

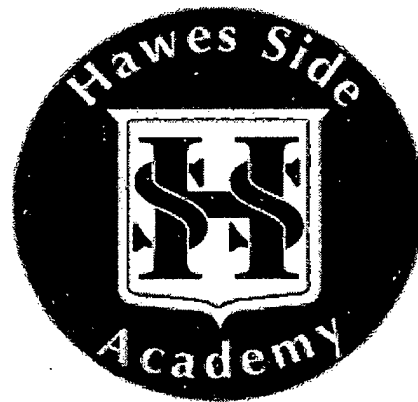
Registration number: 08161246

Hawes Side Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2015



Crossley & Davis
Chartered Accountants & Statutory Auditors
Ground Floor, Seneca House
Links Point
Amy Johnson Way
Blackpool
Lancashire
FY4 2FF

WEDNESDAY



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25/05/2016
COMPANIES HOUSE

Hawes Side Academy

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Hawes Side Academy

Reference and Administrative Details

Governors and Trustees (Directors) Andrea Bean
Sarah Blair
Rachel Cartmell
Keri Lomax
Eileen McGuirk
Father Matthew McMurray (resigned 1 September 2014)
Steven Whitehouse
Tracy Wilson
Julie Fleckney (appointed 9 February 2015)
Karen Brett (appointed 9 February 2015)
Michael Shepherd

Company Secretary Christopher Strange

Principal and Registered Office Michael Shepherd
Pedders Lane
Blackpool
Lancashire
FY4 3HZ

Company Registration Number 08161246

Auditors Crossley & Davis
Chartered Accountants & Statutory Auditors
Ground Floor, Seneca House
Links Point
Amy Johnson Way
Blackpool
Lancashire
FY4 2FF

Bankers Lloyds TSB
Corporation Street
Blackpool

HSBC
Oxford Square
Blackpool
FY4 4YW

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 08161246.

The governors act as the trustees for the charitable activities of Hawes Side Academy and are also the directors of the charitable company for the purposes of company law.

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

The Governors meet at least termly through two committees, Business and Finance, and Standards and Effectiveness.

These committees report to the Full Governors meeting which is held termly.

The management and the day to day running of the Academy is delegated to the Headteacher Mr Michael Shepherd and the school leadership team.

Members' liability

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

Trustees' indemnities

The Academy through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees at a cost of £830.

Method of recruitment and appointment or election of Trustees

The Academy's governing body is established in accordance with the memorandum of association. Directors are elected every four years after which time they may be reappointed.

The governing body currently comprises of ten board members (three board members are appointed as directors under the Companies Act 2006). Co-opted governor's appointments are determined by trust board members.

The head teacher is an ex-officio governor.

Policies and procedures adopted for the induction and training of Trustees

New governors' receive induction training and support from the clerk to the governing body.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015 (continued)

Organisational structure

The management structure of the Academy consists of:

Mrs Sarah Blair - Chair

Mrs Rachel Cartmell - Vice Chair

Senior management team

Mr Michael Shepherd - Head Teacher

Mr Lee Glynn - Deputy Head Teacher

Mrs Caroline Boothroyd - Assistant Head Teacher

Mr Chris Strange - Business Manager

The middle management team consists of:

Mrs Nicola Hill - Foundation Stage Phase Leader

Ms Karen Brett - Years 1 and 2 Phase Leader

Mrs Sharon Nicholson - Years 3 and 4 Phase Leader

Mrs Alice Watson - Years 5 and 6 Phase Leader

Management of the school is delegated to the head teacher. The senior management team meets each week and additionally as and when required, and meets with the phase leaders on a weekly basis. Meetings with all teaching staff take place once a week. The head teacher is the Academy's financial officer and is responsible for the authorisation and expenditure against all budget headings and is responsible for all staff appointments. Phase leaders have responsibility for phase budget of £1,200 for the purchase of resources for their phase.

No directors receive any remuneration in respect of their duties as Governors other than Mr Shepherd who is remunerated in his position as Principal, Mrs Brett in her capacity as classroom teacher, Ms Bean who is remunerated as a Teaching Assistant and Mrs Fleckney in her capacity as Family Support Worker.

Risk management

Governors have approved a risk register to assist with the control and management of risk in accordance with EFA guidelines.

Internal systems of financial control have been established to be found in the financial procedures manual which covers the general financial management of the Academy.

