

Company Registration No. 08161246 (England and Wales)

# **HAWES SIDE ACADEMY**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2020**



# **HAWES SIDE ACADEMY**

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# **HAWES SIDE ACADEMY**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Members**

Andrea Charleston  
Dawn Livesey  
Kath Corrigan

### **Trustees**

Ms C Boothroyd  
Ms J Fleckney  
Ms C E Hall  
Ms D Hardman  
Ms H J Livesey  
Mr C McCarthy  
Ms M Shaw  
Ms J Walsh  
Mrs T Wilson

### **Senior management team**

- Principal	Mrs C Boothroyd
- Vice Principal	Mr L Glynn
- Business Manager	Mrs R Foxton
- Assistant Principal	Mrs M Beckett

### **Company secretary**

Mrs R L Foxton

### **Company registration number**

(England and Wales)

### **Registered office**

Johnsville Avenue  
Blackpool  
FY4 3LN

### **Independent auditor**

MHA Moore and Smalley  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

# **HAWES SIDE ACADEMY**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. 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 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. The charitable company operates as Hawes Side Academy.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

The Governors meet each term as a Full Governing body and the following committees:

- Curriculum and School Effectiveness
- Pupil Welfare and Community, and
- Resources

The management and the day to day running of the Academy is delegated to the Principal Mrs Caroline Boothroyd and the academy leadership team.

##### Members' liability

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

##### Trustees' indemnities

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 £141.

##### 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 Principal 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 (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Value for money**

As Governors, we accept overall responsibility for ensuring that 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 Accounting officer, ensuring that financial controls conform with the requirements for both propriety and good financial management and in accordance with the requirements and the 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 breakdown 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.

### **Organisational structure**

The management structure of the Academy consists of:

#### **Members**

Mrs A Charleston (appointed 24/08/2020)

Mrs K Corrigan (appointed 24/08/2020)

Mrs D Livesey (appointed 24/08/2020)

Mrs S Blair (resigned 24/08/2020)

Mrs R Cartmell (resigned 24/08/2020)

Mr D Thomas (removed 24/08/2020)

# **HAWES SIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Trustees**

Miss C E Hall (Parent)  
Mrs M Shaw (Co-opted)  
Miss T Wilson (Co-opted/ Chair)  
Mrs J Fleckney (Staff)  
Mrs H Livsey (Community, Vice Chair appointed)  
Ms D Hardman (Parent, appointed 11th February 2020)  
Mrs J McCartney (Community)  
Mr C McCarthy (Community)  
Mrs J Walsh (Community, Vice chair to September 2020)  
Mrs J Hirst (Community, appointed 22nd September 2020)  
Mrs K Lomax (Co-opted, resigned 15th March 2020)  
Mrs K Brett (Staff, resigned 6th February 2020)

### **Company Secretary**

Mrs R Foxton - Business Manager

### **Senior Management Team**

Mrs C Boothroyd - Principal  
Mr L Glynn – Vice Principal  
Mrs M Beckett - Assistant Principal  
Mrs R Foxton - Business Manager

### **The Middle Management Team**

Mr N Sandwell - Foundation Stage Phase Leader  
Mrs L Garratt - Years 1 and 2 Phase Leader  
Mr B Smith - Years 3 and 4 Phase Leader  
Mrs J –L Johnstone - Years 5 and 6 Phase Leader

### **Company Name**

Hawes Side Academy

### **Principal and Registered Office**

Johnsville Avenue, Blackpool FY4 3LN

### **Company Registration Number**

08161246

### **Independent Auditor**

Moore and Smalley, Fylde House, Skyways Commercial Campus, Amy Johnson Way, Blackpool FY4 3RS

### **Bankers**

HSBC, Oxford Square, Newhouse Road, Blackpool FY4 4YH

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, Facilities 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 and Mrs Fleckney in her capacity as Family Support Worker.

## HAWES SIDE ACADEMY

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

#### 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 pay increases proposed are scrutinised by the Governing Body Pay Committee. This is then reported to the Full Governing Body of the Academy trust.

