

Registration number: 08161246

# Hawes Side Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019



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



## **Hawes Side Academy**

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## Hawes Side Academy

### Reference and Administrative Details

<b>Governors and Trustees (Directors)</b>	Mrs A Bean (resigned 15 May 2019) Mrs S Blair (resigned 1 July 2019) Mrs R Cartmell (resigned 9 January 2019) Mrs Keri K Lomax (resigned 3 October 2019) Miss T Wilson, Chair (appointed 3 October 2019) Mrs J Fleckney Mrs K Brett Mrs M Shaw Mrs J Walsh, Vice-chair Miss H J Livesey Mrs C E Hall Mrs J K McCartney Mr C McCarthy (appointed 2 July 2019)
<b>Company Secretary</b>	Mrs R L Foxton
<b>Principal</b>	Mrs C Boothroyd
<b>Senior Management Team</b>	Mrs M Shepherd, Principal (Resigned 01/05/2019) Mrs C Boothroyd, Principal (Appointed 01/05/2019) Mr L Glynn, Vice Principal Mrs R Foxton, Business Manager Mrs M Beckett, Assistant Principal (Appointed 01/05/2019)
<b>Principal and Registered Office</b>	Johnsville Avenue Blackpool FY4 3LN
<b>Company Registration Number</b>	08161246
<b>Auditors</b>	Crossley & Davis Chartered Accountants Ground Floor Seneca House Links Point Amy Johnson Way Blackpool FY4 2FF 23 October 2018
<b>Bankers</b>	HSBC Oxford Square Blackpool FY4 4YW

## **Hawes Side Academy**

### **Trustees' Report for the Year Ended 31 August 2019 (continued)**

#### ***Organisational structure***

The management structure of the Academy consists of:

Mrs Tracy Wilson – Chair,  
Mrs Joanne Walsh - Vice Chair.

Senior Management Team:

Mrs Caroline Boothroyd - Principal,  
Mr Lee Glynn – Vice Principal,  
Mrs Marianne Beckett - Assistant Principal,  
Mrs Rebecca Foxton - Business Manager

The Middle Management Team consists of:

Mr Neal Sandwell - Foundation Stage Phase Leader,  
Mrs Laura Garratt - Years 1 and 2 Phase Leader, Mrs Laura Garratt – Acting Phase Leader  
Mr Barry Smith - Years 3 and 4 Phase Leader,  
Mrs Karen Brett - Years 5 and 6 Phase Leader.

Management of the academy is delegated to the Principal. The senior leadership 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 Principal 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. Budget responsibilities are also delegated to the Vice and Assistant Principals, Site Manager, Office Manager and Department and Phase leaders who have a specific responsibility for the purchase of resources. This is supported by the Business Manager to ensure the principal of best value is adopted.

No directors receive any remuneration in respect of their duties as Governors other than Mrs Boothroyd who is remunerated in her position as Principal, Mrs Brett in her capacity as Phase Leader and Mrs Fleckney in her capacity as Family Support Worker.

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

The academy has a Pay Policy in accordance with the Teachers Pay and Conditions document. Pay is reviewed annually by the Principal and any performance-related increases proposed are scrutinised by the Governing Body Pay Committee. This is then reported to the Full Governing Body of the academy trust.

## Hawes Side Academy

### Trustees' Report for the Year Ended 31 August 2019 (continued)

#### *Trade union facility time*

##### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	67

##### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

##### Percentage of pay bill spent on facility time

	2019
Provide the total cost of facility time	-
Provide the total pay bill	-
Provide the percentage of the total pay bill spent on facility time, calculated as: ( total cost of facility time ÷ total pay bill ) x 100	-

##### Paid trade union activities

	2019
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: ( total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours ) x 100	-

Trustees should refer to Statutory Instrument 2017 No. 328, The Trade Union Facility Time Publication Requirements Regulations 2017 for calculation details.