The Academy has appointed a responsible officer Mr D.Brooles, Norbreck Primary Academy Business Manager who produces a Responsible Officer's report each year which is presented to the Governors for their approval.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015 (continued)

Connected organisations, including related party relationships

There are no related parties which either control or significantly influence the decisions or operations of Hawes Side Academy. There are no sponsors.

The Academy works closely with parents to further the principal activities of the academy.

The Academy works with many school networks, both locally, nationally and internationally, to further the principal activities of the Academy.

Objectives and activities

Objects and aims

The primary objective of the Academy is to educate students from a wide range of abilities between the ages of 4 and 11.

In accordance with the Academy's articles of association the Academy trust has adopted a scheme of government approved by the secretary of state for education.

Objectives, strategies and activities

The main objectives as of 31st August 2014 were:

That all Academy business;

- be conducted with the highest possible standards, integrity, probity and openness;
- complies with statutory legislation and national curriculum requirements;
- ensures every pupil is provided with the highest quality of education;
- raises standards of achievement for all pupils and enables them to reach their full potential;
- provides best value and value for money;
- maintains and builds on the close links with the community;
- provides training opportunities for all staff;
- provides a range of sporting activities for all pupils;
- provides lunch time and out of school clubs to provide enrichment activities.

Public benefit

The Academy provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015 (continued)

Strategic Report

Achievements and performance

School Attainment and Progress

2015 Key school Performance Indicators

Children reaching level 4+ Reading, Writing and Mathematics (expected attainment at end year 6)

2015 - 76%

Local Schools - 76%

National Schools - 79%

Children reaching level 4+ Reading, (expected attainment at end year 6)

2015 - 90%

Local Schools - 86%

National Schools - 89%

Children reaching Level 4+ Writing (expected attainment at end of year 6)

2015 - 87%

Local Schools - 83%

National Schools - 85%

Children reaching Level 4+ Maths (expected attainment at end of year 6)

2015 - 80%

Local Schools - 85%

National Schools - 86%

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015 (continued)

Strategic Report

Children reaching Level 5+ Reading, Writing and Mathematics (expected attainment at end year 6)

2015 - 20%

Local Schools - 18%

National Schools - 24%

Children reaching Level 5+ Reading (expected attainment at end year 6)

2015 - 43%

Local Schools - 44%

National Schools - 50%

Children reaching Level 5+ Writing (expected attainment at end of year 6)

2015 - 29%

Local Schools - 27%

National Schools - 33%

Children reaching Level 5+ Maths (expected attainment at end of year 6)

2015 - 43%

Local Schools - 38%

National schools - 42%

Key non-financial performance indicators

Children making expected progress in 2015.

Reading - 88% (Local Schools 91%, National Schools 91%)

Writing - 98% (Local Schools 95%, National Schools 93%)

Maths - 91% (Local Schools 91%, National Schools 89%)

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.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015 (continued)

Strategic Report

Financial review

The Academy's total incoming resources during the period were £2,898,000 (2014: £2,712,000).

The majority of the Academy's income derives from Central Government funding via the education Funding Agency in the form of current grants.

Total funding received for the Academy's educational operations in the period was £2,649,000 (2014: £2,484,000) along with £248,000 (2014: £228,000) from other sources.

Total outgoings for the period were £2,821,000 (2014: £2,779,000) a breakdown of this is shown in note 6 and note 7 of the accounts. The majority of this relates to direct provision of educational operations £2,775,000 (2014: £2,570,000). The excess of income over expenditure (excluding the transfer of funds, fixed assets and pension fund deficit on conversion) was £172,000 (2014: £18,000).

At the period end the Academy's total reserves stood at £4,416,000 (2014: £4,381,000) including unrestricted funds of £300,000 (2014: £271,000), restricted funds of £162,000 (2014: £3,000), a pension deficit included in restricted funds of (£523,000) (2014: (£459,000)) and restricted fixed asset funds of £4,477,000 (2014: £4,566,000).

On conversion in 2012 the Academy inherited a deficit of £640,000 in respect of the Lancashire County Council Local Government Pension scheme which most of the Support staff (Non Teaching) belong to. This deficit increased to £656,000 by 31st August 2013 and decreased to £523,000 by 31st August 2015. This was due to the actuarial assumptions concerning future return on investments and the value of future liabilities to the pension fund.

