u>

Notes to the Financial Statements - continued  
for the year ended 31st August 2016

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
General Annual Grant (GAG)	-	5,601,463	5,601,463	5,705,424
Other DfE grants	-	264,713	264,713	255,481
		<u>5,866,176</u>	<u>5,866,176</u>	<u>5,960,905</u>
<b>Other Government Grants</b>				
Local authority grants	-	133,824	133,824	112,870
Other grants and income	-	582,470	582,470	608,255
		<u>716,294</u>	<u>716,294</u>	<u>721,125</u>
	-	<u>6,582,470</u>	<u>6,582,470</u>	<u>6,682,030</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Other income	346	-	346	1,213
Uniform sales	22,288	-	22,288	17,928
Hire of facilities	14,365	-	14,365	15,261
	<u>36,999</u>	<u>-</u>	<u>36,999</u>	<u>34,402</u>

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Deposit account interest	<u>11,701</u>	<u>-</u>	<u>11,701</u>	<u>11,921</u>

# Hungerhill Academy Trust

## Notes to the Financial Statements - continued for the year ended 31st August 2016

### 6. EXPENDITURE

				2016	2015
	Staff costs	Non-pay expenditure		Total	Total
	£	Premises £	Other costs £	£	£
<b>Raising funds</b>					
Costs of fundraising	-	-	22,269	22,269	19,792
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	4,232,814	214,650	755,571	5,203,035	4,985,252
Allocated support costs	<u>716,041</u>	<u>528,502</u>	<u>416,573</u>	<u>1,661,116</u>	<u>1,688,792</u>
	<u>4,948,855</u>	<u>743,152</u>	<u>1,194,413</u>	<u>6,886,420</u>	<u>6,693,836</u>

Net income/(expenditure) is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation - owned assets	545,230	575,320
Deficit on disposal of fixed asset	4,267	9,417
Operating lease rentals	1,330	1,734
Auditors' remuneration other services	4,600	4,500
Auditors' remuneration audit services	<u>5,000</u>	<u>5,000</u>

### 7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2016 Total funds	2015 Total funds
	£	£	£	£
Direct costs	-	5,203,035	5,203,035	4,985,252
Support costs	<u>-</u>	<u>1,661,116</u>	<u>1,661,116</u>	<u>1,688,792</u>
	<u>-</u>	<u>6,864,151</u>	<u>6,864,151</u>	<u>6,674,044</u>

	2016 Total	2015 Total
	£	£
<b>Analysis of support costs</b>		
Support staff costs	716,041	714,598
Depreciation	131,945	142,804
Premises costs	396,557	435,324
Other support costs	333,308	337,598
Governance costs	<u>83,265</u>	<u>58,468</u>
<b>Total support costs</b>	<u>1,661,116</u>	<u>1,688,792</u>

# Hungerhill Academy Trust

## Notes to the Financial Statements - continued for the year ended 31st August 2016

### 8. TRUSTEES' REMUNERATION AND BENEFITS

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

H Redford-Hernandez (Headteacher)		
- Remuneration	<b>£90,000 - £95,000</b>	(2015: £85,000 - £90,000)
- Employer's pension contributions	<b>£15,000 - £20,000</b>	(2015: £10,000 - £15,000)
J Fletcher (Staff Trustee)		
- Remuneration	<b>£25,000 - £30,000</b>	(2015: £45,000 - £50,000)
- Employer's pension contributions	<b>£1 - £5,000</b>	(2015: £5,000 - £10,000)
W Sumner (Staff Trustee)		
- Remuneration	<b>Resigned 08.09.15</b>	(2015: £40,000 - £45,000)
- Employer's pension contributions		(2015: £5,000 - £10,000)
S Stone (Staff Trustee)		
- Remuneration	<b>£15,000 - £20,000</b>	(2015: £15,000 - £20,000)
- Employers pension contributions	<b>£1 - £5,000</b>	(2015: £1 - £5,000)
N Crowder (Staff Trustee)		
- Remuneration	<b>£30,000 - £35,000</b>	Appointed 02.12.15
- Employers pension contributions	<b>£5,000 - £10,000</b>	

During the year there were no other related party transactions involving the Trustees.

#### Trustees' expenses

During the period ended 31 August 2016, travel and subsistence expenses totalling £17 were reimbursed or paid directly to 1 Trustee (2015: £Nil).

### 9. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	<b>3,880,554</b>	3,776,508
Social security costs	<b>308,223</b>	255,518
Operating costs of defined benefit pension schemes	<b>760,078</b>	648,272
	<b><u>4,948,855</u></b>	<b><u>4,680,298</u></b>

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

	2016	2015
Teachers	<b>78</b>	74
Administration and support	<b>97</b>	96
Management	<b>7</b>	8
	<b><u>182</u></b>	<b><u>178</u></b>

**Notes to the Financial Statements - continued  
for the year ended 31st August 2016**

**9. STAFF COSTS - continued**

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

	2016	2015
£60,001 - £70,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>
	<u><u>2</u></u>	<u><u>2</u></u>

Each of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £26,602 (2015: £21,910).