## **Hawes Side Academy**

### **Trustees' Report for the Year Ended 31 August 2019 (continued)**

#### ***Risk management***

Governors have approved a risk register to assist with the control and management of risk in accordance with EFA guidelines. The Governing Body have an appointed Finance Governor to support assurance of internal systems of financial control.

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 Finance Lead within the Governing body who, alongside external independent review provides assurance to the Governing body of Financial compliance.

#### ***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 at 31st August 2019 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 2019 (continued)

#### Strategic Report

##### Achievements and performance

##### 2019 Key School Performance Indicators\*

(National\* 2019 figures)

<b>Children achieving the expected standard in Reading, Writing and Mathematics combined</b>	
School 74%	National 65%
<b>Children achieving the higher standard in Reading, Writing and Mathematics combined</b>	
School 8%	National 11%
<b>Children achieving expected standard in Reading</b>	
School 80%	National 73%
<b>Children achieving the higher standard in Reading</b>	
School 17%	National 27%
<b>Children achieving expected standard in Writing</b>	
School 81%	National 78%
<b>Children achieving the higher standard in Writing</b>	
School 25%	National 20%
<b>Children achieving expected standard in Mathematics</b>	
School 83%	National 79%
<b>Children achieving higher standard in Mathematics</b>	
School 31%	National 27%
<b>Average scaled scores</b>	
Reading 103	National 104
Maths 106	National 105
<b>Progress of Pupils at Hawes Side 2019 cohort</b>	
Reading	-1.5
Writing	0
Mathematics	0.2

## **Hawes Side Academy**

### **Trustees' Report for the Year Ended 31 August 2019 (continued)**

#### **Strategic Report**

##### ***Key performance indicators***

The Trustees receive regular information to enable them to monitor the performance of the school compared to aims strategies and financial plans. The trust can report the following in relation to 2018-19:

- Self –evaluation is at least good in all areas
- School performed above the national progress floor target of -1.5 Reading, 0.2 Maths and 0 for writing which is a significant improvement on 2017-18
- Pupils numbers remain within 97% of the academy roll
- Attendance in 2018-19 was 95.8 compared to the 96.2% national average
- Financial performance is monitored monthly against budget and established expenditure profiles. Staffing costs remain under 80% as a percentage of overall income. A Financial Risk Assessment and Recovery plan is in place.
- A mid-year assurance exercise was undertaken in the Summer Term 2019 that indicated that systems of internal control are being maintained as required.

##### ***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 2019 (continued)**

#### **Strategic Report**

##### **Financial review**

The Academy's total incoming resources during the period were £3,022,000 (2018: £2,977,912)

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 £2,683,10 (2018: £2,656,916) along with £290,145 (2018: £301,298) from other sources.

Total outgoings for the period were £3,044,141 (2018: £2,923,019) a breakdown of this is shown in note 6 and note 7 of the accounts.

During the year ended 31st August 2019, (excluding restricted fixed asset and pension funds) the excess of income over expenditure for the year before transfers was (£231,763) (2018: £266,995).

At the period end the Academy's total reserves (excluding a pension deficit included in the restricted funds of £1,465,000(2018:£814,000)) stood at £725,104 (2018: £585,972 ) including unrestricted fund of £387,761 (2018: £204,135), restricted funds of £337,343 (2018: £153,435) and restricted asset funds of £135,945 (2018: £228,402)

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, £1,060,000 by 31st August 2016, decreased to £954,000 by 31st August 2017, decreased to £814,000 by 31st August 2018 and increased to £1,465,000 by 31st August 2019. 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 2019 (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 minimum current reserves have been set £185,000 (with a £10,000 buffer)

The Academy's current reserves as at 31st August 2019 stood at £589,609 (2018: £357,570).

##### **Restricted Reserves**

The Governors have considered the level of restricted 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 restricted reserves as at 31st August 2019 stood at £201,848 (2018: £153,435).

##### **Unrestricted Reserves**

In addition to the restricted 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 not committed.

The unrestricted reserves as at 31st August 2019 stood at £387,761 (2018: £204,135).