Reserves policy

The Directors review the reserve levels of the Academy at the end of each financial year to ensure that there are sufficient capital to meet the monthly commitments of the Academy and to allow for a contingency to cover unexpected emergencies and urgent maintenance and repairs. The Academy will take action to ensure that the reserves are held at a prudent level.

The Academy's current reserves as at 31st August 2015 stood at £462,000 (2014: £274,000).

Restricted GAG Reserves

The Governors have considered the level of GAG reserves that it was felt would be sufficient working capital to any delays between spending and commitments to receipt of grants and any unanticipated revenue or capital costs.

The level of GAG reserves as at 31st August 2015 stood at £162,000 (2014: £3,000).

Unrestricted Reserves

In addition to the GAG reserve which is used for restricted purposes set out in the funding agreement, the academy holds unrestricted reserves which provide additional working capital and are non committed.

The unrestricted reserves as at 31st August 2015 stood at £300,000 (2014: £271,000).

Investment policy

The Governing body adopted a low risk cautious approach to cash investments of both short to medium term investments. Investments are agreed by the Governing body beforehand.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2015 (continued)

Value for Money

I accept that as the Accounting officer of Hawes Side Academy. I am responsible and accountable for ensuring that the Academy trust delivers good value in the use of public resources and pursue value for money to achieve the best possible educational and social outcomes through the most economic, efficient and effective use of all the Academy trusts resources.

I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

1. Targeted Improvement to review at least annually the Academy staffing structure and monitor actual expenditure on staffing against budget estimates.
2. To target improvement through effective deployment of staff to target areas of curriculum in need of development.
3. Differentiation of pupils to ensure that each child's s needs are met providing one to one support where necessary and running booster sessions to stretch more able pupils.
4. Collaborate with other Academies to share good practice and explore the possibilities of working collaboratively to save administration and procurement costs.
5. Explore different purchasing options and conduct cost benefit analysis exercise where possible.Ensure that appropriate tendering procedures are used by obtaining at least three quotes ensuring best value.
6. Ensure cash flow is effectively managed and undertake monthly monitoring of bank statements.
7. Investment of surplus balances to ensure the optimum return on investments
8. Conduct regular appraisal of service contracts to ensure best value
9. Production of monthly management accounts which are reported to the Directors at Business & Finance committee meetings
10. Use of Insurance to reduce and manage risk and review at the end of each financial year.
11. Explore additional funding streams and ways of generating additional income that is cost effective.
12. Be aware of additional grant funding that is available to the and to work with agencies to submit bids (eg Capita maintenance grant)

Auditor

In so far as the Trustees are aware:

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

Approved by order of the Governing Body on 14.12.15 and signed on its behalf by:



Sarah Blair
Governor and trustee

Hawes Side Academy

Governance Statement

Statement on governance and internal control

As Governors, we accept overall responsibility for ensuring Hawes Side Academy has an effective and appropriate system of financial control. The system is designed to manage risks identified in the Academy's risk register providing reasonable assurance against misstatement or loss.

The Governing body has delegated day to day responsibility to the Headteacher as the Accounting Officer, ensuring that financial controls conform with the requirements for both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it within the funding agreement between Hawes Side Academy and the Secretary of State for Education. They are also responsible for reporting any material weakness or breakdowns in internal controls.

The Governing Body has reviewed the risks to which the Academy might be exposed and implemented financial and operational controls to mitigate those risks. The Academy has a system of internal controls based on regular financial information and administrative procedures including the separation of duties and has approved a financial management and procedures manual. The Governors aim to address and identify weaknesses and ensure ongoing improvement of systems and financial control

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Michael Shepherd, 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 Hawes Side Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Sarah Blair	3	3
Andrea Bean	3	3
Rachel Cartmell	3	3
Keri Lomax	3	3
Eileen McGuirk	3	3
Tracy Wilson	3	3
Karen Brett	2	2
Michael Shepherd	3	3
Steven Whitehouse	2	3
Julie Fleckney	2	2

The Standards and Effectiveness Committee is a sub committee of the Governing Body. Its purpose is to carry out its delegated powers relating to curriculum and staffing issues and the extended service of the academy. Attendance at meetings during the year was as follows:

Hawes Side Academy

Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
Rachel Cartmell	3	3
Michael Shepherd	3	3
Sarah Blair	2	3
Andrea Bean	3	3
Keri Lomax	3	3
Tracy Wilson	3	3
Father Matthew McMurray	2	3

The Audit Committee is a sub-committee of the main Governing Body. Its purpose is to carry out its delegated powers of overseeing the Academy's finances and premises and buildings related issues. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Eileen Mcguirk	3	3
Michael Shepherd	3	3
Sarah Blair	3	3
Andrea Bean	3	3
Steven Whitehouse	2	3

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Hawes Side Academy for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

The Academy 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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programs;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the Trustees have appointed Mr D.Brookes (Business Manager at Norbreck Primary Academy) as responsible officer (RO)

Hawes Side Academy

Governance Statement (continued)

- not to appoint an internal auditor. However the Trustees have appointed Crossley & Davis, the external auditor, to perform additional checks

The auditor's RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the auditor RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. There were no material control or other issues reported by the RO to date.


Review of effectiveness

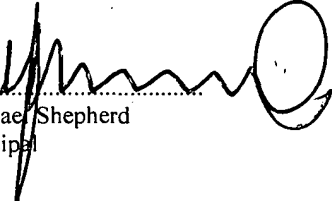
As Accounting Officer, Michael Shepherd has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Governing Body on 14.12.15 and signed on its behalf by:


.....
Sarah Blair
Governor and trustee


.....
Michael Shepherd
Principal

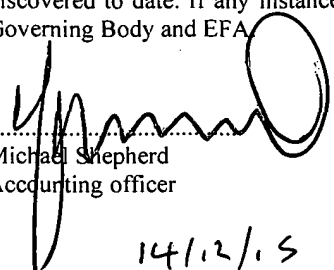
Hawes Side Academy

Statement on Regularity, Propriety and Compliance

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

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

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



.....
Michael Shepherd
Accounting officer

14/12/15 .

Hawes Side Academy

Statement of Trustees' Responsibilities

The Trustees (who are 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) and applicable law and regulations.

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

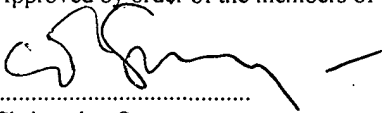
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.


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

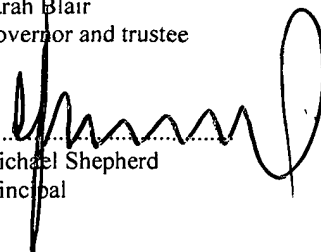
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have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

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

Approved by order of the members of the Board on 14.12.15 and signed on its behalf by:


.....
Christopher Strange
Company Secretary


.....
Sarah Blair
Governor and trustee


.....
Michael Shepherd
Principal

Hawes Side Academy

Independent Auditor's Report on the Financial Statements to the members of Hawes Side Academy

We have audited the financial statements of Hawes Side Academy for the year ended 31 August 2015, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 13), 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 (APB'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 charitable company'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 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Annual Accounts Direction issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.


Hawes Side Academy

Independent Auditor's Report on the Financial Statements to the members of Hawes Side Academy (continued)

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.


.....
Mr S D Mondy (Senior Statutory Auditor)
For and on behalf of Crossley & Davis, Statutory Auditor

Ground Floor, Seneca House
Links Point
Amy Johnson Way
Blackpool
Lancashire
FY4 2FF

Date:.....17/12/15

Hawes Side Academy

Independent Reporting Accountant's Assurance Report on Regularity to Hawes Side Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 14 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hawes Side Academy during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 27 January 2014 and the Academies Financial Handbook extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Annual Accounts Direction issued by the Education Funding Agency. 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 to our conclusion includes appropriate testing in line with the guidance in Technical release 08/12AAF from the Institute of Chartered Accountants in England and Wales:

- Evaluation of the control environment of the school;
- Analytical review both internally and with similar local schools;
- Substantive testing of transactions.