#### **Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	59.29

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

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

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

Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$	0

#### **Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$	0
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#### Related parties and other connected charities and organisations

The academy declared one related party transaction in the year ended 31 August 2020 of a value under £20,000. 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 (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Impact of the Pandemic**

The academy was closed as an educational establishment from 23rd March due to COVID-19. At this point, the academy opened for key worker children only until a partial re-opening as an academy for pupils took place from 15th June 2020. This has a direct impact upon the progress of the priorities within the school development plan. These priorities have been re-evaluated and brought together within an academy recovery plan for 2020-21 to support pupil progress.

The onset of COVID-19 has required the academy to work differently which has incurred additional costs, some losses, and some savings, the overall result of which was a small surplus at 31 August 2020.

The academy did not meet the qualifying criteria for financial support nor the Furlough scheme which was not used for staff working in areas that were no longer operational/profitable (i.e. Out of School Club). The academy took part in the National Free School Meal support provision in Summer 2020.

Whilst provisions for the continued requirements of the Pandemic have been made within the 2020-21 budget to support required staff cover, increased cleaning costs and reduced income for Out of School Clubs this is time limited.

### **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 for the year ended 31st August 2020 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 (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### Strategic report

#### Achievements and performance

#### 2019 Key School Performance Indicators\*

(No tests were taken in 2020 due to COVID-19)

<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

#### 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 the year ended 31 August 2020

- 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 the year ended 31 August 2020 (Sept 19 – Mar 20) was 95.0% 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 plan is in place.
- Internal Scrutiny during the year indicated that systems of internal control are being maintained as required.

# **HAWES SIDE ACADEMY**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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#### Going concern

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

#### **Financial review**

The Academy's total incoming resources during the period were £3,029,958 (2019: £2,984,981)

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

Total funding received for the Academy's educational operations in the period was £2,886,355 (2019: £2,683,109) along with £80,047 (2019: £290,146) from other sources.

Total outgoings for the period were £3,053,281 (2019: £3,201,469) a breakdown of this is shown in note 6 and note 7 of the accounts.

During the year ended 31st August 2020, (excluding restricted fixed asset and pension funds) the excess of expenditure over income for the year before transfers was £299,103 (2019: £510,896).

At the period end the Academy's total reserves (excluding a pension deficit included in the restricted funds of £1,814,000) stood at £8,366,081 (2019: £8,244,104) including unrestricted fund of £353,104 (2019: £322,149), restricted funds of £535,733 (2019: £267,585) and restricted asset funds of £7,477,244 (2019: £7,654,670).

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, increased to £1,465,000 by 31st August 2019 and £1,814,000 by 31st August 2020. This was due to the actuarial assumptions concerning future return on investments and the value of future liabilities to the pension fund.

#### Reserves policy

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

The Academy's minimum current reserves have been set £185,000 (with a £10,000 buffer)

The Academy's current free reserves as at 31st August 2020 stood at £888,837 (2019: £589,734).

#### **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 general restricted reserves as at 31st August 2020 stood at £535,733 (2019: £267,585).

## **HAWES SIDE ACADEMY**

### **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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#### ***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 2020 stood at £353,104 (2019: £322,149).

#### ***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 principal risks and uncertainties facing the academy. The Trustees acknowledge the need to maintain a reserves fund to mitigate any financial risk and 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 reduction in 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 is also an on-going concern.

#### ***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 (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Plans for future periods

The plan for future periods involve continuation of work towards priorities in 19-20:

- 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 also continue to

- develop the provision for pupils with Special Educational Needs to raise the attainment and progress of this group.
- scrutinise financial performance and ensure decision making enables long term financial security and sustainably of the academy.
- bid for funds to develop provision in key areas

### The key areas of focus from September 2020 are:

1. Safe return to school understanding and supporting the needs of families and pupils
2. Recovery plan and curriculum matches the pastoral and learning needs of our pupils
3. Ofsted areas of improvement:
  - consistent high expectations of behaviour for learning in all lessons
  - consistently high expectation of presentation in books and pupils take pride in their work
  - development of all subject leaders to be confident and efficient in their role
  - high quality teaching allows the needs of all pupils with SEND to progress
  - dinnertime provision promotes positive behaviours and reduces reliance on SMT

### 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.

A resolution proposing that MHA Moore and Smalley be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ..... and signed on its behalf by:



29/01/2021

Mrs T Wilson

# **HAWES SIDE ACADEMY**

## **GOVERNANCE STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Scope of responsibility**

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.

