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Registered number: 09691510

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

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HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2016**

Members	D Wadia (appointed 17 July 2015) A Myers (appointed 17 July 2015) D Thomson (appointed 17 July 2015)
Trustees	D Wadia, Chairman of Trustees and Co-Opted Governor (appointed 17 July 2015) A Myers, Parent Governor (appointed 17 July 2015) J Jennings, Co-Opted Governors (appointed 17 July 2015) M Langley, Co-Opted Governors (appointed 17 July 2015) D Thomson, Parent Governor (appointed 17 July 2015) C Irons, Co-Opted Governors (appointed 17 July 2015) M Samson, Parent Governor (appointed 17 July 2015, resigned 1 September 2015) L Renker, Parent Governor (appointed 17 July 2015) L Want, Parent Governor (appointed 17 May 2016) H Boardman, Headteacher and Accounting Officer (appointed 17 July 2015) R Whitaker, Staff Governor (appointed 17 July 2015) S Newton, Co-Opted Governors (appointed 17 July 2015)
Company registered number	09691510
Company name	Hailey Hall Academy Trust
Principal and registered office	Hailey Lane Hertford Herts SG13 7PB
Company secretary	M East
Chief executive officer	H Boardman
Senior management team	H Boardman, Headteacher J Dormer, Deputy Head D Bevan, Deputy Head P Flint, School Manager R Whitaker, Assistant Head B Aldiss, Assistant Head S Newton, Head of Care
Independent auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Hailey Hall Academy Trust (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates a converter Academy Special School and Specialist Sports College for boys aged 11-16 who have learning, social, emotional and behavioural and mental health difficulties (SEMH). The school population is drawn from all parts of Hertfordshire and Essex, especially the larger urban areas. The urban areas contain socio-economically deprived housing estates. The rural areas contain small primary schools or larger secondary schools that cater for wide geographical catchments. For 2015-16, it has a pupil capacity of 65 day places and up to 19 Monday to Thursday boarding places and had a roll of 65 in the 2016 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Hailey Hall School.

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

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 and Officers' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term of 4 years. The Headteacher is an ex officio member of the Governing Body. Parent Trustees and the staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for

- Members to appoint up to one Trustee (Members are Darayus Wadia, Amy Myers and David Thomson);
- Members to appoint staff Trustees up to one third of the total number of Trustees;
- A minimum of two and a maximum of four parent Trustees to be elected by parents or appointed by the Board of Trustees if the number of parents standing for election as Trustees is less than the number of vacancies; and
- Trustees may appoint co-opted Trustees.

The Board of Trustees comprises the Headteacher, one staff Trustees, four parent Trustees and five co-opted Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end Trustees are able to undertake training, including training courses run by Herts for Learning. The Board of Trustees undertakes an annual review of the range of skills of existing Trustees and their training undertaken as compared with training recommended by Herts for Learning. Actions are taken to address any apparent skill or training gaps.

All new Trustees receive an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Headteacher, as well as chairs of governance committees in which they will take part. All Trustees are provided with relevant governance material as well as access to the School's policies.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees, which meets on at least 5 occasions per year, supported by each individual committee meeting at least 3 times per year, is responsible for the strategic direction of the Academy. The Board determines strategic direction for the Academy, reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; monitors progress of activities to achieve strategic and operational objectives; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them. The Headteacher is responsible for progressing towards agreed strategic towards as well as all operational and day-to-day activities of the school.

The Academy's governance arrangements and structure are as described on the website at <http://www.haileyhall.herts.sch.uk/page/?title=Governance&pid=15>. The Board of Trustees has established the following governance sub-committees, each of which has detailed terms of reference (also available via the above link to the website).

Sub-committee	Main areas of responsibility
1. Resources Committee	<ul style="list-style-type: none">• Financial oversight.• Premises management, including health & safety.
2. School Development committee	<ul style="list-style-type: none">• Pupils' academic achievement.• Curriculum.• School development priorities.
3. Human Resources Committee	<ul style="list-style-type: none">• School staff personnel policies, management, well-being, grievances, etc.
4. Safeguarding and Pupil Behaviour Committee.	<ul style="list-style-type: none">• Safeguarding.• Child Protection.• Pupil behaviour management (including attendance, incidents and exclusions)• Residential provision.