Hawes Side Academy

Independent Reporting Accountant's Assurance Report on Regularity to Hawes Side Academy and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr S D Mondy
For and on behalf of Crossley & Davis, Chartered Accountants

Ground Floor, Seneca House
Links Point
Amy Johnson Way
Blackpool
Lancashire
FY4 2FF

Date: 17/12/15

Hawes Side Academy

Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income						
Other voluntary income	2	1	2	-	4	65
Activities for generating funds	3	55	189	-	244	148
Investment income	4	-	-	-	-	1
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	5	-	2,638	11	2,649	2,497
Total incoming resources		57	2,830	11	2,898	2,712
Resources expended						
<i>Cost of generating funds:</i>						
Cost of generating funds		28	139	-	167	127
<i>Charitable activities:</i>						
Academy's educational operations		-	2,501	107	2,608	2,443
Governance costs	8	-	46	-	46	209
Total resources expended	6	28	2,686	107	2,821	2,779
Net incoming/(outgoing) resources before transfers		28	144	(96)	77	(67)
Gross transfers between funds		-	(7)	7	-	-
Net income/(expenditure) for the year		28	137	(88)	77	(67)
Other recognised gains and losses						
Opening defined benefit pension scheme liability		-	-	-	-	(656)
Actuarial gains on defined benefit pension schemes	24	-	(42)	-	(42)	228
Net movement in funds/(deficit)		28	95	(88)	35	(495)

Hawes Side Academy

Statement of Financial Activities for the Year Ended 31 August 2015 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Reconciliation of funds					
Funds/(deficit) brought forward at 1 September 2014	271	(456)	4,566	4,381	4,876
Funds/(deficit) carried forward at 31 August 2015	300	(361)	4,477	4,416	4,381

All of the Academy's activities derive from continuing operations during the above two periods.

Hawes Side Academy

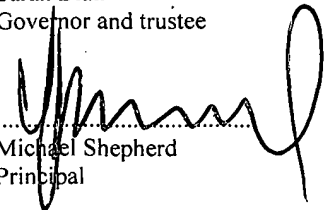
(Registration number: 08161246)
Balance Sheet as at 31 August 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	12	4,477	4,566
Current assets			
Stocks	13	1	1
Debtors	14	113	73
Cash at bank and in hand		658	562
		771	636
Creditors: Amounts falling due within one year	15	(310)	(361)
Net current assets		461	274
Total assets less current liabilities		4,939	4,840
Net assets excluding pension liability		4,939	4,840
Pension scheme liability	24	(523)	(459)
Net assets including pension liability		4,416	4,381
Funds of the Academy:			
Restricted funds			
Restricted general fund		162	3
Restricted fixed asset fund		4,477	4,566
Restricted pension fund		(523)	(459)
		4,116	4,110
Unrestricted funds			
Unrestricted general fund		300	271
Total funds		4,416	4,381

The financial statements on pages 18 to 38 were approved by the Trustees, and authorised for issue on 31.12.15 and signed on their behalf by:



Sarah Blair
Governor and trustee



Michael Shepherd
Principal

Hawes Side Academy

Cash Flow Statement for the Year Ended 31 August 2015

	Note	2015 £ 000	2014 £ 000
Net cash inflow from operating activities	19	113	123
Returns on investments and servicing of finance	20		1
Capital expenditure and financial investment	21	(18)	(53)
Increase in cash in the year	22	<u>96</u>	<u>70</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		96	70
Net funds at 1 September 2014		<u>562</u>	<u>492</u>
Net funds at 31 August 2015		<u>658</u>	<u>562</u>

All of the cash flows are derived from continuing operations during the above two periods.

Hawes Side Academy

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

1 Accounting policies

Basis of preparation

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

Going concern

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

Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income

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

Donations

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

Other income

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

Donated services and gifts in kind

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

Hawes Side Academy

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

1 Accounting policies (continued)

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

All resources expended are inclusive of any irrecoverable VAT.

Cost of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

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

Tangible fixed assets

Assets costing £500 or more or items of significance 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

Asset class

Leasehold land and buildings
Furniture and equipment
Computer equipment

Depreciation method and rate

125 years straight line (Over life of lease)
20% straight line
33% straight line

Leased assets

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

Stock

Clothing stocks are valued at the lower of cost or net realisable value.

