

Company Registration No. 09691510 (England and Wales)

HAILEY HALL ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



HAILEY HALL ACADEMY TRUST

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditor's report on the financial statements	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities including income and expenditure account	25 - 26
Balance sheet	27
Statement of cash flows	28
Notes to the financial statements including accounting policies	29 - 46

HAILEY HALL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	L Want (Resigned 4 September 2019) R Parperis L Williams (Appointed 25 September 2019) K Dunnett (Appointed 25 September 2019) R Bolton (Appointed 25 September 2019)	
Trustees	H R Boardman (Resigned 30 April 2019) P J Delamaine (Accounting Officer) L Want (Resigned 4 September 2019) J Clarke B Hall (Resigned 25 January 2019) S Newton R Parperis (Chair of Governors) C Chalk A Connoley (Appointed 26 March 2019) J Hammond (Appointed 6 February 2019)	
Senior management team	P Delamaine J Dormer B Aldiss A Devine L Gregory S Newton J Kinchlea A Caira	- Acting Headteacher & Acting Accounting Officer - Deputy Headteacher - Acting Deputy Headteacher - Assistant Headteacher - Operations Manager - Head of Residential Care - Strategic Business Manager - Finance Manager & Exam Manager
Company registration number	09691510 (England and Wales)	
Registered office	Hailey Hall Academy Hailey Lane Hertford Hertfordshire SG13 7PB	
Independent auditor	Wilkins Kennedy Audit Services 5 Yeomans Court Ware Road Hertford Hertfordshire SG13 7HJ	

HAILEY HALL ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Barclays Bank Plc
51 High St
Hoddesdon
EN11 8TG

Lloyds Bank Plc
5-6 Market Pl
Hertford
SG14 1DS

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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 1 September 2018 to 31 August 2019. 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, Enfield and Bedfordshire 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 2018-19, it had a pupil capacity of 71 day places and up to 40 Monday to Thursday boarding places, and had a roll of 69 in the Spring 2019 school census.

Structure, governance and management

Constitution

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 Academy Trust.

The trustees of Hailey Hall Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Method of recruitment and appointment or election of Trustees

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

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

- Members to appoint up to one trustee (Members are Richard Parperis, Katherine Dunnett, Rosemary Bolton and Linda Williams)
- 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
- Trustees may appoint co-opted trustees.

The Board of Trustees comprises the Principal, four co-opted trustees, one staff trustee and two parent trustees.

In order to recruit new non-staff trustees, adverts are placed on the National Governors Association website. Applications are also taken via networking/external contacts of school staff.

An election process is undertaken for new parent governors. The school will write to all parents to announce a vacancy/vacancies and an election process is undertaken

Following application, meetings are arranged with Headteacher and Chair of the BOT to discuss suitability and areas of experience of the applicant/s. If it is agreed that the individuals are suitable to undertake a governance role, references are obtained, DBS check undertaken, and induction process delivered. This includes a tour of the school, provision of access to governance information/school policies and the allocation of a school email address.

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 to enable them to perform their role effectively. To this end trustees are able to undertake training, including training courses run by Herts for Learning. The board of trustees undertakes an annual review of the range of skills of existing trustees and their training undertaken as compared with training recommended by Herts for Learning. Actions are taken to address any apparent skill or training gaps.

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

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 and each individual committee 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 objectives as well as all operational and day-to-day activities of the school.

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

Sub-committee	Main areas of responsibility
1. Finance and Premises Committee	- Financial oversight - Premises management, including health & safety.
2. Human Resources Committee	- School staff personnel policies, management, well-being, grievances, etc.
3. Achievement and Standards Committee	- Review, monitor and evaluate achievement and standard documentation; e.g. SIP/SDP, Curriculum Offer, Pupil Premium application, attendance data/procedures etc.
4. Policy Committee	- Oversee policy development and ensure policies are being properly applied and update as necessary

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

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

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

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

Non- Staff Trustees receive no remuneration from the Academy.

