

Registered number: 09691510

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	D Wadia A Myers (resigned 25 January 2017) D Thomson J Jennings
Trustees	D Wadia, Chairman of Trustees and Co-Opted Governor A Myers, Parent Governor (resigned 25 January 2017) J Jennings, Co-Opted Governors M Langley, Co-Opted Governors (resigned 12 July 2017) D Thomson, Parent Governor (resigned 12 July 2017) C Irons, Co-Opted Governors L Renker, Parent Governor L Want, Parent Governor H Boardman, Headteacher and Accounting Officer R Whitaker, Staff Governor (resigned 7 December 2016) S Newton, Co-Opted Governors P Delamaine, Staff Governor (appointed 7 December 2016) J Clarke (appointed 7 September 2017) B Hall (appointed 7 September 2017) R Parperis (appointed 7 September 2017)
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
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

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 2017. 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 2016-17, it has a pupil capacity of 70 day places and up to 20 Monday to Thursday boarding places and had a roll of 67 in the January 2017 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 (the 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 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 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 Trustee, 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.

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TRUSTEES' REPORT (continued)
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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 Academy's policies.

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 meetings 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).

- Resources Committee, responsible for:
 - financial oversight; and
 - premises management, including health & safety.
- Human Resources Committee, responsible for:
 - School staff personnel policies, management, wellbeing, etc.

The Headteacher is the designated Accounting Officer 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 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.

A Pay and Rewards policy is in place that provides a clear framework for the management of pay and grading issues for all staff employed by the Academy. This policy is reviewed annually by Trustees and 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 a Trustee 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 Trustees 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 1/9/16.

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 Academy 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 2016-17 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:

Outcomes

Aspirational outcome and 'Progress 8' targets to be set and achieved for all year 11 pupils, including vulnerable groups.

- Projected outcomes for each year 11 pupil were prepared by the School, monitored and shared with Governors. Actual outcomes were reported to Governors in October 2017.
- We consider this objective to have been well progressed.

Aspirational progress targets to be set and achieved for all years 7-10 pupils, including vulnerable groups.

- Projected progress for non year 11 pupil was closely monitored by the School versus actual progress and was reported to Governors in October 2017.
- We consider this objective to have been well progressed.

Quality of Teaching, Learning and Assessment

At least 70% of teachers are consistently 'Good' and at least 20% are consistently 'Outstanding' in formal lesson observations.

- In spring / summer terms 41% / 61% of lessons were assessed as 'outstanding'.
- We consider this objective to have been achieved.

Develop, and agree with Board of Trustees, any appropriate improvements to our curriculum offering, including optimising Alternative Learning Provision, to best meet the needs of our present cohorts.

- Our curriculum offering continues to be tailored to the needs of our particular cohorts / pupils. Governors were given presentations on our curriculum and our use of ALP.
- We consider this objective to have been achieved.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Personal Development, Behaviour & Welfare

Develop and commence application of a model for the 'soft' and 'life' skills we want pupils to have by end of year 11. Model should list the targeted skills, the means of delivery / development and the means of monitoring / assessing pupils' uptake of each element.

- We continue to focus on 'soft' and 'life' skills as an important part of our aim of preparing our pupils for life after Hailey Hall. Governors are kept apprised of activities and progress in this regard.
- We consider this objective to have been well progressed.

Demonstrate, using the Behaviour Watch tool and any other relevant behaviour reporting, that pupils' behaviour in 2016-17 shows generally improving trends compared with the previous 2 academic years.

- Our pupil behaviour information shows generally improving trends. Key elements have been the application of a comprehensive and transparent 'rewards point' approach with pupils, and the use of available information from Behaviour Watch.
- We consider this objective to have been achieved.

Improve the overall capability of staff regarding 'behaviour and safety / personal development and welfare', by beginning autism accreditation for the school and progressing mental health training for staff.

- We are progressing towards autism recognition and are being sought after by other Schools for advice in this area. Improved staff understanding is likely to be a contributor towards improved overall behaviour (see above).
- We consider this objective to have been well progressed.

