

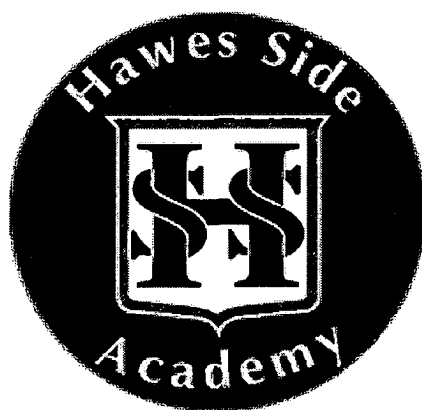
Registration number: 08161246

Hawes Side Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



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

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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 Steven Whitehouse Tracy Wilson Julie Fleckney Karen Brett Michael Shepherd Stuart Gorry (appointed 16 June 2016) Marianne Shaw (appointed 13 June 2016) |
|---|--|

| | |
|--------------------------|---------------------|
| Company Secretary | Christopher Strange |
|--------------------------|---------------------|

| | |
|--|---|
| Principal and Registered Office | Michael Shepherd Johnsville Avenue Blackpool Lancashire FY4 3LN |
|--|---|

| | |
|------------------|------------------|
| Principal | Michael Shepherd |
|------------------|------------------|

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 Corporation Street Blackpool HSBC Oxford Square Blackpool FY4 4YW |
|----------------|--|

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. 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 2016 (continued)

Organisational structure

The management structure of the Academy consists of:

Mrs Sarah Blair – Chair,
Mrs Kerry Lomax - Vice-Chair.

Senior Management Team:

Mr Michael Shepherd - Principal,
Mr Lee Glynn – Deputy Principal,
Mrs Caroline Boothroyd - Assistant Principal,
Mr Chris Strange - Business Manager

The Middle Management Team consists of:

Mrs Nicola Hill - Foundation Stage Phase Leader,
Mrs 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 Accounting 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.Brookes, Norbreck Primary Academy Business Manager who produces a Responsible Officer's report each year which is presented to the Governors for their approval.

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.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2016 (continued)

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 at 31st August 2016 were that all Academy business be conducted with the highest possible standards, integrity, probity and openness. The Academy complies with statutory legislation and national curriculum requirements, ensuring every pupil is provided with the highest quality of education. It raises standards of achievement for all pupils and enables them to reach their full potential. The Academy provides best value and value for money and maintains and builds on the close links with the community. It 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 Trust 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 2016 (continued)

Strategic Report

Achievements and performance

School Attainment and Progress
2016 Key school Performance Indicators

Children achieving the expected standard in Reading, Writing and Mathematics combined
School 53% Local school 46% National 53%

Children achieving expected standard in Reading
School 67% Local schools 60% National 66%

Children achieving expected standard in Writing
School 88% Local schools 74% National 73%

Children achieving expected standard in Grammar, spelling and punctuation
School 79% Local schools 68% National 72%

Children achieving expected standard in Mathematics
School 67% Local schools 69% National 70%

Key non-financial performance indicators

Average scaled scores
Reading - 103 (Local schools 101, National 103)
Maths - 103 (Local schools 102, National 103)
Grammar - 105 (Local schools 101 National 104)

Progress of Pupils at Hawes Side

Reading +1.9

Writing +3.2

Mathematics +1.4

*unvalidated national data

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 2016 (continued)

Strategic Report

Financial review

The Academy's total incoming resources during the period were £2,897,000 (2015: £2,898,000).

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 £2,589,000 (2015: £2,649,000) along with £308,000 (2015: £248,000) from other sources.

Total outgoings for the period were £3,009,000 (2015: £2,821,000) a breakdown of this is shown in note 6 and note 7 of the accounts.

During the year ended 31 August 2016, after taking into account the pension deficit of £492,000, the excess of income over expenditure for the year before actuarial adjustments (excluding restricted fixed asset funds) was (£23,000) (2015: £161,000).