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 Caroline Boothroyd, 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 at least 6 times during the year. The resources committee also acts as the audit committee. Attendance during the year at meetings of the Governing Body was as follows:

<b>Trustees</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Ms C Boothroyd	11	12
Ms J Fleckney	9	11
Ms C E Hall	5	9
Ms D Hardman	4	5
Ms H J Livesey	7	10
Mr C McCarthy	8	10
Ms M Shaw	10	11
Ms J Walsh	11	11
Mrs T Wilson	10	10

### **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.

## **HAWES SIDE ACADEMY**

### **GOVERNANCE STATEMENT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

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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 academy will always seek to obtain the best pricing through systems of supplier review.

#### **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 2020 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the SLT and the 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.

Governors have approved a risk register to assist with the control and management of risk in accordance with ESFA 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 in relation to financial performance and compliance.

The Governing Body decided to buy in and internal audit service from Shard Business Services to follow an agreed yet responsive audit plan in Term 2 and 3 of 2019-20. This arrangement will continue in 2020-21 with a planned visit each term.

## HAWES SIDE ACADEMY

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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

- Review of governance
- Review of the approach to risk management
- Review the top three risks and how those risks are managed and mitigated
- Review of payroll including the controls in place
- Review of auditors management letter recommendations
- Review of purchase orders including non-order invoices
- Review of budget,
- Review Integrated Curriculum & Financial Planning

On a termly basis, reports are provided to the Governing Body, Resources/Audit committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year.

There were no material control or other issues reported by the Internal Scrutiny exercises undertaken in Spring/Summer 2020.

#### Review of effectiveness

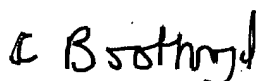
As accounting officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the [internal auditor/reviewer];
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

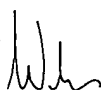
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

29/01/2021

Approved by order of the board of trustees on ..... and signed on its behalf by:



Ms C Boothroyd



Mrs T Wilson

## **HAWES SIDE ACADEMY**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020**

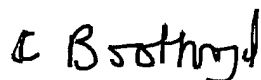
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As accounting officer of Hawes Side Academy, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and 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 2019.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

The management accounts prepared on a monthly basis during the year ended 31 August 2020 were not fully compliant with the requirements of the Academies Financial Handbook 2019. The information provided included a comparison of actual income and expenditure to date with budgets together with an explanation of variances and a forecast outturn for the year. It also included details of debtors and cash balances. It therefore did not include a full balance sheet and a cashflow forecast. The format of the accounts will be reviewed from September 2020 onwards.

With the exception of the above, I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.



**Ms C Boothroyd**  
**Accounting Officer**

29/01/2021

.....



## HAWES SIDE ACADEMY

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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The trustees (who are also the directors of Hawes Side Academy for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on <sup>29/01/2021</sup> ..... and signed on its behalf by:



Mrs T Wilson

## **HAWES SIDE ACADEMY**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWES SIDE ACADEMY FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Opinion**

We have audited the accounts of Hawes Side Academy for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020.

#### **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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

## **HAWES SIDE ACADEMY**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWES SIDE ACADEMY (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes Reference and Administrative details, Trustees Report incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibility Statement. Our opinion on the accounts 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.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

#### **Opinions 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 trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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 accounts 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.

#### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust'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 have no realistic alternative but to do so.

## HAWES SIDE ACADEMY

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAWES SIDE ACADEMY (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

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#### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nicola Mason*

**Nicola Mason (Senior Statutory Auditor)  
for and on behalf of MHA Moore and Smalley  
Chartered Accountants  
Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

29/01/2021  
.....

## **HAWES SIDE ACADEMY**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAWES SIDE ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2020**

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In accordance with the terms of our engagement letter dated 17 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hawes Side Academy and ESFA 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 ESFA, 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 Hawes Side Academy's funding agreement with the Secretary of State for Education dated 1 October 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. 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 an evaluation of the control environment of the School together with enquiry, analytical review, substantive testing of transactions and consideration of governance issues.