Effectiveness of Leadership and Management

Develop, and agree with the Board of Trustees, a model / optimum leadership and staffing structure for the School which best meets pupils' needs, makes best use of available resources, ensures clarity of roles and responsibilities, enables staff development and is sustainable from a cost perspective.

- Staffing structure continues to be closely monitored by the Headteacher. Leadership roles and structure also continues to be closely monitored, particularly in light of leadership staff changes in the year.
- We consider this objective to have been well progressed.

Develop, and agree with Board of Trustees, a strategic view of what, if anything, Hailey Hall should do regarding moving towards a Multi Academy Trust (MAT) structure, working with nearby schools and working with nearby Local Authorities.

- Governors have discussed options and implications regarding potentially moving towards a MAT arrangement. These considerations are continuing. The School continues to work with nearby schools and local authorities.
- We consider this objective to have been well progressed.

Develop, and agree with Board of Trustees, a prioritised list of realistic, proposed capital projects for the next 5 years and progress capital funding requests in timely manner accordingly.

- Potential capital projects were outlined to the Board of Trustees. Our capital bid for kitchen refurbishment was successful and the work has been completed. Our capital bid for updating our residential facilities, unfortunately, was not successful.
- We consider this objective to have been well progressed.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Ensure the School's finances are managed for 2016-17 to make best use of available funds and an 'operational surplus' for the year of between 1% and 2.5% of non-capital income, and keep Governors apprised of full year projections and 2-3 year look-ahead forecasts.

- The School maintained sound control over income and expenditure during the year to 31/08/17. Total expenditure in the year was 6% higher than total income, but due to the managed use of the higher than expected surplus brought forward from 2015-16, this still left a surplus carried forward at 31/08/17 of approximated 1.5% of income for the year. Ensuring the School's continuing financial viability for future years remains a challenge, as for other schools.
- We consider this objective to have been progressed.

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, defined in 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 third consecutive annual OFSTED 'outstanding' Care Inspection Report.
- Ensuring continuation of good attendance rates and improvements in overall behaviour of pupils.
- Handling senior staff departures in a pragmatic manner and using the opportunity to re-allocate activities and develop leaders' capabilities.
- Ensuring no material safety occurrences resulting in harm to pupils, staff or stakeholders.

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 2016-17 were 67 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 2016-17, we had a higher than expected brought forward surplus from 2015-16. This was applied for the benefit of pupils, leaving a carried forward surplus at 31/08/17 of approximately £31,000. Variances versus budget were explained to Trustees, along with the relevant actions.

Staff costs are by far our most significant expenditure, utilising around 85% of total income. This percentage increases year-on-year, due to funding restrictions and the Board of Trustees continues to work with the Headteacher to achieve optimum financial outcomes and viability.

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 of Trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 Academy is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2017 the Academy received £1,949,986 of funding and other operational income. Almost 85% 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 it spent £2,089,490 on operational activities. The carry forward for 16/17 is £177 restricted funds, £31,779 unrestricted funds and £3,111,732 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 £631,000. 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 Finance 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 £31,779. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees are holding this £31,779 of unrestricted funds to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust 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 2017 was £31,956.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £98,278. 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 Finance Manager reports and attempt to hold a minimum of £20,000 to cover short term cash flow variances.

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

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

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

Financial sustainability:

The Academy has considerable reliance on continued Government funding through the ESFA 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 high 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 Board of Trustees and good governance practices in place. Thus we consider the likelihood and impact of this risk to be low and medium respectively.

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.

Significant focus areas for 2017-18 will be around financial sustainability for the School, as well as continuing to help 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.

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 6/12/17 and signed on the Board's behalf by:



D Wadia
Chair of Trustees

HAILEY HALL ACADEMY TRUST
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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 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Wadia, Chair	7	7
A Myers	0	2
J Jennings	6	7
M Langley	5	7
D Thomson	5	7
C Irons	3	7
L Renker	6	7
L Want	6	7
H Boardman	6	7
R Whitaker	1	2
S Newton	6	7
P Delamaine	6	6

The following changes took place in the composition of the board of trustees in the period 01/09/16 to 31/08/17:

- Amy Myers resigned on 25/01/17.
- Dave Thompson resigned on 12/07/17.
- Mark Langley resigned on 12/07/17.
- Ross Whittaker resigned on 07/12/16.
- Paul Delamaine became a trustee on 16/01/17.
- Jacqueline Clarke became a trustee on 07/09/17.
- Beverley Hall became a trustee on 07/09/17.
- Richard Parperis became a trustee on 07/09/17.