At the period end the Academy's total reserves stood at £3,812,000 (2015: £4,416,000) including unrestricted funds of £158,000 (2015: £300,000), restricted funds of £160,000 (2015: £162,000), a pension deficit included in restricted funds of (£1,060,000) (2015: (£523,000)) and restricted fixed asset funds of £4,553,000 (2015: £4,477,000).

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, decreased to £523,000 by 31st August 2015 and increased to £1,060,000 by 31st August 2016. This was due to the actuarial assumptions concerning future return on investments and the value of future liabilities to the pension fund.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

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 2016 stood at £318,000 (2015: £462,000).

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 2016 stood at £160,000 (2015: £162,000).

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 2016 stood at £157,000 (2015: £300,000).

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 2016 (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.

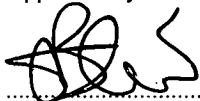
1. Targeted Improvement to review at least annually the Academy staffing structure and monitor actual expenditure on staffing against budget estimates.
2. To target improvement through effective deployment of staff to target areas of curriculum in need of development.
3. Differentiation of pupils to 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 21 December 2016 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 | 2 | 3 |
| Andrea Bean | 3 | 3 |
| Rachel Cartmell | 1 | 3 |
| Keri Lomax | 3 | 3 |
| Eileen Mcguirk | 2 | 3 |
| Tracy Wilson | 1 | 3 |
| Karen Brett | 3 | 3 |
| Michael Shepherd | 3 | 3 |
| Steven Whitehouse | 0 | 3 |
| Julie Fleckney | 3 | 3 |
| Stuart Gorry | 1 | 1 |
| Marianne Shaw | 1 | 1 |

The Joint Sub Committee is a sub committee of the Governing Body. Its purpose is to carry out its delegated powers relating to curriculum and staffing issues, finance and audit, premises 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 |
|-------------------|-------------------|-------------------|
| Sarah Blair | 3 | 3 |
| Andrea Bean | 2 | 3 |
| Rachel Cartmell | 3 | 3 |
| Keri Lomax | 2 | 3 |
| Eileen Mcguirk | 2 | 3 |
| Tracy Wilson | 2 | 3 |
| Karen Brett | 3 | 3 |
| Michael Shepherd | 3 | 3 |
| Steven Whitehouse | 1 | 3 |
| Julie Fleckney | 3 | 3 |
| Stuart Gorry | 0 | 0 |
| Marianne Shaw | 0 | 0 |

Review of value for money

As accounting officer the company secretary 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 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 2016 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 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

Hawes Side Academy

Governance Statement (continued)

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.

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

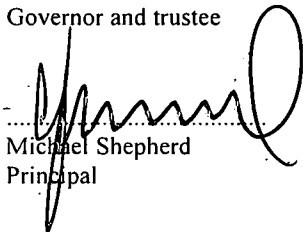
The auditor's RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the auditor RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

Approved by order of the members of the Governing Body on 21 December 2016 and signed on its behalf by:



Sarah Blair
Governor and trustee



Michael Shepherd
Principal

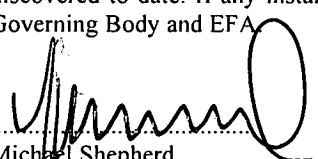
Hawes Side Academy

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 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 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 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 Governing Body and EFA.



Michael Shepherd
Accounting officer

21 December 2016

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 published 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 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting 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; 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.

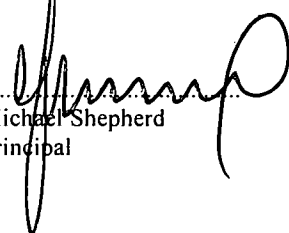
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have 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 21 December 2016 and signed on its behalf by:



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 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 and the Academies Accounts Direction 2015 to 2016; 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.