## HAWES SIDE ACADEMY

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAWES SIDE ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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#### Conclusion

As noted in the Statement of Regularity, Propriety and Compliance, the management accounts prepared on a monthly basis during the year ended 31 August 2020 were not fully compliant with the requirements of the Academies Financial Handbook 2019. The information provided included a comparison of actual income and expenditure to date with budgets together with an explanation of variances and a forecast outturn for the year. It also included details of debtors and cash balances. It therefore did not include a full balance sheet and a cashflow forecast. The format of the accounts will be reviewed from September 2020 onwards.

Notwithstanding the above, in the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore and Smalley

Reporting Accountant  
MHA Moore and Smalley

29/01/2021  
.....

# HAWES SIDE ACADEMY

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2020	Total 2019
	Notes	£	£	£	£	as restated £
<b>Income and endowments from:</b>						
Donations and capital grants	3	5,683	15,230	42,363	63,276	11,018
Charitable activities:						
- Funding for educational operations	4	280	2,886,355	-	2,886,635	2,683,109
Other trading activities	5	80,047	-	-	80,047	290,146
<b>Total income and endowments</b>		<u>86,010</u>	<u>2,901,585</u>	<u>42,363</u>	<u>3,029,958</u>	<u>2,984,273</u>
<b>Expenditure on:</b>						
Raising funds	6	51,663	-	-	51,663	110,000
Charitable activities:						
- Educational operations	7	3,392	2,804,809	193,417	3,001,618	3,091,469
<b>Total expenditure</b>	6	<u>55,055</u>	<u>2,804,809</u>	<u>193,417</u>	<u>3,053,281</u>	<u>3,201,469</u>
<b>Net income/(expenditure)</b>		30,955	96,776	(151,054)	(23,323)	(217,196)
Transfers between funds		-	26,372	(26,372)	-	-
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	18	-	(204,000)	-	(204,000)	(452,000)
<b>Net movement in funds</b>		<u>30,955</u>	<u>(80,852)</u>	<u>(177,426)</u>	<u>(227,323)</u>	<u>(669,196)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		322,149	(1,197,415)	7,654,670	6,779,404	7,448,600
Total funds carried forward	16	<u>353,104</u>	<u>(1,278,267)</u>	<u>7,477,244</u>	<u>6,552,081</u>	<u>6,779,404</u>


# HAWES SIDE ACADEMY

## BALANCE SHEET

AS AT 31 AUGUST 2020

		2020		2019 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	11		7,457,746		7,651,163
<b>Current assets</b>					
Stocks	12	-		1,000	
Debtors	13	93,218		110,221	
Cash at bank and in hand		1,115,867		835,444	
		1,209,085		946,665	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(300,750)		(353,424)	
<b>Net current assets</b>			908,335		593,241
<b>Net assets excluding pension liability</b>			8,366,081		8,244,404
Defined benefit pension scheme liability	18		(1,814,000)		(1,465,000)
<b>Total net assets</b>			6,552,081		6,779,404
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	16				
- Fixed asset funds			7,477,244		7,654,670
- Restricted income funds			535,733		267,585
- Pension reserve			(1,814,000)		(1,465,000)
<b>Total restricted funds</b>			6,198,977		6,457,255
<b>Unrestricted income funds</b>	16		353,104		322,149
<b>Total funds</b>			6,552,081		6,779,404

The accounts on pages 21 to 43 were approved by the trustees and authorised for issue on 29/01/2021 and are signed on their behalf by:

  
 .....  
 Mrs T Wilson

Company Number 08161246



# HAWES SIDE ACADEMY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

		2020		2019 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	19		238,060		285,337
<b>Cash flows from investing activities</b>					
Capital grants from DfE Group		42,363		2,129	
Purchase of tangible fixed assets		-		(2,129)	
<b>Net cash provided by/(used in) investing activities</b>			<u>42,363</u>		<u>-</u>
<b>Net increase in cash and cash equivalents in the reporting period</b>			280,423		285,337
Cash and cash equivalents at beginning of the year			835,444		550,107
<b>Cash and cash equivalents at end of the year</b>			<u><u>1,115,867</u></u>		<u><u>835,444</u></u>

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

Hawes Side Academy is a charitable company. . The academy is a company limited by guarantee and incorporated in England and Wales The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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.