The Headteacher is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the School.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Non staff Trustees receive no remuneration from the Academy.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

A Pay and Rewards policy is in place which provides a clear framework for the management of pay and grading issues for all staff employed by the Academy. This policy is used to:

- maintain and improve the quality of teaching and learning at the School;
- support the School improvement plan;
- underpin the School's appraisal policy;
- ensure that all staff are valued and appropriately rewarded for their work and contribution to the School;
- ensure staff are well motivated, supported by positive recruitment and retention policies and staff development;
- demonstrate that decisions on pay are fair, just and transparent; and
- provide flexibility to enable individual staff performance to be linked to pay decisions.

This policy is reviewed annually by trustees.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is possible that from time to time transactions will take place with organisations in which members of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

All members of the Board provide an annual declaration of any pecuniary or other interests they have with organisations which may be involved with the Trust. No such potential conflicts of interest have been identified in the year commencing 1/9/15.

The Trust does not have a formal sponsor

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for boys of different abilities between the ages of 11 and 16.

Objectives, Strategies and Activities

The main objectives for 2015-16 are set out below for each of the 4 Ofsted headings, along with what we have done to achieve these objectives and how successful we have been:

Achievement / outcomes for learners

Objectives:

- Continue to improve outcomes for students at KS4 in English and Maths.
- Continue to improve pupils' "points progress" scores from KS2 to KS4.
- Continue to ensure that disadvantaged groups are able to achieve and progress in the same manner as other pupils.

What we have done to achieve these objectives:

- Maths and English teaching staff have had, and continue to have, advisory support in order to support the achievement of pupils in these subjects.
- Pupils who enter the School below national expectation levels receive focused support, including 1-1 engagement where appropriate, in English and Maths.
- Staff are aware of all disadvantaged pupils in their classes. This is via pupil trackers and other related information.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

How successful have we been in achieving these objectives?

- Our English and, particularly, Maths GCSE outcomes were disappointingly lower than expected. One of the factors behind this is that our pupils find it harder than mainstream pupils to cope well with the increasing focus on end-of-year exams, as opposed to a mix with course work, etc. Our science outcomes were, however, good.
- Notwithstanding the above, our contextualised value added Progress 8 score as +0.82 compared with an overall national average of 0.0.

Quality of teaching, learning and assessment

Objectives

- All teachers to have had their lessons observed each term and moderation applied.
- Lesson observations outcomes to be 100% at least 'Good', with >40% 'Outstanding'.
- Continuing effective CPD for teaching staff.

What we have done to achieve these objectives

- Our programme of lesson observations and moderation of results has continued.
- Feedback from lesson observations and other support is provided to improve teaching quality.
- Our Continuing Professional Development programme runs all year with separate differentiated programmes via the School's carousel's programme. We have excellent support and induction/support new staff, NQTs and those new to roles. A combination of experienced newly trained staff and external providers are used for training. We also accredit some of our internal training. For example, staff are currently undertaking a programme on Mental Health called Mindful which is an online accredited programme which creates a better understanding of pupils' needs.

How successful have we been in achieving these objectives?

- All teachers have had at least one lesson observed each term. Our moderation arrangements have continued and give us comfort as to the soundness of our observation conclusions.
- All qualified teachers have achieved good or better in all 3 formal lesson observations (60% of lesson observations were good and 40% were outstanding).
- CPD continues to be effective, appreciated by staff and targeted to aspects of most benefit for pupils.

Behaviour & safety / personal development and welfare

Objectives:

- Maintain our 'outstanding' rating for Ofsted's annual Care inspection.
- Continue to use data from the Behaviour Watch (BW) software to reduce exclusions and improve pupils' behaviour.
- Continue to emphasise the importance of respect and tolerance (part of British Values).
- Continue to apply employability skills and life skills to help prepare our Yr 11 pupils for life after Hailey Hall.

What we have done to achieve these objectives

- All improvements identified in Ofsted's spring 2015 Care inspection report have been applied.
- BW data has been analysed and applied. The use of BW and the resultant improvements have also been discussed with the Board.
- A 'Respect agenda' programme has been the means of progressing the respect, tolerance and British Values messages with pupils, parents/carers and staff.
- KS 4 pupils undertake a City & Guilds Employability qualification. An 'independent living' programme is also in place for boarding pupils activities (e.g. budgeting, cooking, healthy living).

How successful have we been in achieving these objectives?