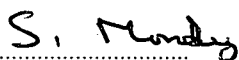
Hawes Side Academy

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

21 December 2016

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 25 October 2016 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 Hawes Side Academy during the period 1 September 2015 to 31 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 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 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. 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 2015 to 31 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 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 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:

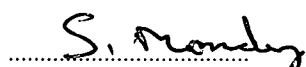
- Evaluation of the control environment of the school;
- Analytical review both internally and with similar local schools;
- Substantive testing of transactions.

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 2015 to 31 August 2016 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

21 December 2016

Hawes Side Academy

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ 000 | Restricted General Funds £ 000 | Restricted Fixed Asset Funds £ 000 | Total 2016 £ 000 |
|---|------|--------------------------------|---|---|------------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 4 | - | 11 | 15 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 2,619 | - | 2,619 |
| Other trading activities | 4 | 77 | 186 | - | 263 |
| Investments | 5 | - | - | - | - |
| Total | | 81 | 2,805 | 11 | 2,897 |
| Expenditure on: | | | | | |
| Raising funds | 6 | 58 | 146 | - | 203 |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 7 | - | 2,706 | 100 | 2,806 |
| Total | | 58 | 2,852 | 100 | 3,009 |
| Net income/(expenditure) | | 23 | (46) | (89) | (112) |
| Transfers between funds | | (165) | - | 165 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 23 | - | (492) | - | (492) |
| Net movement in (deficit)/funds | | (142) | (538) | 76 | (604) |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2015 | | 300 | (361) | 4,477 | 4,416 |
| Total funds/(deficit) carried forward at 31 August 2016 | | 158 | (900) | 4,553 | 3,812 |

Hawes Side Academy

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


| | Note | Unrestricted Funds £ 000 | Restricted General Funds £ 000 | Restricted Fixed Asset Funds £ 000 | Total 2015 £ 000 |
|---|------|--------------------------------|---|---|------------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 1 | 2 | 11 | 15 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 2,638 | - | 2,638 |
| Other trading activities | 4 | 55 | 189 | - | 244 |
| Investments | 5 | - | - | - | - |
| Total | | 57 | 2,830 | 11 | 2,898 |
| Expenditure on: | | | | | |
| Raising funds | 6 | 28 | 139 | - | 167 |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 7 | - | 2,558 | 107 | 2,665 |
| Total | | 28 | 2,697 | 107 | 2,832 |
| Net income/(expenditure) | | 28 | 133 | (96) | 66 |
| Transfers between funds | | - | (7) | 7 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 23 | - | (31) | - | (31) |
| Net movement in funds/(deficit) | | 28 | 95 | (88) | 35 |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2014 | | 271 | (456) | 4,566 | 4,381 |
| Total funds/(deficit) carried forward at 31 August 2015 | | 300 | (361) | 4,477 | 4,416 |

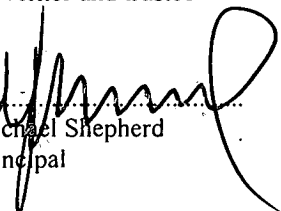
Hawes Side Academy

(Registration number: 08161246)
Balance Sheet as at 31 August 2016

| | Note | 2016 £ 000 | 2015 £ 000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 11 | 4,553 | 4,477 |
| Current assets | | | |
| Stocks | 12 | 1 | 1 |
| Debtors | 13 | 103 | 113 |
| Cash at bank and in hand | | 540 | 658 |
| | | 644 | 771 |
| Creditors: Amounts falling due within one year | | (326) | (310) |
| Net current assets | | 318 | 461 |
| Total assets less current liabilities | | 4,872 | 4,939 |
| Net assets excluding pension liability | | 4,872 | 4,939 |
| Pension scheme liability | 23 | (1,060) | (523) |
| Net assets including pension liability | | 3,812 | 4,416 |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | 160 | 162 |
| Restricted fixed asset fund | | 4,553 | 4,477 |
| Restricted pension fund | | (1,060) | (523) |
| | | 3,654 | 4,116 |
| Unrestricted funds | | | |
| Unrestricted general fund | | 158 | 300 |
| Total funds | | 3,812 | 4,416 |