#### 1.1 Basis of preparation

The accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hawes Side Academy meets the definition of a public benefit entity under FRS102. The financial accounts are prepared in sterling, which is the functional currency of the academy. Monetary amounts in these financial statements are rounded to the nearest £.

#### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the School 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 accounts. The Governors have considered the impact of the Government response to Covid-19 on the activity of the academy in terms of both increased costs of compliance with guidelines and catch up in learning and also the potential of reduced income. The Governors have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 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 period 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 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 (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

### 1.4 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 are 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 (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	0.8% - 2% p.a. straight line
Leasehold alterations	15 years
Computer equipment	33% p.a straight line
Fixtures, fittings & equipment	20% p.a straight line

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.

#### 1.6 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.

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

#### 1.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.10 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.

#### 1.11 Pensions 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. The 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 are 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 net income or expenditure 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.

#### 1.12 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.

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

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

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

### 2 Critical accounting estimates and areas of judgement

Accounting 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.

#### Useful economic life of tangible fixed assets

The useful economic life of tangible fixed assets is judged at the point of purchase.

As standard, a useful economic life of 15 years for leasehold improvements, 3 years for computer equipment and 5 years for fixtures, fittings and equipment.

#### Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, an impairment is recorded as an impairment loss.

#### Valuation of the Local Government Pension Scheme defined benefit liability

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

#### Critical areas of judgement

##### Classification and valuation of land and buildings

The academy's buildings are held under a PFI fund and will be transferred to the academy after a 25 year lease has ended.

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	42,363	42,363	2,129
Other donations	5,683	15,230	20,913	8,889
	<u>5,683</u>	<u>57,593</u>	<u>63,276</u>	<u>11,018</u>

The income from donations and capital grants was £63,276 (2019: £11,018) of which £5,683 was unrestricted (2019: £5,540), £15,230 was restricted (2019: £3,349) and £42,363 was restricted fixed assets (2019: £2,129).

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	2,275,701	2,275,701	2,235,109
Other DfE / ESFA grants	-	547,789	547,789	429,000
	<u>-</u>	<u>2,823,490</u>	<u>2,823,490</u>	<u>2,664,109</u>
<b>Other government grants</b>				
Local authority grants	-	48,127	48,127	19,000
	<u>-</u>	<u>48,127</u>	<u>48,127</u>	<u>19,000</u>
<b>Other funds</b>				
Other incoming resources	280	14,738	15,018	-
	<u>280</u>	<u>14,738</u>	<u>15,018</u>	<u>-</u>
<b>Total funding</b>	<u>280</u>	<u>2,886,355</u>	<u>2,886,635</u>	<u>2,683,109</u>

The income from funding for educational operations was £2,886,635 (2019: £2,683,109) of which £280 was unrestricted (2019: £-) and £2,886,355 was restricted (2019: £2,683,109).

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	-	-	-	13,908
Other income	80,047	-	80,047	276,238
	<u>80,047</u>	<u>-</u>	<u>80,047</u>	<u>290,146</u>

The income from other trading activities was £80,047 (2019: £290,146) of which £80,047 was unrestricted (2019: £222,609) and £- was restricted (2019: £67,537).

### 6 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
- Direct costs	51,663	-	-	51,663	110,000
Academy's educational operations					
- Direct costs	1,805,269	-	155,142	1,960,411	1,965,169
- Allocated support costs	539,527	403,208	98,472	1,041,207	968,000
	<u>2,396,459</u>	<u>403,208</u>	<u>253,614</u>	<u>3,053,281</u>	<u>3,043,169</u>

The expenditure on raising funds was £51,663 (2019: £110,000) of which £51,663 was unrestricted (2019: £110,000).