- The spring 2016 Ofsted Care inspection resulted in an 'Outstanding' categorisation, for the second year running. (A similar outcome came from the Oct 2016 Ofsted Care inspection.)
- The number of fixed term exclusions and the number of recorded incidents have fallen since 2014-15. There have been no permanent exclusions in 2015-16, compared with 1 in 2014-15.
- The respect Agenda has been well received. The School community is orderly, business-like and hard-working, and students are generally respectful.
- Passes were attained by all 8 Yr 11 pupils entered for the Employability qualification this in summer 2016.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Leadership and management

Objectives:

- Ensure all processes and documentation are in place for our first academic year as an academy.
- Introduce our own arrangements for the transporting of Herts pupils to/from School, and ensure these are cost-effective and add overall value for pupils and the School.
- Involve a wider range of staff in SLT activities and thereby, increase overall leadership capacity for the Academy.
- Ensure that Governors continue to meet all regulatory governance requirements and provide the right balance of support and challenge for the Headteacher and SLT.

What we have done to achieve these objectives

- Guidance documentation was prepared for, and discussed, with Governors on their new roles as Governors / Trustees / Directors. Detailed reviews of the Articles of Association and the Academies Financial Handbook were performed, to identify all required actions.
- Our Herts transport arrangements were put in place from the start of autumn term. Progress has been carefully monitored and tweaks applied in a timely manner (e.g. changing type of vehicles used).
- Middle managers such as English and Maths TLR teachers are invited to attend / be seconded onto SLT which provides increased Leadership and Management capacity and is developmental for those middle leaders.
- A full complement of Governors (11) has been maintained, with only 1 vacancy for a few months. In June 2016, Governors undertook their annual self-assessment of their effectiveness, this time using the 20 'key questions every governing body should ask itself', as developed by the All Party Parliamentary Group on Education, Governance and Leadership.

How successful have we been in achieving these objectives?

- All required actions have been undertaken.
- Feedback to date from pupils, parents and staff has been generally positive. Staff appreciate earlier (each day) involvement with pupils to better understand their frame of mind for the coming day.
- Broadening the range of staff involved in SLT activities has proved popular, successful and will continue.
- The outcomes of the summer term 2016 self-assessment were sound (average scores of 3.4 on a scale of 1 to 4) and were discussed at the Trustees meeting on 12 July 2016.

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The 'objects' of the Trust, as per our Articles of Association, are 'to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school specially organised to make special educational provision for pupils with Special Educational Needs offering a broad and balanced curriculum'.

The Trust continued its mission in line with the above objects, by ensuring that students achieved their potential in public examinations; encouraging a wide range of extra-curricular activities; developing and retaining suitable staff and preparing students for suitable progression as young adults when they left the School.

Specific achievements were as follows:

- Achieving a second consecutive annual Ofsted 'outstanding' Care inspection report in March 2016.
- Ensuring continuation of good attendance rates and achieving improvements in overall behaviour of pupils.
- Managing a smooth transition to academy status.
- Managing a smooth introduction of our own transport arrangements for Herts pupils.
- Ensuring no material safety occurrences resulting in harm to pupils, staff or stakeholders.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

Key Performance Indicators

The Trustees receive relevant, regular information at each committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As many elements of funding are based on pupil numbers this is a key performance indicator. Pupil numbers for 2016 were 63 against a forecast of 65.

Our most important finance indicator is the extent to which operational income and expenditures were managed to the approved budget levels. For 2015-16 we achieved an overall (i.e. Restricted plus Unrestricted) surplus of revenue (including opening balance transferred from HCC upon becoming an academy) of £136k. All variances versus budget were fully explained to Trustees, along with the relevant actions.

Staff costs are by far our most significant expenditure, utilising around 78% of total income. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures all approved by the Board.

The Finance and Premises Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above areas were within the parameters set by the Board.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 principal source of funding for the Trust is the GAG and other grants that it receives from the Education Funding agency (EFA). For the year ended 31 August 2016 the Trust received £2.01m of funding and other operational income. Almost 80% of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £1.97m on operational activities. The carry forward for 15/16 is £54K restricted funds, £82k unrestricted funds and £3.14m of restricted fixed asset funds.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £828k. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £82k. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees are holding this £82k of unrestricted funds to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds £54k for in year contingencies and always plans to have a carry forward of between 1% and 5% to assist the Trustees in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016 was £136k.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £353k. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £20k to cover short term cash flow variances.

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TRUSTEES' REPORT (continued)
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Investment Policy

An Investment Policy was approved by the Board of Trustees on 19 January 2016.