##### ***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.

##### ***Principal risks and uncertainties***

The Academy has a Risk Register and assessment cycle which addresses the principle risks and uncertainties facing the Academy. The trustees acknowledge the need to maintain a reserves fund to mitigate any financial risk and to ensure the stability of the academy trust as a whole which is why a specific Financial Risk Assessment and recovery plan is in place.

Key areas of financial risk are around a potential reduction of pupil numbers which is being addressed through careful planning, as well as uncertainties around funding whilst the new funding formula is implemented.

The deficit on the Local Government Pension Scheme also presents an on-going concern.

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##### **Fundraising**

The academy carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the academy complaints procedure.

## **Hawes Side Academy**

### **Trustees' Report for the Year Ended 31 August 2019 (continued)**

#### **Strategic Report**

##### ***Value for Money***

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 Principal 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

##### ***Plans for future periods***

- Embed 'Success for All' curriculum to develop further a love of language, reading and writing.
- A highly visible structured and sequenced approach to teaching and learning in EYFS
- EYFS gaps further reduced for disadvantaged children
- A continued focus on early language development and vocabulary
- An increase in the percentage of greater depth writing at KS1 and reading at KS2
- An improvement in the attainment of disadvantaged children in writing across KS2
- An increase in the percentage of PP children at the expected standard
- Further develop our curriculum offer to better meet the needs of our pupils.
- Further develop subject leadership and enhance the subject leader's role in curriculum development.
- Further improve attendance and reduce persistent absence (building on recent improvements).
- Improve attainment and progress in reading
- Ensure consistency in teaching
- Further develop middle leadership
- The academy will continue to develop the provision for pupils with Special Educational Needs to raise the attainment and progress of this group.
- The academy will continue to scrutinise financial performance and ensure decision making enables long term financial security and sustainability of the academy. In 2019/20 the Academy will also bid for funds to develop provision in key areas.

## Hawes Side Academy

### Trustees' Report for the Year Ended 31 August 2019 (continued)

#### Auditor

Insofar 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.

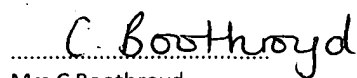
#### Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Crossley & Davis Chartered Accountants as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 20 December 2019 and signed on its behalf by:



Miss T Wilson  
Governor and trustee



Mrs C Boothroyd  
Principal

## 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 Principal 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 Mrs C Boothroyd as Accounting Officer, 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 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Bean	4	5
Mrs S Blair	2	5
Mrs K Brett	3	5
Mrs R Cartmell	1	5
Mrs J Fleckney	5	5
Mrs C E Hall	4	5
Miss H J Livesey	3	5
Mrs Keri K Lomax	5	5
Mrs J K McCartney	5	5

## Hawes Side Academy

### Governance Statement (continued)

Mrs M Shaw	5	5
Mr M Shepherd	3	5
Mrs J Walsh	4	5
Miss T Wilson	4	6
Mrs C Boothroyd	1	5
Mr C McCarthy	1	5
Mrs M Shaw	5	5

#### **Review of value for money**

As accounting officer the governor and trustee 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 2019 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 ended 31 August 2019 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 SLT and Finance Governor of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

## Hawes Side Academy

### Governance Statement (continued)

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

- However the Trustees have appointed a Finance lead on the Governing body and external assurance partner to act as RO.
- not to appoint an internal auditor. However the Trustees have appointed Crossley & Davis, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Reports are provided 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.

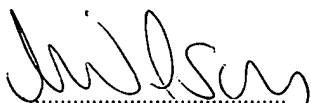
#### Review of effectiveness

As Accounting Officer, Mrs C Boothroyd 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 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 Purpose 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 20 December 2019 and signed on its behalf by:



Miss T Wilson  
Governor and trustee

## 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018. 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 2018. 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 ESFA.