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

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	7,250	5,000
- Other services	2,675	5,000
Operating lease rentals	77,897	81,000
Depreciation of tangible fixed assets	193,417	253,059
Net interest on defined benefit pension liability	<u>26,000</u>	<u>21,000</u>



# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Direct costs</b>				
Educational operations	-	1,960,411	1,960,411	1,965,169
<b>Support costs</b>				
Educational operations	3,392	1,037,815	1,041,207	968,000
	<u>3,392</u>	<u>2,998,226</u>	<u>3,001,618</u>	<u>2,933,169</u>

The expenditure on charitable activities was £3,001,618 (2019: £3,091,469) of which £3,392 was unrestricted (2019: £-), £2,804,809 was restricted (2019: £2,838,410) and £193,417 was restricted fixed assets (2019: £253,059).

	2020 £	2019 £
<b>Analysis of support costs</b>		
Support staff costs	539,527	528,438
Depreciation	193,417	253,059
Premises costs	183,945	96,000
Other support costs	106,350	226,006
Governance costs	17,968	22,797
	<u>1,041,207</u>	<u>1,126,300</u>

### 8 Staff

#### Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	1,635,239	1,765,070
Social security costs	129,240	122,000
Pension costs	453,839	376,000
	<u>2,218,318</u>	<u>2,263,070</u>
Amounts paid to employees	2,218,318	2,263,070
Agency staff costs	178,141	124,000
	<u>2,396,459</u>	<u>2,387,070</u>

## HAWES SIDE ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

#### 8 Staff

(Continued)

##### Staff numbers

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

	2020 Number	2019 Number
Teachers	26	26
Administration and support	50	35
Management	4	3
	<u>80</u>	<u>64</u>

##### Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
	<u>2</u>	<u>2</u>

##### Key management personnel

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £292,501 (2019: £332,367).

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 9 Trustees' remuneration and expenses

One or more of the 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 services as trustees.

The value of trustees' remuneration and other benefits was as follows:

Mr M Shepherd (Principal and Trustee):

Remuneration: £nil (2019: £50,000 - £55,000)

Employers pension contributions £nil (2019: £5,000 - £10,000)

Mrs J Fleckney (Staff Trustee):

Remuneration: £25,000 - £30,000 (2019: £25,000 - £30,000)

Employers pension contributions £nil - £5,000 (2019: £nil - £5,000)

Mrs K Brett (Staff Trustee):

Remuneration: £15,001 - £20,000 (2019: £30,000 - £35,000)

Employers pension contributions £nil - £5,000 (2019: £5,000 - £10,000)

Mrs C Boothroyd (Principal):

Remuneration: £65,001 - £70,000 (2019: £60,000 - £65,000)

Employers pension contributions £10,001 - £15,000 (2019: £10,000 - £15,000)

### 10 Insurance for trustees and officers

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

### 11 Tangible fixed assets

	Land and buildings	Leasehold alterations	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2019 and 31 August 2020	7,997,500	95,848	362,541	270,441	8,726,330
<b>Depreciation</b>					
At 1 September 2019	478,200	19,170	362,164	215,633	1,075,167
Charge for the year	158,300	6,384	377	28,356	193,417
At 31 August 2020	636,500	25,554	362,541	243,989	1,268,584
<b>Net book value</b>					
At 31 August 2020	7,361,000	70,294	-	26,452	7,457,746
At 31 August 2019	7,519,300	76,678	377	54,808	7,651,163

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 11 Tangible fixed assets

(Continued)

During 2016/17 year the original leasehold building was demolished and written off.  
The replacement building is financed externally by a Private Funding Initiative under the Priority School Building Programme. The building has been recognised in the accounts as an asset of the Trust

### 12 Stocks

	2020 £	2019 £
Other stock	-	1,000

### 13 Debtors

	2020 £	2019 £
VAT recoverable	2,734	18,197
Other debtors	1,371	6,264
Prepayments and accrued income	89,113	85,760
	<u>93,218</u>	<u>110,221</u>

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

	2020 £	2019 £
Trade creditors	8	24,436
Other taxation and social security	30,844	32,651
Other creditors	163,240	179,975
Accruals and deferred income	106,658	116,362
	<u>300,750</u>	<u>353,424</u>

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

15	Deferred income	2020 £	2019 £
	Deferred income is included within:		
	Creditors due within one year	45,516	81,548
	Deferred income at 1 September 2019	81,548	76,548
	Released from previous years	(81,548)	(77,000)
	Resources deferred in the year	45,516	82,000
	<b>Deferred income at 31 August 2020</b>	<b>45,516</b>	<b>81,548</b>

At the balance sheet date the academy was holding funds received in advance for universal free infant school meals.