For the last 6 years the Board of Trustees have carried out annual self-assessments of the effectiveness of their governance activities. The summer term 2017 self-assessment used the 20 'key questions every governing body should ask itself', as developed by the All Party Parliamentary Group on Education, Governance and Leadership.

The outcomes of the summer term 2017 self-assessment remain sound (average scores of 3.1 on a scale of 1 to 4) and were discussed at the Trustees meeting on 12/7/17.

The main action agreed was to ensure succession planning to enable full complement of Trustees (now done).

The most recent self-evaluation of governance was carried out in Jun-July 2017. Similar exercises have been carried out every summer term since 2012. The next such exercise will take place in Jun 2018.

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GOVERNANCE STATEMENT (continued)

The 'Terms of Reference of our Resources Committee are available on our website at <http://www.haileyhall.herts.sch.uk/attachments/download.asp?file=540&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 Board of Trustees 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 Board of Trustees 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 Board of Trustees and Members;
- to maintain oversight of activities and charges from the School's external 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 Board of Trustees on the work of the Committee including opinions on the effectiveness of
 - the internal control system, including use of the 'Financial Management and Governance Self-assessment'; and
 - risk management.
- To review relevant policies delegated to it by the Board of Trustees, and to report recommendations for changes, if any, at the next Board of Trustees meeting.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
D Thomson	4	4
L Want	4	4
L Renker	4	4
H Boardman	3	4
S Newton	3	4

The main challenges for the Resources Committee in the past year have been to:

- Continuing to ensure full compliance with all requirements of the Academies Financial Handbook; and
- Ensuring clarity for Governors on the financial status of the Academy for the current and future academic years.
- Lisa Want and Laura Renker have both joined the committee and Darayus Wadia stepped down from the Committee.

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 Accounting Officer for the Academy has delivered improved value for money during the year by maintaining sound control over income and expenditure during the year to 31/08/17. Total expenditure in the year was 5.6% higher than total income, but due to the higher than expected surplus brought forward from 2015-16, this still left a surplus carried forward at 31/8/17 of approximates 1.2% of income for the year.

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GOVERNANCE STATEMENT (continued)

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

- Costs for transportation of Hertfordshire pupils to and from School continued to be 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, costs were managed to within 2.6% of the budgeted level and we have had a 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 4 times in the year to review, amongst other things, financial Reports on income / costs to date and projections for the full year. The Resources Committee Governors supported the School in providing comprehensive financial information and updates to our Board of Trustees at least once each term.
- Value for money related activities for 2017-18 include, in light of our relatively small size (c.65 pupils) and thus our lack of real internal economies of scale, continuing to look at opportunities and mechanisms to improve our financial sustainability going forward.

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 year 01 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy 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 year 01 September 2016 to 31 August 2017 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 Resources Committee 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.

HAILEY HALL ACADEMY TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

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. In particular the checks carried out in the current period included:

- iGovernance, financial management & reporting; covering financial oversight, financial planning & budget monitoring, reporting to trustees, transparency, gifts received and given, risk management, internal scrutiny and financial management and governance self-assessment.
- Banking; covering internal control and cash management.
- Income; covering receipts from students and parents, generated income and internal control.
- Payroll & expenses; covering payroll processing and expenses.
- Expenditure; covering internal procedure, proper and regular use of public funds, internal control, persons with significant control; connected parties and tax implications.
- Assets; covering fixed assets and inventory.
- Payroll; covering payroll processing and special payments

The main recommendations arising from the EES reviews were:

- Two authorised signatories approve all BACS payment runs.
- Reconciliations should be more transparent.
- Independent approval required for purchase card items.
- Fixed assets register to be maintained.