C. Boothroyd

Mrs C Boothroyd  
Accounting officer

20 December 2019



## Hawes Side Academy

### Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills 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:

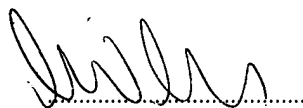
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ESFA/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 20 December 2019 and signed on its behalf by:



Miss T Wilson

Governor and trustee

## **Hawes Side Academy**

### **Independent Auditor's Report on the Financial Statements to the Members of Hawes Side Academy**

#### **Opinion**

We have audited the financial statements of Hawes Side Academy ('the charitable company') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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#### **Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Hawes Side Academy**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees' for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees' has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purpose of our audit.

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 16], the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Hawes Side Academy**

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

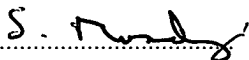
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A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Mondy FCA (Senior Statutory Auditor)

For and on behalf of Crossley & Davis Chartered Accountants, Statutory Auditor

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

20 December 2019

## **Hawes Side Academy**

### **Independent Reporting Accountant's Report on Regularity to Hawes Side Academy and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 1 October 2019 and further to the requirements of the Education Funding Agency (EFSA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 Hawes Side Academy Body and the EFSA 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 EFSA 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 Hawes Side Academy and the EFSA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Hawes Side Academy'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 1 October 2012 and the Academies Financial Handbook extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by EFSA. 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:

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

## Hawes Side Academy

### Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2018/19 Total £ 000
<b>Income and endowments from:</b>					
Donations and capital grants	2	6	3	2	11
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,683	-	2,683
Other trading activities	4	223	67	-	290
Total		229	2,753	2	2,984
<b>Expenditure on:</b>					
Raising funds	6	110	-	-	110
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	2,839	95	2,934
Total		110	2,839	95	3,044
Net income/(expenditure)		119	(86)	(93)	(60)
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	23	-	(452)	-	(452)
Net movement in funds/(deficit)		119	(538)	(93)	(512)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2018		204	(661)	228	(229)
Total funds/(deficit) carried forward at 31 August 2019		323	(1,199)	135	(741)

## Hawes Side Academy

### Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000
<b>Income and endowments from:</b>					
Donations and capital grants	2	2	7	11	20
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,657	-	2,657
Other trading activities	4	174	127	-	301
<b>Total</b>		<b>176</b>	<b>2,791</b>	<b>11</b>	<b>2,978</b>
<b>Expenditure on:</b>					
Raising funds	6	54	-	-	54
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	2,755	114	2,869
<b>Total</b>		<b>54</b>	<b>2,755</b>	<b>114</b>	<b>2,923</b>
Net income/(expenditure)		123	35	(103)	55
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	23	-	249	-	249
Net movement in funds/(deficit)		123	284	(103)	304
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2017		82	(945)	332	(532)
Total funds/(deficit) carried forward at 31 August 2018		204	(661)	228	(228)

# Hawes Side Academy

(Registration number: 08161246)  
Balance Sheet as at 31 August 2019

	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Tangible assets	11	132	224
<b>Current assets</b>			
Stocks	12	1	1
Debtors	13	110	156
Cash at bank and in hand		835	550
		<u>947</u>	<u>707</u>
Creditors: Amounts falling due within one year	14	<u>(353)</u>	<u>(346)</u>
Net current assets		<u>593</u>	<u>361</u>
Total assets less current liabilities		<u>725</u>	<u>586</u>
Net assets excluding pension liability		725	586
Pension scheme liability	23	<u>(1,465)</u>	<u>(814)</u>
Net liabilities including pension liability		<u>(740)</u>	<u>(228)</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		268	153
Restricted fixed asset fund		136	228
Restricted pension fund		<u>(1,465)</u>	<u>(814)</u>
		<u>(1,061)</u>	<u>(432)</u>
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>322</u>	<u>204</u>
Total funds		<u>(740)</u>	<u>(228)</u>

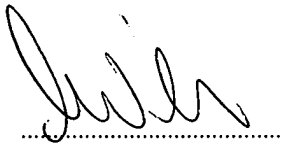
The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue on 20 December 2019 and signed on their behalf by:



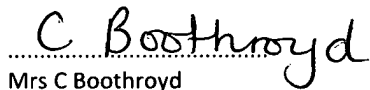
**Hawes Side Academy**

**(Registration number: 08161246)**

**Balance Sheet as at 31 August 2019 (continued)**



Miss T Wilson  
Governor and trustee



Mrs C Boothroyd  
Principal

# Hawes Side Academy

## Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	288	233
Cash flows from investing activities	20	-	4
Change in cash and cash equivalents in the year		288	237
Cash and cash equivalents at 1 September		550	311
Cash and cash equivalents at 31 August	21	838	548

## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019**

#### **1 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### **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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

#### **1 Accounting policies (continued)**

The academy trust is benefiting from the ESFA's [Free School / Priority Schools Building Programme - tailor as applicable]. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the academy trust controls (through ownership, lease or licence) [tailor to circumstances] the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

#### ***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.

#### ***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.

#### ***Transfer on conversion***

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

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#### ***Transfer of existing academies into the trust***

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

#### **1 Accounting policies (continued)**

##### ***Donated fixed assets***

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***

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

All resources expended are inclusive of 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 2019 (continued)

#### 1 Accounting policies (continued)

##### Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful 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
Leasehold improvements	15 years 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.

## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

#### **1 Accounting policies (continued)**

##### **Leased assets**

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

##### **Stock**

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

##### **Taxation**

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer 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.

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

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 1 Accounting policies (continued)

##### Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

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

##### Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 31/08/2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### 2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Capital grants	-	-	2	2	11
Other donations	6	3	-	9	9
	<u>6</u>	<u>3</u>	<u>2</u>	<u>11</u>	<u>20</u>

The income from other donations and capital grants was £11,019 (2018: £19,698) of which £5,540 was unrestricted (2018: £2,085), £3,349 restricted (2018: £6,716) and £2,129 restricted fixed assets (2018: £10,896).



## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
<b>DfE/EFA revenue grants</b>			
General Annual Grant	2,235	2,235	2,234
Other EFA funded	429	429	406
	<u>2,664</u>	<u>2,664</u>	<u>2,640</u>
<b>Other government grants</b>			
Local Authority Grants	19	19	17
Total grants	<u>2,683</u>	<u>2,683</u>	<u>2,657</u>

Funding for the Academy Trust's educational operations was £2,683,110 (2018: £2,656,916) of which £NIL was unrestricted (2018: £NIL), £2,683,110 restricted (2018: £2,656,916) and £NIL restricted fixed assets. (2018: £NIL).

#### 4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Hire of facilities	14	-	14	14
Catering income	1	-	1	4
Recharges and reimbursements	16	12	28	84
Other sales	192	55	247	199
	<u>223</u>	<u>67</u>	<u>290</u>	<u>301</u>

The income from other trading activities was £290,145 (2018: £301,298) of which £222,608 was unrestricted (2018: £174,054), £67,537 restricted (2018: £127,244) and £NIL restricted fixed assets (2018: £NIL).

#### 5 Investment income

The income from investments was £nil (2018: £nil) of which was all restricted.

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 6 Expenditure

	Non Pay Expenditure			Total 2019 £ 000	Total 2018 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds	73	-	37	110	54
<b>Academy's educational operations</b>					
Direct costs	1,786	-	180	1,966	1,922
Allocated support costs	528	191	249	968	947
	<u>2,387</u>	<u>191</u>	<u>466</u>	<u>3,044</u>	<u>2,923</u>

Total expenditure of £3,044,141 (2018: £2,923,019) of which £110,784 was unrestricted (2018: £53,575), £2,838,598 was restricted (2018: £2,755,446) and £94,759 restricted fixed assets (2018: £113,998).