The policy sets out how any surplus cash balances will be invested in order to achieve best value and minimal risk, whilst also ensuring sufficient cash flow to enable the Academy to manage its day to day accounts. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees are aware of the major risks to which the Academy is exposed, and identify and monitor any appropriate actions to mitigate those risks. A formal risk register is being prepared and will be formally reviewed on an annual basis. The principal risks facing the Trust are outlined below; those facing the School at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The other principal risks and uncertainties facing the Trust, as assessed by Trustees, are set out below, along with our mitigation approaches:

Financial sustainability:

The Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

- We consider the likelihood and impact of this risk to be Medium and High respectively. Our only realistic mitigations are to remain aware of education funding and ensure sound financial management, including look-ahead projections to enable planning and application of required actions.

Much of our funding is based on pupil numbers. Thus there is the risk that demographics and/or competition may result on lower pupil numbers and income.

- We monitor trends affecting our pupil numbers, ensure sound and tight financial management and reporting. We therefore consider the likelihood and impact of this risk to be Medium and High respectively.

Safeguarding and child protection.

- Our safeguarding arrangements have been judged as 'good' or 'outstanding' by Ofsted in recent reviews. We therefore consider the likelihood and impact of this risk to be Low and High respectively.

Staffing - the success of the Academy is reliant on the complement, quality and motivation of its staff.

- Trustees monitor staffing levels and all staffing policies for recruitment, appraisal, and development of staff. We consider our present staff level, quality and morale to be good. We therefore consider the likelihood and impact of this risk to be medium and high respectively.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc.

- We have a sound Governing Body and good governance practices in place. Thus we consider the likelihood and impact of this risk to be Low and Medium respectively.

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TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2016

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

Our overall aim is to continue to be an outstanding School which offers a safe and stimulating learning environment where pupils are able to develop socially, academically and emotionally, in order for students to attain and achieve their full potential becoming effective citizens and life-learners.

A significant focus area for 2016-17 will be to enable our pupils to cope better with the additional challenges of the national move towards end-of-year exam outcomes as the prime measure of attainment.

Funds Held as Custodian Trustee on Behalf of Others

Not applicable.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 8/12/16 and signed on the Board's behalf by:


D Wadia
Chairman of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hailey Hall Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Wadia, chair	5	5
A Myers	5	5
J Jennings	4	5
M Langley	3	5
D Thomson	3	5
C Irons	4	5
M Samson (resigned 1 September 2015)	1	1
L Renker	3	5
L Want	2	2
H Boardman	5	5
R Whitaker	5	5
S Newton	5	5

The following changes took place in the composition of the Board of Trustees in the period 1 September 2015 to 31 August 2016:

- Maddie Samson became a Trustee on 17 July 2015, and resigned as a Trustee on 1 September 2015.
- Laura Renker became a Trustee on 17 July 2015.
- Lisa Want became a Trustee on 17 May 2016.

The main challenge for the Board in the period to 31 August 2016 has been around ensuring clarity and full understanding by Trustees of their various responsibilities (as Trustees, Directors and Governors) now that we are an Academy Trust. This has been properly addressed by the provision of relevant information to all Trustees and discussions at Board meetings.

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GOVERNANCE STATEMENT (continued)

The Resources Committee is a sub-committee of the main Board of Trustees. The purpose can be found on the 'Terms of Reference' of our Resources Committee, which are available on our website at <http://www.haileyhall.herts.sch.uk/attachments/download.asp?file=453&type=pdf>.

In brief, the remit covers:

- To establish that the School maintains sound systems, practices and procedures to provide effective internal control, and comply with the requirements of the Funding Agreement and the Academies Financial Handbook.
- To provide guidance and assistance to the Headteacher and Governing Body on financial matters.
- To ensure the School maintains a strategic financial view of income, staffing, other expenditure, capital projects and cyclical maintenance, covering the short (current year) and longer term (2-3 years).
- In consultation with the Headteacher, to consider the School's income and to draft the first formal budget in the financial year for the Governing Body to consider and endorse.
- To monitor, at least twice each term, spending against budget and to ensure that expenditure remains within the prescribed full year limits.
- To monitor expenditure of all voluntary funds held by the School.
- To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook, and recommend their endorsement by FFB, the Governing Body and Members.
- To maintain oversight of activities and charges from the School's external Accountants / Auditors.
- To approve improvement plans and actions relating to the finance and premises area.
- To ensure an effective approach is in place for the identification and management of key risks, including contingency and business continuity planning.
- To prepare an Annual Report for submission to the Governing Body on the work of the committee.
- To review relevant policies delegated to it by the Governing Body, and to report recommendations for changes, if any, at the next full governing body meeting.