Actions are being progressed regarding the above.

On a half yearly basis, the Internal Auditor reports to the Board of Trustees through the Audit Committee 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.

REVIEW OF EFFECTIVENESS

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

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

Approved by the Board of Trustees on 6/12/17 and signed on their behalf, by:

D Wadia
Chair of Trustees



H Boardman
Accounting Officer



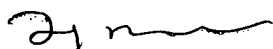
HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy 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 2016.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2016.

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



H Boardman
Accounting Officer

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare 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 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by the Board of Trustees on 6/12/17 and signed on its behalf by:



D Wadia
Chair 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**

OPINION

We have audited the financial statements of Hailey Hall Academy Trust (the Academy) for the year ended 19 October 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. 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 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 19 October 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report, (incorporating the Strategic Report and the Directors' Report) for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
20 December 2017

HAILEY HALL ACADEMY TRUST

(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 19 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 year 1 September 2016 to 31 August 2017 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 ESFA 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 ESFA those matters we are required to state in a Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hailey Hall Academy Trust and the ESFA, 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 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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, 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 AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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

20 December 2017

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Assets transferred on conversion to Academy	2	-	-	-	-	2,582,785
Other donations and capital grants	2	-	3,719	6,199	9,918	161,630
Charitable activities	3	3,258	1,913,107	-	1,916,365	1,980,568
Other trading activities	4	23,546	-	-	23,546	26,871
Investments	5	157	-	-	157	198
TOTAL INCOME		26,961	1,916,826	6,199	1,949,986	4,752,052
EXPENDITURE ON:						
Charitable activities		77,067	2,012,423	65,917	2,155,407	2,011,943
TOTAL EXPENDITURE	6	77,067	2,012,423	65,917	2,155,407	2,011,943
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	15	(50,106)	(95,597)	(59,718)	(205,421)	2,740,109
		-	(31,193)	31,193	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(50,106)	(126,790)	(28,525)	(205,421)	2,740,109
Actuarial gains/(losses) on defined benefit pension schemes	19	-	270,000	-	270,000	(292,000)
NET MOVEMENT IN FUNDS		(50,106)	143,210	(28,525)	64,579	2,448,109
RECONCILIATION OF FUNDS:						
Total funds brought forward		81,885	(774,033)	3,140,257	2,448,109	-
TOTAL FUNDS CARRIED FORWARD		31,779	(630,823)	3,111,732	2,512,688	2,448,109

HAILEY HALL ACADEMY TRUST

(A Company Limited by Guarantee)
REGISTERED NUMBER: 09691510

BALANCE SHEET AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	12		3,111,732		3,134,147
CURRENT ASSETS					
Debtors	13	39,410		30,421	
Cash at bank and in hand		98,278		352,555	
		<u>137,688</u>		<u>382,976</u>	
CREDITORS: amounts falling due within one year	14	(105,732)		(241,014)	
NET CURRENT ASSETS			31,956		141,962
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,143,688</u>		<u>3,276,109</u>
Defined benefit pension scheme liability	19	(631,000)		(828,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>2,512,688</u>		<u>2,448,109</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	177		53,967	
Restricted fixed asset funds	15	3,111,732		3,140,257	
Restricted income funds excluding pension liability		<u>3,111,909</u>		<u>3,194,224</u>	
Pension reserve		(631,000)		(828,000)	
Total restricted income funds			2,480,909		2,366,224
Unrestricted income funds	15		31,779		81,885
TOTAL FUNDS			<u>2,512,688</u>		<u>2,448,109</u>

The financial statements on pages 20 to 41 were approved by the Trustees, and authorised for issue, on 6/12/17 and are signed on their behalf, by:



D Wadia
Chair of Trustees

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	(210,877)	504,907
Cash flows from investing activities:			
Interest received		157	198
Proceeds from the sale of tangible fixed assets		-	200
Purchase of tangible fixed assets		(43,557)	(152,750)
Net cash used in investing activities		(43,400)	(152,352)
Change in cash and cash equivalents in the year		(254,277)	352,555
Cash and cash equivalents brought forward		352,555	-
Cash and cash equivalents carried forward	18	98,278	352,555

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The Academy's functional and presentational currency is Pounds Sterling.