**Key Management Personnel**

The Key Management Personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by Key Management Personnel for their services to the Academy Trust was £630,612 (2015: £504,041).

**10. TRUSTEES' AND OFFICERS' INSURANCE**

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

Notes to the Financial Statements - continued  
for the year ended 31st August 2016

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted fixed asset fund £	Restricted general funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	-	23,047	-	23,047
<b>Charitable activities</b>				
Funding for the academy's educational operations	-	-	6,682,030	6,682,030
Other trading activities	34,402	-	-	34,402
Investment income	11,921	-	-	11,921
<b>Total</b>	<b>46,323</b>	<b>23,047</b>	<b>6,682,030</b>	<b>6,751,400</b>
<b>EXPENDITURE ON</b>				
Raising funds	19,792	-	-	19,792
<b>Charitable activities</b>				
Academy's educational operations	-	584,740	6,089,304	6,674,044
<b>Total</b>	<b>19,792</b>	<b>584,740</b>	<b>6,089,304</b>	<b>6,693,836</b>
<b>NET INCOME/(EXPENDITURE)</b>	<b>26,531</b>	<b>(561,693)</b>	<b>592,726</b>	<b>57,564</b>
<b>Transfers between funds</b>	<b>-</b>	<b>299,455</b>	<b>(299,455)</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>				
Actuarial losses on defined benefit schemes	-	-	(86,000)	(86,000)
<b>Net movement in funds</b>	<b>26,531</b>	<b>(262,238)</b>	<b>207,271</b>	<b>(28,436)</b>
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	<b>1,095,324</b>	<b>12,864,648</b>	<b>95,059</b>	<b>14,055,031</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>1,121,855</b>	<b>12,602,410</b>	<b>302,330</b>	<b>14,026,595</b>

# Hungerhill Academy Trust

## Notes to the Financial Statements - continued for the year ended 31st August 2016

### 12. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1st September 2015	13,149,462	465,211	929,703	14,544,376
Additions	1,220,515	175,204	44,405	1,440,124
Disposals	-	(7,129)	-	(7,129)
At 31st August 2016	<u>14,369,977</u>	<u>633,286</u>	<u>974,108</u>	<u>15,977,371</u>
<b>DEPRECIATION</b>				
At 1st September 2015	1,175,218	178,603	588,145	1,941,966
Charge for year	346,595	54,152	144,483	545,230
Eliminated on disposal	-	(2,473)	-	(2,473)
At 31st August 2016	<u>1,521,813</u>	<u>230,282</u>	<u>732,628</u>	<u>2,484,723</u>
<b>NET BOOK VALUE</b>				
At 31st August 2016	<u>12,848,164</u>	<u>403,004</u>	<u>241,480</u>	<u>13,492,648</u>
At 31st August 2015	<u>11,974,244</u>	<u>286,608</u>	<u>341,558</u>	<u>12,602,410</u>

The Academy Trust's transactions relating to land and buildings during the year included the costs of construction of a new examination room and classroom block at a cost of £1,220,515.

### 13. STOCKS

	2016 £	2015 £
Consumables	18,286	20,022
Clothing	<u>10,990</u>	<u>9,979</u>
	<u>29,276</u>	<u>30,001</u>

### 14. DEBTORS

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	89,357	37,690
Other debtors	171,850	172,362
Prepayments	<u>39,705</u>	<u>59,855</u>
	<u>300,912</u>	<u>269,907</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	<u>49,783</u>	-
Aggregate amounts	<u>350,695</u>	<u>269,907</u>

# Hungerhill Academy Trust

## Notes to the Financial Statements - continued for the year ended 31st August 2016

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	180,803	101,867
Social security and other taxes	91,156	77,185
Other creditors	86,169	75,956
Accruals and deferred income	<u>352,103</u>	<u>203,557</u>
	<u>710,231</u>	<u>458,565</u>

Deferred Income	2016 £
Deferred income at 1 September 2015	108,347
Resources deferred in the year	207,509
Amounts released from previous year	<u>(108,347)</u>
Deferred income at 31 August 2016	<u>207,509</u>

Deferred income comprises monies relating to future academic years. Amounts carried forward relate to:

	£
School trips	185,888
Capital grants	13,339
Music tuition fees	<u>8,282</u>
	<u>207,509</u>

Of this carried forward amount, £79,000 relates to a school trip in 2018, which is included in creditors due more than one year.