Hawes Side Academy

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

1 Accounting policies (continued)

Taxation

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

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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 the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

Hawes Side Academy

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

2 Voluntary income

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Other voluntary income				
Educational trips and visits	-	-	-	63
Other donations	1	2	4	2
	<u>1</u>	<u>2</u>	<u>4</u>	<u>65</u>

3 Activities for generating funds

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Hire of facilities	12	-	12	14
Catering income	5	127	132	62
School shop sales	5	-	5	6
Recharges and reimbursements	-	-	-	11
Other sales	33	62	95	56
	<u>55</u>	<u>189</u>	<u>244</u>	<u>148</u>

4 Investment income

	Restricted funds £ 000	Total 2015 £ 000	Total 2014 £ 000
Short term deposits			1
	<u></u>	<u></u>	<u>1</u>

5 Funding for Academy's educational operations

Hawes Side Academy

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

5 Funding for Academy's educational operations (continued)

	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2015 £ 000	Total 2013 £ 000
DfE/EFA capital grants				
Capital Grants	-	11	11	13
DfE/EFA revenue grants				
General Annual Grant	2,369	-	2,369	2,225
Other EFA funded	269	-	269	259
	<u>2,638</u>	<u>-</u>	<u>2,638</u>	<u>2,484</u>
Total grants	<u>2,638</u>	<u>11</u>	<u>2,649</u>	<u>2,497</u>

6 Resources expended

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2015 £ 000	Total 2014 £ 000
Costs of activities for generating funds	-	-	167	167	127
Academy's educational operations					
Direct costs	1,845	-	241	2,086	1,994
Allocated support costs	251	261	10	522	449
	<u>2,096</u>	<u>261</u>	<u>250</u>	<u>2,608</u>	<u>2,443</u>
Governance costs including allocated support costs	-	-	46	46	209
	<u>2,096</u>	<u>261</u>	<u>464</u>	<u>2,821</u>	<u>2,779</u>

Hawes Side Academy

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

6 Resources expended (continued)

Net incoming/outgoing resources for the year include:

	2015 £ 000	2014 £ 000
Fees payable to auditor - audit	6	4
- other audit services	3	3
Resources expended	Items above £5,000 £	Reason

7 Charitable activities

	Total 2015 £ 000	Total 2014 £ 000
Direct costs - educational operations		
Teaching and educational support staff costs	1,845	1,744
Technology costs	32	-
Educational supplies	146	105
Examination fees	-	26
Staff development	36	-
Other direct costs	25	119
	<u>2,086</u>	<u>1,994</u>
Support costs - educational operations		
Support staff costs	238	185
FRS 17 service cost adjustment	13	8
Depreciation	107	100
Maintenance of premises and equipment	54	30
Cleaning	5	3
Rent, rates and utilities	74	49
Insurance	22	15
Recruitment and support	-	-
Bank interest and charges	1	-
Expected return on scheme assets	(39)	(41)
Interest on defined benefit pension scheme	48	64
Professional fees	-	4
Other support costs	31	31
	<u>522</u>	<u>449</u>
	<u>2,608</u>	<u>2,443</u>

Hawes Side Academy

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

8 Governance costs

	Total 2015 £ 000	Total 2014 £ 000
Legal and professional fees	30	202
Auditors' remuneration		
Audit of financial statements	6	7
Other audit services	3	-
Support costs	7	-
	<u>46</u>	<u>209</u>

9 Staff costs

	2015 £ 000	2013 £ 000
Staff costs during the year were:		
Wages and salaries	1,639	1,509
Social security costs	98	92
Pension costs	191	220
Supply teacher costs	168	116
	<u>2,096</u>	<u>1,937</u>

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

	2015 No	2014 No
Charitable Activities		
Teachers	28	32
Administration and support	43	28
Management	3	3
	<u>74</u>	<u>63</u>

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

	2015 No	2014 No
£70,001 - £80,000	<u>1</u>	<u>1</u>

1 (2014 - 1) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £11,000 (2014 - £11,000).

Hawes Side Academy

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

10 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

Michael Shepherd (Head Teacher and Trustee): £75,000 - £80,000 (2014 - £75,000 - £80,000)

Andrea Bean (Staff Trustee): £10,000 - £15,000 (2014 - £10,000 - £15,000)

Julie Fleckney (Staff Governor): £20,000 - £25,000 (2014 -)

Karen Brett (Staff Governor): £35,000 - £40,000 (2014 -)

Related party transactions involving the trustees are set out in note 25.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £830 (2014 - £830).