#### Net income/(expenditure) for the year includes:

	2019 £ 000	2018 £ 000
Operating lease rentals	41	55
Depreciation	95	114
Fees payable to auditor - audit	5	5
- other audit services	5	4
PFI costs	<u>40</u>	<u>39</u>

#### 7 Charitable activities

	2018/19 £ 000	2017/18 £ 000
Direct costs - educational operations	1,966	1,922
Support costs - educational operations	<u>968</u>	<u>947</u>
	<u>2,934</u>	<u>2,869</u>

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 7 Charitable activities (continued)

	Educational operations £ 000	Total 2019 £ 000	Total 2018 £ 000
<b>Analysis of support costs</b>			
Support staff costs	528	528	455
Depreciation	95	95	114
Technology costs	3	3	6
Premises costs	96	96	100
Other support costs	223	223	259
Governance costs	23	23	13
Total support costs	<u>968</u>	<u>968</u>	<u>947</u>

Expenditure on charitable activities was £2,933,357 (2018: £2,869,444) of which £nil was unrestricted (2018: £nil), £2,838,598 restricted (2018: £2,755,446) and £94,759 restricted fixed assets (2018: £113,998).

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 8 Staff

##### Staff costs

	2019 £ 000	2018 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	1,765	1,669
Social security costs	122	120
Operating costs of defined benefit pension schemes	376	404
	<u>2,263</u>	<u>2,193</u>
Supply staff costs	124	89
	<u>2,387</u>	<u>2,282</u>

##### Staff numbers

The average number of persons employed (FTE) by the academy trust during the year was as follows:

	2018/19 No	2017/18 No
<b>Charitable Activities</b>		
Teachers	26	28
Administration and support	35	35
Management	3	3
	<u>64</u>	<u>66</u>

##### Higher paid staff

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

	2019 No	2018 No
£60,001 - £70,000	2	-
£80,001 - £90,000	-	1

The above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2019, pension contributions for these employees amounts to £21,770 (2018: £13,235).

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 £332,367 (2018: £278,632).

## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

#### **9 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from 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:

Mr M Shepherd (Principal and Trustee):

Remuneration: £50,000 - £55,000 (2018 - £80,000 - £85,000)

Employer's pension contributions: £5,000 - £10,000 (2018 - £10,000 - £15,000)

Mrs J Fleckney (Staff Trustee):

Remuneration: £25,000 - £30,000 (2018 - £25,000 - £30,000)

Employer's pension contributions: £0 - £5,000 (2018 - £0 - £5,000)

Mrs K Brett (Staff Trustee):

Remuneration: £30,000 - £35,000 (2018 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2018 - £5,000 - £10,000)

Mrs C Boothroyd (Principal):

Remuneration: £60,000 - £65,000 (2018 - )

Employer's pension contributions: £10,000 - £15,000 (2018 - )

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 2019 was £Nil (2018 - £141).

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

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 11 Tangible fixed assets

	Leasehold land and buildings £ 000	Leasehold improvements £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
<b>Cost</b>					
At 1 September 2018	4,508	96	268	363	5,235
Additions	-	-	2	-	2
At 31 August 2019	4,508	96	270	363	5,237
<b>Depreciation</b>					
At 1 September 2018	4,508	13	187	302	5,010
Charge for the year	-	6	29	60	95
At 31 August 2019	4,508	19	216	362	5,105
<b>Net book value</b>					
At 31 August 2019	-	77	54	1	132
At 31 August 2018	-	83	81	61	225

During the 2016/17 year the leasehold building was demolished and consequently its balance sheet book value has been impaired.

The replacement building is financed externally by a Private Funding Initiative under the Priority School Building Programme. Although the academy occupy the property it is owned by other parties and hence not reflected on the balance sheet. The contributions to the cost of occupation are reflected through the Statement of Financial Actives (SOFA).

#### 12 Stock

	2019 £ 000	2018 £ 000
Stocks	1	1

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 13 Debtors

	2019 £ 000	2018 £ 000
VAT recoverable	18	27
Other debtors	6	(1)
Prepayments	35	66
Accrued grant and other income	51	62
	<u>110</u>	<u>154</u>

#### 14 Creditors: amounts falling due within one year

	2019 £ 000	2018 £ 000
Other taxation and social security	33	33
Other creditors	149	148
Accruals	35	38
Deferred income	82	77
Pension scheme creditor	31	32
Trade Creditors	24	16
	<u>354</u>	<u>344</u>
		<b>2019 £ 000</b>

#### Deferred income

Deferred income at 1 September 2018	77
Resources deferred in the period	82
Amounts released from previous periods	<u>(77)</u>
Deferred income at 31 August 2019	<u>82</u>

Includes £ 48,944 relating to the Free School Meals grants and £1,081 relating to NNDR grant.