Pay & Performance and Appraisal policies are in place, which provides a clear framework for the management of pay and grading issues for all staff employed by the Academy, together with a framework to undertake appraisals of staff performance. This policy is also used to;

- Maintain and improve the quality of teaching and learning at the school;
- Support the school improvement plan;
- 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, equitable, just and transparent;
- Provide flexibility to enable individual staff performance to be linked to pay decisions.

Specifically, the arrangements used for setting pay and remuneration of key management staff, which are outlined in the Pay Policy, are as follows:

Leadership Pay Group (teaching staff)

The Trustee Board has assigned individual pay ranges for each leadership group posts, which have been calculated in accordance with the STPCD and are set out in Appendix 1 of the Pay Policy.

These pay groups are reviewed when determining the pay range for a vacancy prior to it being advertised, taking account the needs of the school and skills and experience of a new appointment.

These ranges only change:

1. Where the accountability and responsibility of the post significantly increase since it was last reviewed.
2. In order to reflect a change in value of a post following a recruitment exercise which warrants a review of the leadership group ranges in order to maintain a suitable pay differential.

The pay range for the Headteacher is kept within the range attributed to the school group size in the STPCD. The Trustee Board has regard for the position of the school within the group range when determining the individual range for the Headteacher. This in turn informs limitations of other leadership group posts, which will not overlap with the pay range of the Headteacher.

In the case of non-teaching management staff, the pay value of roles are aligned to the Hay job evaluation scheme. The activities of new roles are compared to model job descriptions provided under the scheme by Herts CC, and appropriate gradings are applied.

The Pay and Appraisal Policies are reviewed annually by Trustees.

Related parties and other connected charities and organisations

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

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

The Trust does not have a formal sponsor.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

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

Objectives, Strategies and Activities

The main objectives for 2018-19 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 will be reported to Governors in October 2019.
- 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 year's 7-10 pupils was closely monitored by the School versus actual progress and will be reported to Governors in October 2019.
- 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.

- During the spring term Ofsted inspection, all lessons observed were judged to be at least good with a proportion judged 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. Outcomes from this provision are very positive with pupils having moved onto either employment, further education or training.
- We consider this objective to have been achieved.

Personal Development, Behaviour & Welfare

Continue to 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. A pilot of the life skills passport was successfully launched, which is now due to be implemented across the school for the academic year 19/20. Soft skills data is now being used effectively to set targets to develop individual pupil's soft skills
- We consider this objective to have been well progressed.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Demonstrate, using the Behaviour Watch tool and any other relevant behaviour reporting, that pupils' behaviour in 2018-19 shows generally improving trends compared with the previous academic year.

- 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 work with the Autism Education Trust and progressing mental health training for staff.

- We are progressing towards autism recognition and are being sought after by other Schools for advice
- Staff have all had mental training provided by the Kate Cairns Association
- 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

Continue to 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.

- In preparation for the academic year 19/20, the staffing structure was reviewed and appropriately changed. Senior leaders and middle leaders were given clearly defined roles and responsibilities. There has also been the addition of support staff to best meet the needs of the pupils, and to give leaders enough capacity for their role.
- 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.

- Trustees discussed options and implications regarding potentially moving towards a MAT arrangement in the last academic year. These considerations will continue in the longer term, however, following initial discussions with Herts CC, the current objectives are to determine how the school may better utilise the premises and site to create more pupil places. Herts CC have stated that funding is potentially available to support this. Feasibility is also being undertaken into the option to provide 'Alternative Learning Provision' for Hailey Hall pupils and the local school community. The School continues to work with nearby schools and local authorities.
- We consider this objective to have progressed well.

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 updating our sports hall and boarding facilities, unfortunately, were not successful. However, we hope to reapply for funding for this.
- We consider this objective to have progressed well.