The financial statements on pages 18 to 42 were approved by the Trustees, and authorised for issue on 21 December 2016 and signed on their behalf by:


Sarah Blair
Governor and trustee


Michael Shepherd
Principal

Hawes Side Academy

Statement of Cash Flows for the Year Ended 31 August 2016

| | Note | 2016 £ 000 | 2015 £ 000 |
|---|-------------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 18 | 47 | 103 |
| Cash flows from investing activities | 20 | <u>(165)</u> | <u>(7)</u> |
| Change in cash and cash equivalents in the year | | (118) | 96 |
| Cash and cash equivalents at 1 September | | <u>658</u> | <u>562</u> |
| Cash and cash equivalents at 31 August | 21 | <u><u>540</u></u> | <u><u>658</u></u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 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 preparation

The financial statements of the Academy Trust, which is a public benefit 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 to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Hawes Side Academy meets the definition of a public benefit entity under FRS 102.

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.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Expenditure

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.

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.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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

Depreciation method and rate

Leasehold land and buildings

125 years straight line (Over life of lease)

Furniture and equipment

20% straight line

Computer equipment

33% straight line

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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases 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 2016 (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. 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 the notes to the financial statements, 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.

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 with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

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.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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 x, 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 31/08/2016. 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.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Donations and capital grants

| | Unrestricted funds £ 000 | Restricted fixed asset funds £ 000 | Total 2016 £ 000 | Total 2015 £ 000 |
|-----------------|--------------------------------|---|------------------------|------------------------|
| Capital grants | - | 11 | 11 | 11 |
| Other donations | 4 | - | 4 | 4 |
| | <u>4</u> | <u>11</u> | <u>15</u> | <u>15</u> |

The income from donations and capital grants was £14,823 (2015: £14,735) of which £3,915 was unrestricted (2015: £1,450), nil restricted (2015: £nil) and £10,855 restricted fixed assets (2015: £10,885).

3 Funding for the Academy Trust's educational operations

| | Restricted funds £ 000 | Total 2016 £ 000 | Total 2015 £ 000 |
|--------------------------------|------------------------------|------------------------|------------------------|
| DfE/EFA revenue grants | | | |
| General Annual Grant | 2,199 | 2,199 | 2,165 |
| Other EFA funded | 297 | 297 | 370 |
| | <u>2,496</u> | <u>2,496</u> | <u>2,535</u> |
| Other government grants | | | |
| LACSEG | 123 | 123 | 104 |
| Total grants | <u>2,619</u> | <u>2,619</u> | <u>2,638</u> |

Funding for the Academy Trust's educational operations was £2,618,974 (2015: £2,638,358) of which £nil was unrestricted (2015: £nil), 2,618,974 restricted (2015: £2,638,358) and £nil restricted fixed assets (2015: £nil).

4 Other trading activities

| | Unrestricted funds £ 000 | Restricted funds £ 000 | Total 2016 £ 000 | Total 2015 £ 000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 23 | - | 23 | 12 |
| Catering income | 7 | 94 | 101 | 132 |
| School shop sales | - | - | - | 5 |
| Other sales | 47 | 92 | 139 | 95 |
| | <u>77</u> | <u>186</u> | <u>263</u> | <u>244</u> |

The income from other trading activities was £263,111 (2015: £244,214) of which £77,186 was unrestricted (2015: £55,191), £185,925 restricted (2015: £189,022) and £nil restricted fixed assets (2015: £nil).

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

5 Investment income

| | Restricted funds £ 000 | Total 2016 £ 000 | Total 2015 £ 000 |
|---------------------|------------------------------|------------------------|------------------------|
| Short term deposits | | | |

The income from investments was £329 (2015: £361) of which was all restricted.