The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 September 2014	4,500	129	115	4,744
Additions	-	-	18	18
At 31 August 2015	4,500	129	133	4,762
Depreciation				
At 1 September 2014	66	48	64	178
Charge for the year	36	26	45	107
At 31 August 2015	102	74	109	284
Net book value				
At 31 August 2015	4,398	55	24	4,477
At 31 August 2014	4,434	81	51	4,566

Hawes Side Academy

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

13 Stock

	2015 £ 000	2014 £ 000
Clothing	1	1

14 Debtors

	2015 £ 000	2014 £ 000
Prepayments	35	41
Accrued grant and other income	71	-
VAT recoverable	3	28
Other debtors	4	4
	<u>113</u>	<u>73</u>

15 Creditors: amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade creditors		-
Other taxation and social security	32	30
Other creditors	148	148
Pension scheme creditor	27	26
Accruals	48	113
Deferred income	54	44
	<u>310</u>	<u>361</u>
		2015 £ 000
Deferred income at 1 September 2014		44
Resources deferred in the period		54
Amounts released from previous periods		<u>(44)</u>
Deferred income at 31 August 2015		<u>54</u>

Amounts relating to the Free School Meals grants for 2015/2016 have been deferred to accounting year ending 31st August 2016.

Hawes Side Academy

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

16 Funds

	Balance at 1 September 2014 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2015 £ 000
Restricted general funds					
General Annual Grant (GAG)	3	2,369	(2,203)	(7)	162
Other DfE/EFA Grants	-	269	(269)	-	-
Other income	-	192	(192)	-	-
	<u>3</u>	<u>2,830</u>	<u>(2,664)</u>	<u>(7)</u>	<u>162</u>
Restricted fixed asset funds					
Fixed Assets	4,566	11	(107)	7	4,477
Restricted pension funds					
Pension reserve	<u>(459)</u>	<u>-</u>	<u>(22)</u>	<u>(42)</u>	<u>(523)</u>
Total restricted funds	4,110	2,841	(2,793)	(42)	4,116
Unrestricted funds					
Unrestricted general funds	<u>271</u>	<u>57</u>	<u>(28)</u>	<u>-</u>	<u>300</u>
Total funds	<u>4,381</u>	<u>2,898</u>	<u>(2,821)</u>	<u>(42)</u>	<u>4,416</u>

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

17 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	4,477	4,477
Current assets	28	743	-	771
Current liabilities	-	(310)	-	(310)
Pension scheme liability	-	(523)	-	(523)
Total net assets	<u>28</u>	<u>(90)</u>	<u>4,477</u>	<u>4,416</u>

Hawes Side Academy

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

18 Financial commitments

Operating leases

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

Operating leases which expire:

	2013 £ 000	2012 £ 000
Other		
Within one year	16	9
Within two to five years	11	17
	<u>27</u>	<u>27</u>

19 Reconciliation of net income/(expenditure) to net cash inflow/(outflow) from operating activities

	2015 £ 000	2014 £ 000
Net income/(expenditure)	77	(67)
Depreciation	107	100
Interest receivable		(1)
FRS 17 expected return on scheme assets	(39)	(41)
FRS 17 interest on defined benefit pension scheme	48	64
FRS17 service cost adjustment	13	8
Increase in debtors	(40)	(43)
(Decrease)/increase in creditors	(51)	103
Net cash inflow from operating activities	<u>113</u>	<u>123</u>

Hawes Side Academy

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

20 Returns on investments and servicing of finance

	2015 £ 000	2014 £ 000
Interest received	<u> </u>	<u>1</u>
Net cash inflow from returns on investments and servicing of finance	<u> </u>	<u>1</u>

21 Capital expenditure and financial investment

	2015 £ 000	2014 £ 000
Purchase of tangible fixed assets	<u>(18)</u>	<u>(53)</u>

22 Analysis of changes in net funds

	At 1 September 2014 £ 000	Cash flows £ 000	At 31 August 2015 £ 000
Cash at bank and in hand	<u>562</u>	<u>96</u>	<u>658</u>

23 Members' liability

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

24 Pension and similar obligations

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

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

Contributions amounting to (27,244) (2014 - (26,480)) were payable to the schemes at 31 August 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.

Hawes Side Academy

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

24 Pension and similar obligations (continued)

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependant on assumptions about the value of future cost, designs of benefits and many other factors. The latest actuarial valuation of the TPS carried out as at 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 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% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

Employer pension costs paid to TPS in the period amounted to £134,320 (2014 : £159,613).