16	Funds	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
	<b>Restricted general funds</b>					
	General Annual Grant (GAG)	260,585	2,275,701	(2,057,315)	39,340	518,311
	Other DfE / ESFA grants	-	547,789	(524,785)	(12,968)	10,036
	Other government grants	-	48,127	(48,127)	-	-
	Other restricted funds	7,000	29,968	(29,582)	-	7,386
	Pension reserve	(1,465,000)	-	(145,000)	(204,000)	(1,814,000)
		(1,197,415)	2,901,585	(2,804,809)	(177,628)	(1,278,267)
	<b>Restricted fixed asset funds</b>					
	DfE group capital grants	94,000	42,363	(7,428)	(39,915)	89,020
	Capital expenditure from GAG	7,560,670	-	(185,989)	13,543	7,388,224
		7,654,670	42,363	(193,417)	(26,372)	7,477,244
	<b>Total restricted funds</b>	<b>6,457,255</b>	<b>2,943,948</b>	<b>(2,998,226)</b>	<b>(204,000)</b>	<b>6,198,977</b>
	<b>Unrestricted funds</b>					
	General funds	322,149	86,010	(55,055)	-	353,104
	<b>Total funds</b>	<b>6,779,404</b>	<b>3,029,958</b>	<b>(3,053,281)</b>	<b>(204,000)</b>	<b>6,552,081</b>

## **HAWES SIDE ACADEMY**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **16 Funds**

**(Continued)**

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

General Annual Grant must be used for the normal running expenses of the academy and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/ESFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants include LA funding for Special Educational Needs of £32,762, which was fully expended in the year and other LA grants of £15,365, all of which was spent at the year end.

Other restricted funds include contributions received for school trips and non-public donations and the related expenditure.

The pension reserve represents the value of the academy's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 16 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	78,000	2,235,109	(2,052,524)	-	260,585
Other DfE / ESFA grants	-	429,000	(429,000)	-	-
Other government grants	-	19,000	(19,000)	-	-
Other restricted funds	75,000	70,886	(138,886)	-	7,000
Pension reserve	(814,000)	-	(199,000)	(452,000)	(1,465,000)
	<u>(661,000)</u>	<u>2,753,995</u>	<u>(2,838,410)</u>	<u>(452,000)</u>	<u>(1,197,415)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	94,000	2,129	(2,129)	-	94,000
Capital expenditure from GAG	7,811,600	-	(250,930)	-	7,560,670
	<u>7,905,600</u>	<u>2,129</u>	<u>(253,059)</u>	<u>-</u>	<u>7,654,670</u>
<b>Total restricted funds</b>	<u>7,244,600</u>	<u>2,756,124</u>	<u>(3,091,469)</u>	<u>(452,000)</u>	<u>6,457,255</u>
<b>Unrestricted funds</b>					
General funds	<u>204,000</u>	<u>228,149</u>	<u>(110,000)</u>	<u>-</u>	<u>322,149</u>
<b>Total funds</b>	<u>7,448,600</u>	<u>2,984,273</u>	<u>(3,201,469)</u>	<u>(452,000)</u>	<u>6,779,404</u>

### 17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	7,457,746	7,457,746
Current assets	353,104	836,483	19,498	1,209,085
Creditors falling due within one year	-	(300,750)	-	(300,750)
Defined benefit pension liability	-	(1,814,000)	-	(1,814,000)
<b>Total net assets</b>	<u>353,104</u>	<u>(1,278,267)</u>	<u>7,477,244</u>	<u>6,552,081</u>

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	7,651,163	7,651,163
Current assets	322,149	589,009	35,507	946,665
Creditors falling due within one year	-	(321,424)	(32,000)	(353,424)
Defined benefit pension liability	-	(1,465,000)	-	(1,465,000)
<b>Total net assets</b>	<b>322,149</b>	<b>(1,197,415)</b>	<b>7,654,670</b>	<b>6,779,404</b>

### 18 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 Lancashire Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £14,093 were payable to the schemes at 31 August 2020 (2019: £30,972) 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' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.



# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £209,942 (2019: £146,801).

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 pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19% for employers and 5.5-12.5% for employees.

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

Total contributions made	2020 £	2019 £
Employer's contributions	118,000	113,000
Employees' contributions	33,000	35,000
Total contributions	151,000	148,000

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	3.8	3.5
Rate of increase for pensions in payment/inflation	2.4	2.1
Discount rate for scheme liabilities	1.8	1.8
Inflation assumption (CPI)	2.3	2.00

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 18 Pension and similar obligations

(Continued)

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

	2020 Years	2019 Years
Retiring today		
- Males	22.3	22.8
- Females	25.0	22.5
Retiring in 20 years		
- Males	23.8	25.1
- Females	26.8	28.2

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
Discount rate + 0.1%	(82,000)	(76,000)
Pay growth + 0.1%	14,000	20,000
1 year increase in life expectancy	109,000	59,000
Inflation + 0.1%	84,000	79,000

#### The academy trust's share of the assets in the scheme

	2020 Fair value £	2019 Fair value £
Equities	884,000	885,000
Bonds	134,000	30,000
Cash	35,000	33,000
Property	264,000	163,000
Other assets	623,000	740,000
Total market value of assets	1,940,000	1,851,000

The actual return on scheme assets was £2,000 (2019: £207,000).

#### Amount recognised in the Statement of Financial Activities

	2020 £	2019 £
Current service cost	230,000	184,000
Past service cost	4,000	107,000
Interest income	(34,000)	(42,000)
Interest cost	60,000	63,000
Administration expenses	3,000	3,000
Total operating charge	263,000	315,000

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 18 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2020 £	2019 £
At 1 September 2019	3,316,000	2,358,000
Current service cost	230,000	184,000
Interest cost	60,000	66,000
Employee contributions	33,000	35,000
Actuarial loss	172,000	611,000
Benefits paid	(61,000)	(45,000)
Past service cost	4,000	107,000
At 31 August 2020	3,754,000	3,316,000

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

	2020 £	2019 £
At 1 September 2019	1,851,000	1,544,000
Interest income	34,000	42,000
Actuarial loss/(gain)	(32,000)	162,000
Employer contributions	118,000	113,000
Employee contributions	33,000	35,000
Benefits paid	(61,000)	(45,000)
Administration expenses	(3,000)	-
At 31 August 2020	1,940,000	1,851,000

### 19 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(23,323)	(217,196)
Adjusted for:		
Capital grants from DfE and other capital income	(42,363)	-
Defined benefit pension costs less contributions payable	119,000	178,000
Defined benefit pension scheme finance cost	26,000	21,000
Depreciation of tangible fixed assets	193,417	253,059
Decrease/(increase) in stocks	1,000	(1,000)
Decrease in debtors	17,003	41,474
(Decrease)/increase in creditors	(52,674)	10,000
Net cash provided by operating activities	238,060	285,337

# HAWES SIDE ACADEMY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

### 20 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	835,444	280,423	1,115,867

### 21 Commitments under operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	49,790	77,896
Amounts due in two and five years	166,500	195,529
Amounts due after five years	640,320	680,340
	856,610	953,765

### 22 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 9.

### 23 Members' liability

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

### 24 Prior period adjustment

Reconciliation of funds	1 September 2018 £	31 August 2019 £
Funds as reported - not affected by restatement	(229,000)	(739,896)
Adjustments arising:		
Inclusion of land and buildings	7,677,600	7,677,600
Adjustment to depreciation	-	(158,300)
Funds as restated	7,448,600	6,779,404

## HAWES SIDE ACADEMY

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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#### 24 Prior period adjustment (Continued)

	2019 £
<b>Reconciliation of net income/(expenditure) for the previous financial period</b>	
Net expenditure as previously reported	(58,896)
Adjustments arising:	
Adjustment to depreciation	(158,300)
Net expenditure as restated	<u>(217,196)</u>

#### Notes to restatement

We have reviewed the treatment of the buildings constructed under a PFI scheme by the DfE. We consider that the building should be recognised in the accounts of the Academy on the basis that Trust has control over the assets and is receiving the economic benefits from the assets.