6 Expenditure

| | Non Pay Expenditure | | | Total 2016 £ 000 | Total 2015 £ 000 |
|---|----------------------|-------------------|----------------------|------------------------|------------------------|
| | Staff costs £ 000 | Premises £ 000 | Other costs £ 000 | | |
| Expenditure on raising funds | - | - | 203 | 203 | 167 |
| Academy's educational operations | | | | | |
| Direct costs | 1,953 | - | 239 | 2,192 | 2,086 |
| Allocated support costs | 292 | 239 | 83 | 615 | 579 |
| | <u>2,245</u> | <u>239</u> | <u>525</u> | <u>3,009</u> | <u>2,832</u> |

Total expenditure was £3,009,439 (2015: £2,820,946) of which £57,644 was unrestricted (2015: £28,205), 2,851,563 restricted (2015: £2,697,218) and £100,232 restricted fixed assets (2015 £106,523).

Net income/(expenditure) for the year includes:

| | 2016 £ 000 | 2015 £ 000 |
|---------------------------------|---------------|---------------|
| Fees payable to auditor - audit | 5 | 5 |
| - other audit services | 3 | 3 |
| Operating leases | 35 | 27 |
| Depreciation | <u>100</u> | <u>107</u> |

7 Charitable activities

| | Total 2016 £ 000 | Total 2015 £ 000 |
|--|------------------------|------------------------|
| Direct costs - educational operations | 2,192 | 2,086 |
| Support costs - educational operations | <u>615</u> | <u>579</u> |
| | <u>2,806</u> | <u>2,665</u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable activities (continued)

| | Educational operations £ 000 | Total 2016 £ 000 | Total 2015 £ 000 |
|----------------------------------|------------------------------------|------------------------|------------------------|
| Analysis of support costs | | | |
| Support staff costs | 292 | 292 | 253 |
| Depreciation | 100 | 100 | 107 |
| Premises costs | 139 | 139 | 155 |
| Other support costs | 22 | 22 | 19 |
| Governance costs | 61 | 61 | 46 |
| Total support costs | <u>615</u> | <u>615</u> | <u>579</u> |

Expenditure on charitable activities was £2,806,257 (2015: £2,664,654) of which £nil was unrestricted (2015: £nil), £2,706,025 restricted (2015: £2,558,131) and £100,232 restricted fixed assets (2015 £106,523).

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff

Staff costs

| | 2016 £ 000 | 2015 £ 000 |
|--|---------------|---------------|
| Staff costs during the year were: | | |
| Wages and salaries | 1,738 | 1,639 |
| Social security costs | 126 | 98 |
| Pension costs | 295 | 193 |
| | <u>2,160</u> | <u>1,930</u> |
| Supply teacher costs | 85 | 168 |
| | <u>2,245</u> | <u>2,098</u> |

Staff numbers

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

| | 2016 No | 2015 No |
|------------------------------|------------|------------|
| Charitable Activities | | |
| Teachers | 29 | 28 |
| Administration and support | 37 | 43 |
| Management | 3 | 3 |
| | <u>69</u> | <u>74</u> |

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | 2016 No | 2015 No |
|-------------------|------------|------------|
| £70,001 - £80,000 | - | 1 |
| £80,001 - £90,000 | 1 | - |

The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2016, pension contributions for this employee amounts to £13,211 (2015: £10,990).

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £313,387 (2015: £305,776).

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Related party transactions - trustees' remuneration and expenses

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

Michael Shepherd (Head Teacher and Trustee):

Remuneration: £80,000 - £85,000 (2015 - £75,000 - £80,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £10,000 - £15,000)

Andrea Bean (Staff Trustee):

Remuneration: £10,000 - £15,000 (2015 - £10,000 - £15,000)

Employer's pension contributions: £0 - £5,000 (2015 - £0 - £5,000)

Julie Fleckney (Staff Governor):

Remuneration: £20,000 - £25,000 (2015 - £20,000 - £25,000)

Employer's pension contributions: £0 - £5,000 (2015 - £0 - £5,000)

Karen Brett (Staff Governor):

Remuneration: £35,000 - £40,000 (2015 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

Other related party transactions involving the trustees are set out in note 24.