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 15 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	78	2,235	(2,052)	-	261
Other DfE/EFA Grants	-	429	(429)	-	-
Local Authority	-	19	(19)	-	-
Other Income	75	71	(139)	-	7
	<u>153</u>	<u>2,754</u>	<u>(2,639)</u>	<u>-</u>	<u>268</u>
<b>Restricted fixed asset funds</b>					
Other activities	134	-	(93)	-	41
DfE/EFA Capital grants	94	2	(2)	-	94
	<u>228</u>	<u>2</u>	<u>(95)</u>	<u>-</u>	<u>135</u>
<b>Restricted pension funds</b>					
Pension Reserve	<u>(814)</u>	<u>-</u>	<u>(199)</u>	<u>(452)</u>	<u>(1,465)</u>
Total restricted funds	(433)	2,756	(2,933)	(452)	(1,062)
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>204</u>	<u>228</u>	<u>(111)</u>	<u>-</u>	<u>321</u>
Total funds	<u>(229)</u>	<u>2,984</u>	<u>(3,044)</u>	<u>(452)</u>	<u>(741)</u>

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

The unrestricted fund balance has arisen from a surplus of unrestricted income over related expenditure. The fund is mainly derived from the trust's trading activities and out of school provision. The funds are available for any purpose at the trustees' discretion.

The restricted general fund balance has arisen from a surplus of restricted income over related expenditure since conversion and includes reserves paid over from the local authority. Use of these funds is restricted in line with the terms and conditions of individual grants.

The restricted fixed asset fund balance has arisen from the value of assets donated on conversion and subsequently, plus capital grants and donations less related depreciation. Use of the fund is restricted to capital purposes.



## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 15 Funds (continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,234	(2,156)	-	78
Other DfE/EFA Grants	9	406	(415)	-	-
Local Authority	-	17	(17)	-	-
Other Income	-	134	(59)	-	75
	<u>9</u>	<u>2,791</u>	<u>(2,647)</u>	<u>-</u>	<u>153</u>
<b>Restricted fixed asset funds</b>					
Other activities	241	-	(107)	-	134
DfE/EFA Capital grants	<u>91</u>	<u>11</u>	<u>(7)</u>	<u>-</u>	<u>95</u>
	332	11	(114)	-	229
<b>Restricted pension funds</b>					
Pension Reserve	<u>(954)</u>	<u>-</u>	<u>(109)</u>	<u>249</u>	<u>(814)</u>
Total restricted funds	(613)	2,802	(2,870)	249	(432)
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>82</u>	<u>176</u>	<u>(54)</u>	<u>-</u>	<u>204</u>
Total funds	<u>(531)</u>	<u>2,978</u>	<u>(2,924)</u>	<u>249</u>	<u>(228)</u>

#### 16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	(4)	136	132
Current assets	395	520	32	947
Current liabilities	-	(322)	(32)	(354)
Pension scheme liability	<u>-</u>	<u>(1,465)</u>	<u>-</u>	<u>(1,465)</u>
Total net assets	<u>395</u>	<u>(1,271)</u>	<u>136</u>	<u>(740)</u>

Comparative information in respect of the preceding period is as follows:

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (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	-	-	224	224
Current assets	204	499	4	707
Current liabilities	-	(346)	-	(346)
Pension scheme liability	-	(814)	-	(814)
Total net assets	<u>204</u>	<u>(661)</u>	<u>228</u>	<u>(229)</u>

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 17 Commitments under operating leases

##### *Operating leases*

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £ 000	2018 £ 000
Amounts due within one year	38	51
Amounts due between one and five years	35	58
	<u>73</u>	<u>109</u>