A copy of the valuation and supporting documents are available on the Teachers' Pension website.

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £102,000 (2014 - £94,000), of which employer's contributions totalled £78,000 (2014 - £72,000) and employees' contributions totalled £24,000 (2014 - £22,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

Hawes Side Academy

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

24 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2015 %	At 31 August 2014 %
Rate of increase in salaries	3.80	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	4.00	4.00
Inflation assumptions (CPI)	<u>2.30</u>	<u>2.20</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to discount rate			
Present value of total obligation	1,281	1,314	1,347
Projected service cost	<u>91</u>	<u>94</u>	<u>97</u>
	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to rate of inflation			
Present value of total obligation	1,347	1,314	1,281
Projected service cost	<u>97</u>	<u>94</u>	<u>91</u>
	+ 1 Year £ 000	None £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption			
Present value of total obligation	1,337	1,314	1,291
Projected service cost	<u>96</u>	<u>94</u>	<u>92</u>

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

	At 31 August 2015	At 31 August 2014
Retiring today		
Males retiring today	23.00	23.00
Females retiring today	25.00	25.00
Retiring in 20 years		
Males retiring in 20 years	25.00	25.00
Females retiring in 20 years	<u>28.00</u>	<u>28.00</u>

The academy's share of the assets and liabilities in the scheme were:

Hawes Side Academy

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

24 Pension and similar obligations (continued)

	At 31 August 2015 £ 000	At 31 August 2014 £ 000
Equities	271	328
Government bonds	44	1
Other bonds	21	176
Property	72	63
Cash	10	16
Other	373	76
	<hr/>	<hr/>
Total market value of assets	791	660
	<hr/>	<hr/>
Surplus in the scheme	791	660
	<hr/>	<hr/>

The expected rates of return were:

	At 31 August 2015 %	At 31 August 2014 %
Equities	7.00	7.00
Government bonds	3.00	3.00
Other bonds	4.00	4.00
Property	6.00	6.00
Cash	1.00	1.00
Other	7.00	7.00
	<hr/>	<hr/>

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £28,000 (2014 - £59,000).

Hawes Side Academy

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

24 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2015 £ 000	2014 £ 000
Current service cost	91	80
Past service cost	80	91
Total operating charge	<u>171</u>	<u>171</u>

Analysis of pension finance income/(costs)

	2013 £ 000	2012 £ 000
Expected return on pension scheme assets	39	41
Interest on pension liabilities	<u>(48)</u>	<u>(64)</u>
Pension finance costs	<u>(9)</u>	<u>(23)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is £186,000 (2014 - £228,000).

Movements in the present value of defined benefit obligation

	2015 £ 000	2014 £ 000
At 1 September	1,119	1,340
Current service cost	91	80
Interest cost	48	64
Employee contributions	24	22
Actuarial losses/(gains)	<u>32</u>	<u>(387)</u>
At 31 August	<u>1,314</u>	<u>1,119</u>

Movements in the fair value of academy's share of scheme assets

	2015 £ 000	2014 £ 000
At 1 September	660	684
Expected return on assets	39	41
Actuarial losses	(10)	(159)
Employer contributions	78	72
Employee contributions	<u>24</u>	<u>22</u>
At 31 August	<u>791</u>	<u>660</u>

The estimated value of employer contributions for next period is £79,000 (2014 - £80,000).

Hawes Side Academy

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

24 Pension and similar obligations (continued)

History of experience adjustments

Amounts for the current and previous 2 periods are as follows:

	2015 £ 000	2014 £ 000	2013 £ 000
Present value of scheme liabilities	(1,314)	(1,119)	(1,340)
Fair value of scheme assets	<u>791</u>	<u>660</u>	<u>684</u>
Deficit in the scheme	<u>(523)</u>	<u>(459)</u>	<u>(656)</u>
	2015	2014	
	%	%	
Experience adjustments arising on scheme assets			
Experience adjustments arising on scheme liabilities		<u>-</u>	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17.

25 Related party transactions

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

26 Post balance sheet events

After the balance sheet date, work has commenced building a new school to replace the existing building which will be demolished. The work will take place under a private finance initiative at a projected cost to the contractor of £6,544,510. The expected completion date is the 25th January 2017. The academy will pay an estimated £36,414 per annum lease charge for the new building. Any ongoing maintenance costs will be the responsibility of the school..