10 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 2016 was £1,364 (2015 - £830).

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

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.

11 Tangible fixed assets

| | Leasehold land and buildings £ 000 | Furniture and equipment £ 000 | Computer equipment £ 000 | Total £ 000 |
|---------------------|---|-------------------------------------|--------------------------------|----------------|
| Cost | | | | |
| At 1 September 2015 | 4,500 | 129 | 133 | 4,762 |
| Additions | 8 | 52 | 116 | 176 |
| At 31 August 2016 | 4,508 | 181 | 249 | 4,938 |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Tangible fixed assets (continued)

| | Leasehold land and buildings £ 000 | Furniture and equipment £ 000 | Computer equipment £ 000 | Total £ 000 |
|-----------------------|---|-------------------------------------|--------------------------------|----------------|
| Depreciation | | | | |
| At 1 September 2015 | 102 | 74 | 109 | 284 |
| Charge for the year | <u>36</u> | <u>30</u> | <u>34</u> | <u>100</u> |
| At 31 August 2016 | <u>138</u> | <u>104</u> | <u>143</u> | <u>385</u> |
| Net book value | | | | |
| At 31 August 2016 | <u>4,370</u> | <u>77</u> | <u>107</u> | <u>4,553</u> |
| At 31 August 2015 | <u>4,398</u> | <u>55</u> | <u>24</u> | <u>4,477</u> |

12 Stock

| | 2016 £ 000 | 2015 £ 000 |
|-------|---------------|---------------|
| Stock | <u>1</u> | <u>1</u> |

13 Debtors

| | 2016 £ 000 | 2015 £ 000 |
|--------------------------------|---------------|---------------|
| Prepayments | 49 | 35 |
| Accrued grant and other income | 47 | 71 |
| VAT recoverable | 5 | 3 |
| Other debtors | <u>4</u> | <u>4</u> |
| | <u>103</u> | <u>113</u> |

14 Creditors: amounts falling due within one year

| | 2016 £ 000 | 2015 £ 000 |
|------------------------------------|---------------|---------------|
| Trade creditors | - | |
| Other taxation and social security | 37 | 32 |
| Other creditors | 148 | 148 |
| Pension scheme creditor | 33 | 27 |
| Accruals | 58 | 48 |
| Deferred income | <u>49</u> | <u>54</u> |
| | <u>326</u> | <u>310</u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Creditors: amounts falling due within one year (continued)

| | 2016 £ 000 |
|--|---------------|
| Deferred income at 1 September 2015 | 54 |
| Resources deferred in the period | 49 |
| Amounts released from previous periods | <u>(54)</u> |
| Deferred income at 31 August 2016 | <u>49</u> |

£49,199 relating to the Free School Meals grants for 2016/2017 have been deferred to accounting year ending 31st August 2017.

15 Funds

| | Balance at 1 September 2015 £ 000 | Incoming resources £ 000 | Resources expended £ 000 | Gains, losses and transfers £ 000 | Balance at 31 August 2016 £ 000 |
|-------------------------------------|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 162 | 2,199 | (2,200) | - | 160 |
| Other DfE/EFA Grants | - | 385 | (385) | - | - |
| LACSEG | - | 83 | (83) | - | - |
| Other income | <u>-</u> | <u>138</u> | <u>(138)</u> | <u>-</u> | <u>-</u> |
| | 162 | 2,805 | (2,807) | - | 160 |
| Restricted fixed asset funds | | | | | |
| Fixed Assets | 4,477 | 11 | (100) | 165 | 4,553 |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(523)</u> | <u>-</u> | <u>(45)</u> | <u>(492)</u> | <u>(1,060)</u> |
| Total restricted funds | 4,116 | 2,816 | (2,952) | (327) | 3,654 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>300</u> | <u>81</u> | <u>(58)</u> | <u>(165)</u> | <u>158</u> |
| Total funds | <u>4,416</u> | <u>2,897</u> | <u>(3,009)</u> | <u>(492)</u> | <u>3,812</u> |