1.2 Company status

The Academy is a company limited by guarantee. The members of the Academy are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member.

1.3 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.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.4 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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable 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.

Where assets are received by the Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

1.5 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.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 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.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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.

1.8 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.

1.9 Liabilities and provisions

Liabilities and provisions 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.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Pensions

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 19, 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 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.

HAILEY HALL ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.12 Critical accounting estimates and areas of judgment

Estimates and judgments 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 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 19, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Assets transferred on conversion to Academy	-	-	-	-	2,582,785
Donations	-	3,719	-	3,719	4,353
Capital grants	-	-	6,199	6,199	157,277
Subtotal	-	3,719	6,199	9,918	161,630
	-	3,719	6,199	9,918	2,744,415
Total 2016	58,955	(500,647)	3,186,107	2,744,415	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	671,272	671,272	674,034
Other DfE / ESFA grants	-	41,164	41,164	41,994
Start up grant	-	-	-	25,000
	-	712,436	712,436	741,028
Other government grants				
Local Authority grants	-	1,197,421	1,197,421	1,234,343
	-	1,197,421	1,197,421	1,234,343
Other funding				
Catering	3,258	-	3,258	2,197
Other funding	-	3,250	3,250	3,000
	3,258	3,250	6,508	5,197
	3,258	1,913,107	1,916,365	1,980,568
Total 2016	2,197	1,978,371	1,980,568	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rental income	19,964	19,964	20,305
Other income	3,582	3,582	6,566
	23,546	23,546	26,871
Total 2016	26,871	26,871	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	157	157	198
<i>Total 2016</i>	198	198	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Direct costs	1,164,797	-	161,530	1,326,327	1,162,243
Support costs	507,470	140,218	181,392	829,080	849,700
	1,672,267	140,218	342,922	2,155,407	2,011,943
<i>Total 2016</i>	1,571,552	107,148	333,243	2,011,943	

7. CHARITABLE ACTIVITIES

	2017 £	2016 £
Direct costs	1,326,327	1,162,243
Support costs	829,080	849,700
<i>Total</i>	2,155,407	2,011,943

Analysis of support costs	2017 £	2016 £
Support staff costs	507,470	524,773
Premises costs (excluding depreciation)	74,301	60,820
Technology costs	2,169	2,172
Depreciation	65,917	46,328
Other support costs	165,170	190,634
Governance costs	14,053	24,973
<i>Total</i>	829,080	849,700

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned or leased by the Academy	65,917	46,328
Auditors' remuneration - audit	4,350	4,350
Auditors' remuneration - non audit	4,300	4,400
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,264,952	1,241,716
Social security costs	117,076	80,526
Operating costs of defined benefit pension schemes	248,772	204,485
	<u>1,630,800</u>	<u>1,526,727</u>
Supply teaching costs	36,938	35,105
Staff restructuring	4,529	9,720
	<u><u>1,672,267</u></u>	<u><u>1,571,552</u></u>

Staff restructuring costs comprise:

Redundancy payments	3,260	-
Severance payments	1,269	9,720
	<u>4,529</u>	<u>9,720</u>

Included in staff restructuring costs is a non-statutory/non-contractual severance payments of £1,269 (2016: £9,720). This was an individual payment.

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

	2017 No.	2016 No.
Teachers	13	12
Administration and support	34	36
Management	6	7
	<u>53</u>	<u>55</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	10	10
Administration and support	32	32
Management	5	5
	<u>47</u>	<u>47</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	1	1
In the band £ 90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. STAFF COSTS (continued)

The key management personnel of the Academy comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Academy was £446,551 (2016: £503,449).

Employer pension contributions included within key management personnel remuneration was £51,697 (2016: £63,793).

Employer National Insurance included within key management personnel remuneration was £42,057 (2016: £43,226).

10. REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. 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 £100,000 - £105,000 (2016: £95,000-£100,000)*

Employer's pension contributions paid £15,000 - £20,000 (2016: £15,000-£20,000)

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

S Newton (Staff Trustee)

Remuneration £35,000-£40,000 (2016: £35,000-£40,000)

Employer's pension contributions paid £0 (2016: £0)

R Whitaker (Staff Trustee)

Remuneration £40,000-£45,000 (2016: £45,000-£50,000)

Employer's pension contributions paid £5,000-£10,000 (2016: £5,000-£10,000)

P Delamaine (Staff Trustee)

Remuneration £45,000-£50,000

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

During the year ended 31 August 2017, travel and subsistence expenses totalling £477 (2016: £898) were reimbursed or paid directly to 2 Trustees (2016: 1 Trustee) in relation to their role as a members of staff.

Other related party transactions involving the Trustees are set out in note 22.

11. TRUSTEES' AND OFFICERS' INSURANCE

The Academy 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2016	3,143,935	21,371	1,000	14,169	3,180,475
Additions	-	21,718	4,333	17,506	43,557
Disposals	(55)	-	-	-	(55)
At 31 August 2017	3,143,880	43,089	5,333	31,675	3,223,977
Depreciation					
At 1 September 2016	45,888	-	-	440	46,328
Charge for the year	61,000	1,395	433	3,089	65,917
At 31 August 2017	106,888	1,395	433	3,529	112,245
Net book value					
At 31 August 2017	3,036,992	41,694	4,900	28,146	3,111,732
At 31 August 2016	3,098,047	21,371	1,000	13,729	3,134,147

Included in freehold property is freehold land at a valuation of £2,075,000 (2016: £2,075,000), which is not depreciated.

13. DEBTORS

	2017 £	2016 £
Trade debtors	158	258
VAT recoverable	9,639	3,365
Prepayments and accrued income	29,613	26,798
	<u>39,410</u>	<u>30,421</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

14. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	16,063	152,361
Other taxation and social security	27,128	25,110
Other creditors	21,647	19,923
Accruals and deferred income	40,894	43,620
	<u>105,732</u>	<u>241,014</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	3,917	-
Resources deferred during the year	4,633	3,917
Amounts released from previous years	(3,917)	-
	<u>4,633</u>	<u>3,917</u>

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

15. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	81,885	26,961	(77,067)	-	-	31,779
	<u>81,885</u>	<u>26,961</u>	<u>(77,067)</u>	<u>-</u>	<u>-</u>	<u>31,779</u>
Restricted funds						
General Annual Grant (GAG)	25,630	671,272	(665,709)	(31,193)	-	-
Other DfE/ESFA grants	-	4,500	(4,500)	-	-	-
Other Government grants	27,549	1,197,421	(1,224,970)	-	-	-
Other restricted	788	6,969	(7,580)	-	-	177
Pupil Premium	-	36,664	(36,664)	-	-	-
Pension reserve	(828,000)	-	(73,000)	-	270,000	(631,000)
	<u>(774,033)</u>	<u>1,916,826</u>	<u>(2,012,423)</u>	<u>(31,193)</u>	<u>270,000</u>	<u>(630,823)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	3,134,147	-	(65,917)	43,502	-	3,111,732
Devolved Formula Capital	6,110	6,199	-	(12,309)	-	-
	<u>3,140,257</u>	<u>6,199</u>	<u>(65,917)</u>	<u>31,193</u>	<u>-</u>	<u>3,111,732</u>
Total restricted funds	<u>2,366,224</u>	<u>1,923,025</u>	<u>(2,078,340)</u>	<u>-</u>	<u>270,000</u>	<u>2,480,909</u>
Total of funds	<u>2,448,109</u>	<u>1,949,986</u>	<u>(2,155,407)</u>	<u>-</u>	<u>270,000</u>	<u>2,512,688</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	-	88,221	(6,336)	-	-	81,885
	-	88,221	(6,336)	-	-	81,885
Restricted funds						
General Annual Grant (GAG)	-	674,034	(646,821)	(1,583)	-	25,630
Other DfE/ESFA Grants	-	70,627	(70,627)	-	-	-
Other Government grants	-	1,230,710	(1,203,161)	-	-	27,549
Other restricted	-	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/ESFA 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/ESFA 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.