Ensure the School's finances are managed for 2018-19 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.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

- The School maintained sound control over income and expenditure during the year to 31/8/19. Total expenditure in the year was 5% lower than total income due to the anticipated increase in boarding, and pupil numbers in 2018/19, which absorbed the small deficit brought forward. This, together with sound budgetary control measures implemented by our new Financial Manager, resulted in a healthy surplus enabling a start in August to a monthly transfer to reserves as agreed in the capital & revenue reserves policy of Spring 2018. However, ensuring the School's continuing financial viability for future years remains a challenge, as for other schools.

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.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

The 'objects' of the Trust, as per our Articles of Association, are 'to advance for the public benefit education in the United Kingdom 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:

- Improvement during our annual Ofsted Care inspection from *Requires Improvement* for leadership and management to *Good* report in June 2019.
- Excellent exam results for the Summer of 2019
- Ensuring continuation of good attendance rates and achieving improvements in overall behaviour of pupils.
- Ensuring no material safety occurrences resulting in harm to pupils, staff or stakeholders.
- Introducing robust GDPR procedures following the change in legislation.

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 2019 were 69 against a forecast of 71.

Exam results

- The average attainment 8 score for Non ALPS pupils was 19.35 and for all boys the score was 12.96. The attainment 8 score nationally for boys with a statement or EHCP plan is 8.62 points.
- The average attainment 8 score for our Non ALP (Alternative Learning Provision) pupils at Hailey Hall School who are entitled to Free School Meals was 18.50. This figure is only 9.6 points nationally for Statemented boys who are entitled to Free School Meals.
- The average progress 8 score for all our pupils is -1.25, compared to -1.995 for similar schools nationally.
- National data has shown that pupil achievement and attainment is affected more by mobility than low prior attainment. At Hailey Hall School, we have a high percentage of casual admission pupils (50%). The Progress 8 score for these pupils was -1.69 and their Attainment 8 points were 8.29 which is higher than the national averages quoted above.
- 100% of Year 11 pupils leaving Hailey Hall School in July 2018 went on to further education, employment or training.
- All pupils achieve a good range of accreditation at KS4. We do not pick courses that attract performance points, we pick courses that are suitable for our pupils. We have a wide ranging number of courses which include GCSE English Language and Literature, GCSE Maths, GCSE Art, I-Media, BTEC Sport, BTEC Applied Science, BTEC Music, NCFE Food technology and BTEC Construction.
- 100% of the pupils who were non ALP achieved a qualification.
- Our Pupil Premium disadvantaged pupils achieved higher Progress 8 and Attainment 8 scores than non-disadvantaged pupils. Our Progress 8 score was -0.95 for disadvantaged pupils and Attainment 8 was 16.35 (compared to -1.50 and 11.79 for non-disadvantaged).

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Our most important finance indicator is the extent to which operational income and expenditures were managed to the approved budget levels. Coming into 2018-19, there was a £16,400 deficit of expenditure over revenue.

Staffing costs being the most significant expenditure, have been carefully managed and indeed reduced from c.82% to c.78% of total income, which for a special school in fact enhancing services is highly commendable. Staffing costs were higher than budget but commensurate with numbers, indeed due to the changes in leadership there have been some exceptional costs, fortunately minimised and kept within this financial year. The new structure for 2019-20, with 1 less SLT, and increased numbers of TAs plus a similar reorganisation in admin, looks to be a positive enhancement with cost neutral budgetary consequences. We look forward to a more stable budgetary control for 2019-20.

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

Going concern

The Board of Trustees have a reasonable expectation that the academy trust has adequate resources to continue in operation for the foreseeable future, at least for a period of at least twelve months from the date of approval of these accounts. Hence 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

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2019, total expenditure of £2,206k (2018: £2,217k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £67k (2018: excess of expenditure over income was £130k).

At 31 August 2019 the net book value of fixed assets was £2,970k (2018: £3,015k). Movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of Hailey Hall School.