There have been no changes in the composition of the Resources Committee in the year ending 31 August 2016. The main challenges for the Resources Committee in the past year have been to:

- Ensure full compliance with all requirements of the Academies Financial Handbook; and
- Prepare for the first annual budget and accounts reporting cycle as an Academy Trust.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
D Wadia	4	5
D Thomson	2	5
L Want	1	1
H Boardman	5	5
S Newton	5	5

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy'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 appropriate.

The School maintained sound control over income and expenditure during the year to 31/8/16 resulting, from a financial perspective, in a c.5% operating surplus of income over expenditure (which was larger than projected).

Key 'value for money' aspects for the year were:

- Costs of our transition to academy status were managed within the £25k of funds available for this.
- From Sep 2015 the school took responsibility (previously with Hertfordshire County Council) for transportation of Hertfordshire pupils to and from school. Transport costs for the year were within the budgeted level and the new arrangements are proving successful in terms of being popular with pupils and parent / carers, and useful for school staff to have earlier interaction with pupils on a daily basis.
- The School has maintained staffing levels in line with the structure currently considered most appropriate to meet pupils' needs, within budget levels and with low rate of staff turnover.
- The School's use of Pupil Premium funding has been a contributor in the generally good progress / attainment of our disadvantaged pupils.
- Our Resources Committee met 5 times in the year to, amongst other things, review financial reports on income / costs to date and projections for the full year. The Resources Committee governors provided comprehensive financial information and updates to our Full Governing Body at least once each term.
- We continued to obtain competitive quotes for procurement of goods and services, including a significant refurbishment of our kitchen.

Value for money related activities for 2016-17 include:

- Look into appropriate financial benchmarking with comparable schools.
- In light of our relatively small size (around 65 pupils) and thus our lack of real internal economies of scale, we are applying a revised structure for our finance and administration team to maximise funds available for the direct benefit of pupils.

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 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 Hailey Hall Academy Trust for the period 17 July 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements.

We have appointed EES for Schools (owned by Essex County Council), a body which is completely independent of the School, to carry out an evaluation of our internal controls. Their first visit in Oct 2016 focused on 2015-16:

- Governance & financial management; and
- Payroll & expenses.

The governance & financial management checks undertaken covered delegations of financial powers; minutes of relevant governance meetings; terms of reference for our finance committee; budget approvals; forward financial planning; code of conduct; relevant policies; registers of gifts & hospitality; risk management; financial information presented to governors; financial controls & reconciliations, and our FMGS (Financial Management Governance Self-assessment).

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The payroll and expenses checked undertaken covered Service Level Agreement with the Academy's payroll provider, most recent monthly payroll reports, staff personnel/contract files, mileage, travel and subsistence claims and processed overtime claim forms.

We aim to have EES undertake 2-3 reviews in each academic year.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy 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's significant risks, that has been in place for the period 17 July 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint EES as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a half yearly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

EES have completed their work and submitted their report as planned.

The review by EES identified several areas for improvement, all of which have been actioned. The main issues arising were:

- Budget for year to 31 August 2016 was discussed by Resources Committee, but not formally endorsed by the Governing Body.
- Governors' meetings papers not easily accessible.
- Governors' and other key officers' details not updated in Edubase.
- The Academy's funding agreement was not on the website.
- Need for improved segregation of duties on payroll updating and approval.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on

8/12/16 and signed on their behalf, by:



D Wadia
Chairman of Trustees



H Boardman
Accounting Officer

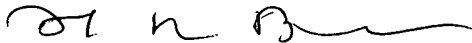
HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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



H Boardman
Accounting Officer

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2016

The Trustees (who act as Governors of Hailey Hall School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 8/12/16 and signed on its behalf by:



D Wadia
Chairman of Trustees

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HAILEY HALL ACADEMY TRUST

We have audited the financial statements of Hailey Hall Academy Trust for the period ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and its Members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our Report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HAILEY
HALL ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
14 December 2016

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HAILEY HALL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hailey Hall Academy Trust during the period 17 July 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF HAILEY HALL ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 17 July 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement of regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HAILEY
HALL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 17 July 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP
Chartered Accountants