### 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Accruals and deferred income	<u>79,000</u>	<u>-</u>

### 17. OPERATING LEASE COMMITMENTS

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

	Other operating leases	
	2016 £	2015 £
Expiring:		
Within one year	1,342	1,258
Between one and five years	<u>-</u>	<u>110</u>
	<u>1,342</u>	<u>1,368</u>

# Hungerhill Academy Trust

## Notes to the Financial Statements - continued for the year ended 31st August 2016

### 18. MEMBERS' LIABILITY

Each member of the Academy Trust 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 ceased to be a member.

### 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

			2016	2015
	Unrestricted funds	Restricted fixed asset fund	Restricted general funds	Total funds
	£	£	£	£
Fixed assets	-	13,492,648	-	13,492,648
Current assets	1,148,286	-	1,598,567	2,746,853
Current liabilities	-	-	(710,231)	(710,231)
Long term liabilities	-	-	(79,000)	(79,000)
Pension liability	-	-	(2,868,000)	(2,868,000)
	<u>1,148,286</u>	<u>13,492,648</u>	<u>(2,058,664)</u>	<u>12,582,270</u>
				<u>14,026,595</u>

### 20. MOVEMENT IN FUNDS

	At 1.9.15	Net movement in funds	Transfers between funds	At 31.8.16
	£	£	£	£
<b>Unrestricted funds</b>				
General fund	1,121,855	26,431	-	1,148,286
<b>Restricted funds</b>				
General Annual Grant (GAG)	1,896,330	329,816	(1,416,810)	809,336
Pension reserve	(1,594,000)	(1,274,000)	-	(2,868,000)
DfE/EFA capital grants	-	22,925	(22,925)	-
Capital expenditure from GAG	251,670	(144,483)	-	107,187
Donated land and buildings	10,873,812	(346,595)	-	10,527,217
Other fixed assets	1,476,928	(58,419)	1,439,735	2,858,244
	<u>12,904,740</u>	<u>(1,470,756)</u>	<u>-</u>	<u>11,433,984</u>
<b>TOTAL FUNDS</b>	<u>14,026,595</u>	<u>(1,444,325)</u>	<u>-</u>	<u>12,582,270</u>

## Hungerhill Academy Trust

### Notes to the Financial Statements - continued for the year ended 31st August 2016

#### 20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	48,700	(22,269)	-	26,431
<b>Restricted funds</b>				
General Annual Grant (GAG)	5,601,462	(5,271,646)	-	329,816
Other DfE/EFA grants	264,713	(264,713)	-	-
Other government grants	133,824	(133,824)	-	-
Other grants and income	582,471	(582,471)	-	-
DfE/EFA capital grants	22,925	-	-	22,925
Pension reserve	-	(62,000)	(1,212,000)	(1,274,000)
Capital expenditure from GAG	-	(144,483)	-	(144,483)
Donated land and buildings	-	(346,595)	-	(346,595)
Other fixed assets	-	(58,419)	-	(58,419)
	6,605,395	(6,864,151)	(1,212,000)	(1,470,756)
<b>TOTAL FUNDS</b>	<b>6,654,095</b>	<b>(6,886,420)</b>	<b>(1,212,000)</b>	<b>(1,444,325)</b>

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

#### General Annual Grant (GAG)

The GAG consists of:

- School Budget Share
- LA Central Spend Equivalent Grant (LACSEG)/Educational Services Grant (ESG)

Under the funding agreement with the Secretary of State for Education, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

#### Other DfE/EFA grants, other government grants and other grants and income

The other DfE/EFA grants, other government grants and other grants and income must be used for the specific purposes for which they are given. Such grants and income enable the Academy Trust to fulfil its charitable objects.

#### Restricted fixed asset fund

The restricted fixed asset fund represents fixed assets which are held for specific purposes within the charitable objects of the Academy Trust, together with unspent capital funding carried forward at 31st August 2016.

During the year, £1,416,810 was transferred from the General Annual Grant (GAG) to the fixed asset fund for the new building at the school.

**Notes to the Financial Statements - continued  
for the year ended 31st August 2016**

**21. PENSION AND SIMILAR OBLIGATIONS**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the South Yorkshire Pensions Authority. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £86,169 (2015: £75,956) were payable to the schemes at 31 August 2016 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.

**Notes to the Financial Statements - continued  
for the year ended 31st August 2016**

**21. PENSION AND SIMILAR OBLIGATIONS - continued**

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £737,294 (2015: £636,222).

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

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

**Local government pension scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £288,000 (2015: £309,000), of which employer's contributions totalled £227,000 (2015: £244,000) and employees' contributions totalled £61,000 (2015: £65,000). The agreed contribution rates for future years are 14.1% for employers and between 5.5% and 8.5% 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.

During the year ended 31 August 2015 it was agreed that the Academy Trust would make additional annual contributions totalling £81,600 in 2015/16 and £83,700 in 2016/17, in respect of past service debt. It is anticipated that payments will be made for the next 15 years with a reassessment of the amount in 2017 and revised payments taking effect from April 2017.