16 Analysis of net assets between funds

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Analysis of net assets between funds (continued)

| | Unrestricted funds £ 000 | Restricted general funds £ 000 | Restricted fixed asset funds £ 000 | Total funds £ 000 |
|--------------------------|--------------------------------|--------------------------------------|---|----------------------|
| Tangible fixed assets | - | - | 4,553 | 4,553 |
| Current assets | 472 | 472 | - | 944 |
| Current liabilities | - | (326) | - | (326) |
| Pension scheme liability | - | (1,060) | - | (1,060) |
| Total net assets | <u>472</u> | <u>(914)</u> | <u>4,553</u> | <u>4,112</u> |

17 Commitments under operating leases

Operating leases

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

| | 2016 £ 000 | 2015 £ 000 |
|--|---------------|---------------|
| Amounts due within one year | 35 | 35 |
| Amounts due between one and five years | <u>70</u> | <u>105</u> |
| | <u>105</u> | <u>140</u> |

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

| | 2016 £ 000 | 2015 £ 000 |
|--|---------------|---------------|
| Net (expenditure)/income | (112) | 66 |
| Depreciation | 100 | 107 |
| Capital grants from DfE and other capital income | (11) | (11) |
| Interest receivable | - | - |
| Defined benefit pension scheme obligation inherited | 26 | 15 |
| Defined benefit pension scheme cost less contributions payable | (34) | (28) |
| Defined benefit pension scheme finance cost | 53 | 46 |
| Decrease/(increase) in debtors | 9 | (40) |
| Increase/(decrease) in creditors | <u>16</u> | <u>(51)</u> |
| Net cash provided by Operating Activities | <u>47</u> | <u>103</u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19 Returns on investments and servicing of finance

2016
£ 000

20 Cash flows from investing activities

| | 2016 £ 000 | 2015 £ 000 |
|---|-----------------------------|-----------------------------|
| Dividends, interest and rents from investments | | |
| Purchase of tangible fixed assets | (176) | (18) |
| Capital funding received from sponsors and others | <u>11</u> | <u>11</u> |
| Net cash used in investing activities | <u><u>(165)</u></u> | <u><u>(7)</u></u> |

21 Analysis of cash and cash equivalents

| | At 31 August 2016 £ 000 | At 31 August 2015 £ 000 |
|---------------------------------|--|--|
| Cash at bank and in hand | <u>540</u> | <u>658</u> |
| Total cash and cash equivalents | <u><u>540</u></u> | <u><u>658</u></u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Members' liability

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

23 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 . 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 £(33,464) (2015 - £(27,244)) 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.

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

Valuation of the Teachers' Pension Scheme

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

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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.

Employer pension costs paid to TPS in the period amounted to £ 127,098 (2015 : £ 106,923).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £125,557 (2015 - £102,497), of which employer's contributions totalled £95,262 (2015 - £78,145) and employees' contributions totalled £30,295 (2015 - £24,352). The agreed contribution rates for future years are per cent for employers and per cent for employees.

Principal actuarial assumptions

| | At 31 August 2016 % | At 31 August 2015 % |
|--|---------------------------|---------------------------|
| Rate of increase in salaries | 3.40 | 3.80 |
| Rate of increase for pensions in payment/inflation | 2.00 | 2.30 |
| Discount rate for scheme liabilities | 2.20 | 4.00 |
| Inflation assumptions (CPI) | <u>1.90</u> | <u>2.30</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 | 1,005 | 1,060 | 1,115 |
| Projected service cost | <u>182</u> | <u>187</u> | <u>192</u> |
| | + 0.1% £ 000 | 0.0% £ 000 | - 0.1% £ 000 |
| Adjustment to rate of inflation | | | |
| Present value of total obligation | 1,115 | 1,060 | 1,005 |
| Projected service cost | <u>193</u> | <u>187</u> | <u>181</u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