14 December 2016

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
INCOME FROM:					
Donations & capital grants:					
Assets transferred on conversion to Academy	2	58,955	(505,000)	3,028,830	2,582,785
Other donations and capital grants	2	-	4,353	157,277	161,630
Charitable activities	3	2,197	1,978,371	-	1,980,568
Other trading activities	4	26,871	-	-	26,871
Investments	5	198	-	-	198
TOTAL INCOME		88,221	1,477,724	3,186,107	4,752,052
EXPENDITURE ON:					
Charitable activities		6,336	1,958,174	47,433	2,011,943
TOTAL EXPENDITURE	6	6,336	1,958,174	47,433	2,011,943
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between funds	15	81,885	(480,450)	3,138,674	2,740,109
		-	(1,583)	1,583	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		81,885	(482,033)	3,140,257	2,740,109
Actuarial losses on defined benefit pension schemes	20	-	(292,000)	-	(292,000)
NET MOVEMENT IN FUNDS		81,885	(774,033)	3,140,257	2,448,109
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		81,885	(774,033)	3,140,257	2,448,109

All of the Academy's activities derive from acquisitions in the current financial period.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09691510

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £
FIXED ASSETS			
Tangible assets	12		3,134,147
CURRENT ASSETS			
Debtors	13	30,421	
Cash at bank and in hand		352,555	
		<u>382,976</u>	
CREDITORS: amounts falling due within one year	14	(241,014)	
NET CURRENT ASSETS			<u>141,962</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,276,109</u>
Defined benefit pension scheme liability	20		(828,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,448,109</u></u>
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	15	53,967	
Restricted fixed asset funds	15	3,140,257	
		<u>3,194,224</u>	
Restricted income funds excluding pension liability			
Pension reserve		(828,000)	
		<u></u>	
Total restricted income funds			2,366,224
Unrestricted income funds	15		81,885
TOTAL FUNDS			<u><u>2,448,109</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 7/12/16 and are signed on their behalf, by:



D Wadia
Chairman of Trustees

The notes on pages 24 to 38 form part of these financial statements.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	17	504,907
Cash flows from investing activities:		
Dividends, interest and rents from investments		198
Proceeds from the sale of tangible fixed assets		200
Purchase of tangible fixed assets		(152,750)
Net cash used in investing activities		(152,352)
Change in cash and cash equivalents in the period		352,555
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	18	352,555

All of the cash flows are derived from acquisitions in the current financial period.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Hailey Hall Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

1.3 Income

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

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 allocated on the portion of the asset's use.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

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 Incorporating Income and Expenditure Account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	20 years straight line
Motor vehicles	-	5 years straight line
Fixtures and fittings	-	10 years straight line
Computer equipment	-	3 years straight line
Other fixed assets	-	3 years straight line

Freehold land is not depreciated.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 Liabilities and provisions

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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Pensions

Retirement benefits to employees of the Academy 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account 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

1.10 Conversion to an academy trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the School for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Hailey Hall to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities Incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 19.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.11 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Assets transferred on conversion to Academy	58,955	(505,000)	3,028,830	2,582,785
Donations	-	4,353	-	4,353
Capital grants	-	-	157,277	157,277
Total donations and capital grants	58,955	(500,647)	3,186,107	2,744,415

HAILEY HALL ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant (GAG)	-	674,034	674,034
Other DfE / EFA grants	-	41,994	41,994
Start up grant	-	25,000	25,000
	<u>-</u>	<u>741,028</u>	<u>741,028</u>
Other government grants			
Local Authority grants	-	1,234,343	1,234,343
	<u>-</u>	<u>1,234,343</u>	<u>1,234,343</u>
Other funding			
Catering	2,197	-	2,197
Other funding	-	3,000	3,000
	<u>2,197</u>	<u>3,000</u>	<u>5,197</u>
	<u>2,197</u>	<u>1,978,371</u>	<u>1,980,568</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Rental income	20,305	-	20,305
Other income	6,566	-	6,566
	<u>26,871</u>	<u>-</u>	<u>26,871</u>

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Bank interest	<u>198</u>	<u>-</u>	<u>198</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Provision of Education:				
Direct costs	1,046,779	-	115,464	1,162,243
Support costs	524,773	107,148	217,779	849,700
	<u>1,571,552</u>	<u>107,148</u>	<u>333,243</u>	<u>2,011,943</u>

In 2016, of the total expenditure, £6,336 was to unrestricted funds and £1,958,174 was to restricted funds and £47,433 was to restricted fixed asset funds.