Notes to the Financial Statements - continued  
for the year ended 31st August 2016

21. PENSION AND SIMILAR OBLIGATIONS - continued

Principal actuarial assumptions

	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.65%	4.05%
Rate of increase for pensions in payment/inflation	2.00%	2.30%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	1.90%	2.30%

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate % increase/(decrease) to employer liability	Approximate monetary amount (£)
0.1% increase in discount rate	(4.11)	(118,000)
0.1% increase in inflation	4.18	120,000
0.1% increase in pay growth	1.74	50,000
1 year increase in member life expectancy	2.96	85,000

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	23.0 years	23.0 years
Females	25.7 years	25.6 years
Retiring in 20 years		
Males	25.4 years	25.3 years
Females	28.5 years	28.4 years

Local government pension scheme

The Academy Trust's share of the assets in the scheme were:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,185,000	872,000
Government bonds	304,000	210,000
Other bonds	126,000	87,000
Property	223,000	169,000
Cash	34,000	26,000
Other	156,000	104,000
<b>Total market value of assets</b>	<b>2,028,000</b>	<b>1,468,000</b>

The actual return on scheme assets was £316,000 (2015: £40,000).

# Hungerhill Academy Trust

## Notes to the Financial Statements - continued for the year ended 31st August 2016

### 21. PENSION AND SIMILAR OBLIGATIONS - continued

#### Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(226,000)	(232,000)
Net interest cost	(59,000)	(54,000)
Total operating charge	<u>(285,000)</u>	<u>(286,000)</u>

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

	2016 £	2015 £
<b>At 1 September</b>	<b>3,062,000</b>	<b>2,678,000</b>
Current service cost	226,000	232,000
Interest cost	123,000	107,000
Employee contributions	61,000	65,000
Actuarial (gain)/loss	1,465,000	72,000
Benefits paid	(41,000)	(92,000)
<b>At 31 August</b>	<b><u>4,896,000</u></b>	<b><u>3,062,000</u></b>

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

	2016 £	2015 £
<b>At 1 September</b>	<b>1,468,000</b>	<b>1,216,000</b>
Interest income	60,000	49,000
Actuarial gain/(loss)	253,000	(14,000)
Employer contributions	227,000	244,000
Employee contributions	61,000	65,000
Benefits paid	(41,000)	(92,000)
<b>At 31 August</b>	<b><u>2,028,000</u></b>	<b><u>1,468,000</u></b>

### 22. CONTINGENT LIABILITIES

During the period of the funding agreement, in the event of the sale or disposal by other means of an asset for which a Government capital grant was received, the Academy Trust is required to re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State for Education.

Upon termination of the funding agreement, whether as a result of the Secretary of State for Education or the Academy Trust serving notice, the Academy Trust shall repay the Secretary of State for Education sums determined by reference to:

- the value at that time of the Academy Trust's site and premises and other assets held for the purpose of the Academy Trust, and
- the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State for Education under the funding agreement.

## Hungerhill Academy Trust

### Notes to the Financial Statements - continued for the year ended 31st August 2016

#### 23. RELATED PARTY DISCLOSURES

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

No related party transactions took place in the period of accounts, other than certain Trustees' remuneration and expenses already disclosed in note 8.

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

	2016 £	2015 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>(232,325)</b>	<b>57,564</b>
<b>Adjustments for:</b>		
Depreciation	545,230	575,320
Capital grants from DfE/EFA	-	(23,046)
Loss on disposal of fixed assets	4,267	9,417
Interest received	(11,701)	(11,921)
Decrease in stocks	725	1,367
(Increase)/decrease in debtors	(80,788)	132,951
Increase/(decrease) in creditors	330,666	(148,659)
Difference between pension charge and cash contributions	62,000	46,000
<b>Net cash provided by (used in) operating activities</b>	<b>618,074</b>	<b>638,993</b>

#### 25. FIRST YEAR ADOPTION

The Academy Trust has adopted FRS 102 for the first time in the year ended 31st August 2016.

The effect of transition to FRS 102 is outlined below.

##### a) Changes in accounting policies

There were no consequential changes in accounting estimates resulting from adoption of FRS 102.

##### b) Reconciliation of funds

There were no adjustments to previously reported funds at the date of transition to FRS 102.

##### c) Reconciliation of comparative period statement of financial activities

Adjustments to previously reported net movement in funds in the comparative period were as follows:

	£
Net movement in funds for the period ended 31 August 2015 under previous financial reporting framework	(28,436)
FRS 102 adjustment to pension costs	(26,000)
FRS 102 adjustment to actuarial gains/losses	26,000
<b>Net movement in funds under FRS 102</b>	<b>(28,436)</b>