| | + 0.1 % £ 000 | 0.0% £ 000 | - 0.1% £ 000 |
|--|------------------|---------------|-----------------|
| Adjustment to rate of salary growth | | | |
| Present value of total obligation | 1,084 | 1,060 | 1,036 |
| Projected service cost | 187 | 187 | 187 |
| | <u>+ 1 Year</u> | <u>None</u> | <u>- 1 Year</u> |
| Adjustment to mortality age rating assumption | | | |
| Present value of total obligation | 1,098 | 1,060 | 1,022 |
| Projected service cost | 191 | 187 | 183 |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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 2016 | At 31 August 2015 |
|------------------------------|----------------------|----------------------|
| Retiring today | | |
| Males retiring today | 23.00 | 22.90 |
| Females retiring today | 25.60 | 25.40 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 25.20 | 25.10 |
| Females retiring in 20 years | <u>27.90</u> | <u>27.80</u> |

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

| | At 31 August 2016 £ 000 | At 31 August 2015 £ 000 |
|------------------------------|-------------------------------|-------------------------------|
| Equities | 436 | 271 |
| Government bonds | - | 44 |
| Other bonds | 28 | 21 |
| Property | 107 | 72 |
| Cash | 39 | 10 |
| Other | <u>518</u> | <u>373</u> |
| Total market value of assets | <u>1,128</u> | <u>791</u> |
| Surplus in the scheme | <u>1,128</u> | <u>791</u> |

The actual return on scheme assets was £213,000 (2015 - £30,000).

Amounts recognised in the statement of financial activities

| | 2016 £ 000 | 2015 £ 000 |
|------------------------|---------------|---------------|
| Current service cost | 121 | 93 |
| Past service cost | <u>95</u> | <u>78</u> |
| Total operating charge | <u>216</u> | <u>171</u> |

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

| | 2016 £ 000 | 2015 £ 000 |
|------------------------|---------------|---------------|
| At 1 September | 1,314 | 1,119 |
| Current service cost | 121 | 93 |
| Interest cost | 53 | 46 |
| Employee contributions | 30 | 24 |
| Actuarial losses | <u>670</u> | <u>32</u> |
| At 31 August | <u>2,188</u> | <u>1,314</u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Pension and similar obligations (continued)

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

| | 2016 £ 000 | 2015 £ 000 |
|------------------------|---------------|---------------|
| At 1 September | 791 | 660 |
| Interest income | 34 | 28 |
| Actuarial gains | 178 | 1 |
| Employer contributions | 95 | 78 |
| Employee contributions | 30 | 24 |
| At 31 August | <u>1,128</u> | <u>791</u> |

24 Related party transactions

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

25 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Hawes Side Academy 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 Hawes Side Academy for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'].

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

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

[Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.]

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Transition to FRS 102 (continued)

Reconciliation of total funds

| | Note | 1 September 2014 £ 000 | 31 August 2015 £ 000 |
|------------------------------------|-------------|---------------------------------------|-------------------------------------|
| Total funds under previous UK GAAP | | <u>4,381</u> | <u>4,416</u> |
| Total funds reported under FRS 102 | | <u>4,381</u> | <u>4,416</u> |

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Transition to FRS 102 (continued)

Reconciliation of net income/(expenditure)

| | Note | Amount £ 000 |
|--|------|-----------------|
| Net income/(expenditure) previously reported under UK GAAP | | 77 |
| Change in recognition of LGPS interest cost | | (11) |
| Net movement in funds reported under FRS 102 | | 66 |

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £11,000 and increase the credit/debit in other recognised gains and losses in the SOFA by an equivalent amount.

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Certain employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £Nil was recognised at 1 September 2014, and £Nil at 31 August 2015. The movement on this provision of £Nil has been charged to the SOFA in the year ended 31 August 2015.