##### *PFI Commitments*

At 31 August 2019 the total of the Academy Trust's future minimum PFI committed contributions over the life of the scheme was:

	2019 £ 000	2018 £ 000
Amounts due within one year	40	40
Amounts due between one and five years	160	160
Amounts due after five years	680	720
	<u>880</u>	<u>920</u>
Total of commitments under operating leases	<u>953</u>	<u>1,029</u>

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

	2019 £ 000	2018 £ 000
Net (expenditure)/income	(60)	55
Depreciation	95	113
Capital grants from DfE and other capital income	-	(11)
Defined benefit pension scheme obligation inherited	220	86
Defined benefit pension scheme cost less contributions payable	(66)	(35)
Defined benefit pension scheme finance cost	45	58
Decrease/(increase) in debtors	44	(57)
Increase in creditors	10	24
Net cash provided by Operating Activities	<u>288</u>	<u>233</u>

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 19 Cash flows from financing activities

**2018/19**  
**£ 000**

#### 20 Cash flows from investing activities

	<b>2019</b> <b>£ 000</b>	<b>2018</b> <b>£ 000</b>
Purchase of tangible fixed assets	(2)	(7)
Capital funding received from sponsors and others	<u>2</u>	<u>11</u>
Net cash provided by investing activities	<u>-</u>	<u>4</u>

#### 21 Analysis of cash and cash equivalents

	<b>At 31 August</b> <b>2019</b> <b>£ 000</b>	<b>At 31 August</b> <b>2018</b> <b>£ 000</b>
Cash at bank and in hand	<u>835</u>	<u>550</u>
Total cash and cash equivalents	<u>835</u>	<u>550</u>

## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019 (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 2016.

Contributions amounting to £(30,972) (2018 - £(32,045)) were payable to the schemes at 31 August and are included within creditors.

##### **Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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**

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 2019 (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)
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £146,801 (2018: £157,649).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2019 was £148,000 (2018 - £137,000), of which employer's contributions totalled £113,000 (2018 - £105,000) and employees' contributions totalled £35,000 (2018 - £32,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

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

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 23 Pension and similar obligations (continued)

##### Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.50	3.60
Rate of increase for pensions in payment/inflation	2.10	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumptions (CPI)	<u>2.00</u>	<u>2.10</u>

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

	2019	2018
<b>Retiring today</b>		
Males retiring today	22.80	22.70
Females retiring today	25.50	25.40
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.10	25.00
Females retiring in 20 years	<u>28.20</u>	<u>28.00</u>

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

	2019 £ 000	2018 £ 000
Equities	885	679
Government bonds	-	52
Other bonds	30	9
Property	163	142
Cash and other liquid assets	33	14
Other	<u>740</u>	<u>648</u>
Total market value of assets	<u>1,851</u>	<u>1,544</u>

## Hawes Side Academy

### Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

#### 23 Pension and similar obligations (continued)

The actual return on scheme assets was £207,000 (2018 - £84,000).

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

	2018/19 £ 000	2017/18 £ 000
Current service cost (net of employee contributions)	184	191
Past service cost	107	-
Interest income	(45)	(35)
Interest cost	66	58
Admin expenses	3	3
	<u>315</u>	<u>217</u>
Total amount recognized in the SOFA		

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

	2018/19 £ 000	2017/18 £ 000
At start of period	2,358	2,284
Current service cost	184	191
Interest cost	66	58
Employee contributions	35	32
Actuarial (gain)/loss	611	(202)
Benefits paid	(45)	(5)
Past service cost	107	-
	<u>3,316</u>	<u>2,358</u>
At 31 August		

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

	2018/19 £ 000	2017/18 £ 000
At start of period	1,544	1,330
Interest income	42	35
Actuarial gain/(loss)	162	47
Employer contributions	113	105
Employee contributions	35	32
Benefits paid	(45)	(5)
	<u>1,851</u>	<u>1,544</u>
At 31 August		



## **Hawes Side Academy**

### **Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**

#### **24 Related party transactions**

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period. There were no related party transactions during the year.