7. CHARITABLE ACTIVITIES

	2016 £
Direct costs	1,162,243
Support costs	849,700
	<u>2,011,943</u>
Total	<u>2,011,943</u>

	2016 £
Analysis of support costs	
Support staff costs	524,773
Depreciation	46,328
Technology costs	2,172
Premises costs	60,820
Other support costs	190,634
Governance costs	24,973
	<u>849,700</u>
Total	<u>849,700</u>

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £
Depreciation of tangible fixed assets:	
- owned or leased by the Academy Trust	46,328
Auditors' remuneration - audit	4,350
Auditors' remuneration - non audit	4,400
	<u>55,078</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016 £
Wages and salaries	1,241,716
Social security costs	80,526
Operating costs of defined benefit pension schemes	204,485
	<hr/> 1,526,727
Supply teacher costs	35,105
Staff restructuring	9,720
	<hr/> <hr/> 1,571,552

The average number of persons employed by the Academy during the period was as follows:

	2016 No.
Teachers	12
Administration and support	36
Management	7
	<hr/> 55

Average headcount expressed as a full time equivalent:

	2016 No.
Teachers	10
Administration and support	32
Management	5
	<hr/> 47

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

	2016 No.
In the band £ 60,001 - £ 70,000	1
In the band £ 90,001 - £100,000	1

Included in staff restructuring costs is a non-statutory/non-contractual compensation payment totalling £9,720.

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £460,223.

Employer pension contributions included within key management personnel remuneration was £63,793.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

10. REMUNERATION AND EXPENSES

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

H Boardman (Staff Trustee)

Remuneration £95,000-£100,000*

Employer's pension contributions paid £15,000-£20,000

* Includes £15,000 Residential Allowance for living on site.

S Newton (Staff Trustee)

Remuneration £35,000-£40,000

Employer's pension contributions paid £0-£5,000

R Whitaker (Staff Trustee)

Remuneration £45,000-£50,000

Employer's pension contributions paid £5,000-£10,000

During the period ended 31 August 2016, travel and subsistence expenses totalling £898 were reimbursed or paid directly to one Trustee in relation to their role as a member of staff.

Other related party transactions involving the Trustees are set out in note 23.

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Other fixed assets £	Total £
Cost						
Additions	151,167	-	-	1,583	-	152,750
Assets donated on conversion	2,992,768	1,000	9,488	12,586	12,988	3,028,830
Disposals	-	-	-	-	(1,105)	(1,105)
At 31 August 2016	3,143,935	1,000	9,488	14,169	11,883	3,180,475
Depreciation						
Charge for the period	45,888	-	-	440	-	46,328
At 31 August 2016	45,888	-	-	440	-	46,328
Net book value						
At 31 August 2016	3,098,047	1,000	9,488	13,729	11,883	3,134,147

Included in land and buildings is freehold land at valuation of £2,075,000, which is not depreciated.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

13. DEBTORS

	2016 £
Trade debtors	258
VAT recoverable	3,365
Prepayments and accrued income	26,798
	<hr/>
	30,421
	<hr/> <hr/>

14. CREDITORS: Amounts falling due within one year

	2016 £
Trade creditors	152,361
Other taxation and social security	25,110
Other creditors	19,923
Accruals and deferred income	43,620
	<hr/>
	241,014
	<hr/> <hr/>

Deferred income

Deferred income at 17 July 2015	-
Resources deferred during the year	3,917
	<hr/> <hr/>

Deferred income relates to an EFA grants received in advance for devolved formula capital.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Unrestricted funds						
Unrestricted funds	-	88,221	(6,336)	-	-	81,885
Restricted funds						
General Annual Grant (GAG)	-	674,034	(646,821)	(1,583)	-	25,630
Other DfE/EFA grants	-	70,627	(70,627)	-	-	-
Other government grants	-	1,230,710	(1,203,161)	-	-	27,549
Restricted donations	-	7,353	(6,565)	-	-	788
Pension reserve	-	(505,000)	(31,000)	-	(292,000)	(828,000)
	-	1,477,724	(1,958,174)	(1,583)	(292,000)	(774,033)
Restricted fixed asset funds						
Restricted fixed asset funds	-	3,028,830	(47,433)	152,750	-	3,134,147
Devolved formula capital	-	6,110	-	-	-	6,110
DfE/EFA capital grants	-	151,167	-	(151,167)	-	-
	-	3,186,107	(47,433)	1,583	-	3,140,257
Total restricted funds	-	4,663,831	(2,005,607)	-	(292,000)	2,366,224
Total of funds	-	4,752,052	(2,011,943)	-	(292,000)	2,448,109

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

Other DfE/EFA grants

This fund largely represents income granted to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Other Government grants

This represents allocated funding for special educational needs pupils, transport services, residential operations and strategic school development.