Pupil Premium

This funding is to be used to 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 and other restricted

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

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15. STATEMENT OF FUNDS (continued)

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.

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 ESFA capital.

DfE/ESFA capital grants

This fund represents capital funding received from the ESFA 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 ESFA to cover the costs of recurrent expenditure. The transfer out of £31,193 represents the costs of tangible fixed assets, which are shown within the restricted fixed assets fund.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,111,732	3,111,732
Current assets	31,779	105,909	-	137,688
Creditors due within one year	-	(105,732)	-	(105,732)
Provisions for liabilities and charges	-	(631,000)	-	(631,000)
	<u>31,779</u>	<u>(630,823)</u>	<u>3,111,732</u>	<u>2,512,688</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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>

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NOTES TO THE FINANCIAL STATEMENTS
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17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(205,421)	2,740,109
Adjustment for:		
Depreciation charges	65,917	46,328
Interest received	(157)	(198)
Loss on the sale of fixed assets	55	905
Increase in debtors	(8,989)	(30,421)
(Decrease)/increase in creditors	(135,282)	241,014
Defined benefit pension scheme obligation inherited	-	505,000
Net (loss) on assets and liabilities from local authority on conversion	-	(3,028,830)
Actuarial adjustments	73,000	31,000
Net cash (used in)/provided by operating activities	<u>(210,877)</u>	<u>504,907</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	98,278	352,555
Total	<u>98,278</u>	<u>352,555</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. 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.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £11,152 were payable to the schemes at 31 August 2017 (2016 - £8,684) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 is currently underway based on April 2016 data, 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 £87,775 (2016 - £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 Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

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19. PENSION COMMITMENTS (continued)

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 year ended 31 August 2017 was £132,000 (2016 - £147,000), of which employer's contributions totalled £107,000 (2016 - £118,000) and employees' contributions totalled £25,000 (2016 - £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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	1,356,486	1,408,320
Discount rate -0.1%	1,417,514	1,471,680
Mortality assumption - 1 year increase	1,398,096	1,448,640
Mortality assumption - 1 year decrease	1,375,904	1,431,360
CPI rate +0.1%	1,411,966	1,460,160
CPI rate -0.1%	1,362,034	1,419,840

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19. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	491,400	385,560
Bonds	189,000	171,360
Property	52,920	42,840
Cash	22,680	12,240
	<u>756,000</u>	<u>612,000</u>
Total market value of assets	756,000	612,000

The actual return on scheme assets was £36,000 (2016 - £73,000).

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

	2017 £	2016 £
Current service cost	(163,000)	(130,000)
Interest income	13,000	17,000
Interest cost	(30,000)	(36,000)
	<u>(180,000)</u>	<u>(149,000)</u>
Total	(180,000)	(149,000)

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

	2017 £	2016 £
Opening defined benefit obligation	1,440,000	897,000
Current service cost	163,000	130,000
Interest cost	30,000	36,000
Employee contributions	25,000	29,000
Actuarial (gains)/losses	(247,000)	348,000
Benefits paid	(24,000)	-
	<u>1,387,000</u>	<u>1,440,000</u>
Closing defined benefit obligation	1,387,000	1,440,000

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

	2017 £	2016 £
Opening fair value of scheme assets	612,000	392,000
Interest income	13,000	17,000
Actuarial losses	23,000	56,000
Employer contributions	107,000	118,000
Employee contributions	25,000	29,000
Benefits paid	(24,000)	-
	<u>756,000</u>	<u>612,000</u>
Closing fair value of scheme assets	756,000	612,000

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NOTES TO THE FINANCIAL STATEMENTS
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20. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	12,790	16,346
Between 1 and 5 years	735	4,438
	<u>13,525</u>	<u>20,784</u>
Total	<u><u>13,525</u></u>	<u><u>20,784</u></u>

21. 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.

22. 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 a Trustee may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

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.