Restricted donations

Other small restricted donations for specific educational purposes are also included within this fund.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the academy on conversion from a state controlled school.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose. The transfer in of £152,750 represents the costs of assets acquired in the year which have been funded by GAG funding other EFA capital.

DfE/EFA capital grants

This fund represents capital funding received from the EFA to provide for the maintenance and enhancement of capital assets.

Devolved formula capital

This fund represents annual formula capital funding received during the year.

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure. The transfer out of £1,583 represents the costs of tangible fixed assets, which are shown within the restricted fixed assets fund.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	3,134,147	3,134,147
Current assets	322,899	53,967	6,110	382,976
Creditors due within one year	(241,014)	-	-	(241,014)
Provisions for liabilities and charges	-	(828,000)	-	(828,000)
	<u>81,885</u>	<u>(774,033)</u>	<u>3,140,257</u>	<u>2,448,109</u>

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £
Net income for the year (as per Statement of financial activities)	2,740,109
Adjustment for:	
Depreciation charges	46,328
Dividends, interest and rents from investments	(198)
Loss on the sale of fixed assets	905
Increase in debtors	(30,421)
Increase in creditors	241,014
Defined benefit pension scheme obligation transferred on conversion	505,000
Assets transferred from local authority on conversion	(3,028,830)
FRS 17 adjustments	31,000
Net cash provided by operating activities	<u>504,907</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016**

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £
Cash in hand	352,555
Total	<u>352,555</u>

19. CONVERSION TO AN ACADEMY TRUST

On 17 July 2015 Hailey Hall converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hailey Hall Academy Trust from Hertfordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities Incorporating Income and Expenditure Account as Donations - transfer from Local Authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities Incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold land and buildings	-	-	2,992,768	2,992,768
- Other tangible fixed assets	-	-	36,062	36,062
Budget surplus/(deficit) on LA funds	58,955	-	-	58,955
LGPS pension surplus/(deficit)	-	(505,000)	-	(505,000)
Net assets/(liabilities)	<u>58,955</u>	<u>(505,000)</u>	<u>3,028,830</u>	<u>2,582,785</u>

The above net assets include £58,955 that were transferred as cash.

20. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

As described in note 19 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the 2015. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

Contributions amounting to £19,923 were payable to the schemes at 31 August 2016 and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

20. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £74,014.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £147,000, of which employer's contributions totalled £118,000, and employees' contributions totalled £29,000. The agreed contribution rates for future years are 25.4% for employers and 6.5% 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2016
Discount rate for scheme liabilities	2.00 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %

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

	2016
Retiring today	
Males	22.3
Females	24.5
Retiring in 20 years	
Males	24.3
Females	26.7

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £
Equities	385,560
Debt instruments	171,360
Property	42,840
Cash	12,240
Total market value of assets	612,000

The actual return on scheme assets was £73,000.

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £
Current service cost (net of employee contributions)	(130,000)
Net interest cost	(19,000)
Total	(149,000)

Movements in the present value of the defined benefit obligation were as follows:

	2016 £
Defined benefit obligation on conversion	897,000
Current service cost	130,000
Interest cost	36,000
Contributions by employees	29,000
Actuarial losses	348,000
Closing defined benefit obligation	1,440,000

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NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy's share of scheme assets:

	2016 £
Fair value of scheme assets on conversion	392,000
Interest income	17,000
Actuarial gains and (losses)	56,000
Contributions by employer	118,000
Contributions by employees	29,000
	<hr/>
Closing fair value of scheme assets	612,000
	<hr/> <hr/>

21. OPERATING LEASE COMMITMENTS

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

	2016 £
Amounts payable:	
Within 1 year	16,346
Between 1 and 5 years	4,438
	<hr/>
Total	20,784
	<hr/> <hr/>

22. MEMBERS' LIABILITY

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

23. RELATED PARTY TRANSACTIONS

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

There were no related party transactions during the year.