The Local Government Pension Scheme, in which the Trust participates, showed a deficit of £877k (2018: £580k) at 31 August 2019.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy

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 2019 the Academy received £2,212k of funding and other operational income. Almost 80% of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year it spent £2,206k on operational activities. The carry forward balances as at 31 August 2019 are a balance of £67k on the restricted funds and £2,970k of restricted fixed asset funds and £31k of unrestricted funds.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £877k. 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.

The cash balance of the Academy has been healthy all year, ending the year with a balance of £148k. The Trustees monitor cash flow as part of the committee Finance Manager reports and attempt to hold a minimum of £20,000 to cover short term cash flow variances. Additionally, from August 2019 a further £20,000 per month is going to be transferred to an interest-bearing reserve account, subject to cash flow.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Investment policy

An Investment Policy was approved by the Board of Trustees on 21/03/2018.

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 Academy does 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 has been prepared and will be formally reviewed on a termly basis. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the 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.

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

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

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

- Financial sustainability:

The Academy has considerable reliance on continued Government funding through the 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 low and medium 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.

HAILEY HALL ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 Low 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 Low and Medium respectively.

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

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

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

Fundraising

The academy does not undertake significant fundraising activities.

Plans for future periods

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

A significant focus area for 2019-20 will be to continue to enable our pupils to cope better with the additional challenges of the national move towards end-of-year exam outcomes as the prime measure of attainment.

Funds held as custodian trustee on behalf of others

Hailey Hall Academy Trust does not act as a Custodian Trustee on behalf of others.

Auditor

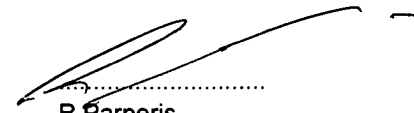
In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Wilkins Kennedy Audit Services be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12.12.19 and signed on its behalf by:


P J Delamaine
Accounting Officer


R Parperis
Chair of Governors

HAILEY HALL ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

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

Governance

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

Trustees	Meetings attended	Out of possible
H R Boardman (Resigned 30 April 2019)	1	3
P J Delamaine (Accounting Officer)	5	5
L Want (Resigned 4 September 2019)	3	5
J Clarke	5	5
B Hall (Resigned 25 January 2019)	0	1
S Newton	5	5
R Parperis (Chair of Governors)	4	5
C Chalk	5	5
A Connoley (Appointed 26 March 2019)	3	3
J Hammond (Appointed 6 February 2019)	4	4

For the last seven years the board have carried out an annual self-assessments of the effectiveness of their governance activities. A review of governance has also been undertaken by Herts for Learning to ensure that our governance is as robust as possible. The trustees completed the NGA Governor Skills Audit which is used to inform training needs. This is a broadly recognised and accepted tool within Educational establishments for gathering effective information regarding governor skills.

Coverage of the work of the Board includes determining strategic direction for the Academy, reviewing progress towards educational objectives and results; approving major expenditure requests; setting the budget for the following year; setting the organisational staffing structure; monitoring progress of activities to achieve strategic and operational objectives and agreeing the performance objectives of Headteacher with the School Improvement Partner, and reviewing them.

HAILEY HALL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- i) 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.
- ii) To provide guidance and assistance to the Headteacher and governing body on financial matters.
- iii) 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).
- iv) In consultation with the Headteacher, to consider the school's income and to draft the first formal budget in the financial year for the governing body to consider and endorse.
- v) To monitor, at least twice each term, spending against budget and to ensure that expenditure remains within the prescribed full year limits.
- vi) To monitor expenditure of all voluntary funds held by the School.
- vii) To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook, and recommend their endorsement by FGB and Members.
- viii) To maintain oversight of activities and charges from the school's external accountants / auditors.
- ix) To approve improvement plans and actions relating to the finance and premises area.
- x) To ensure an effective approach is in place for the identification and management of key risks, including contingency and business continuity planning.
- xi) To prepare an annual report for submission to the governing body 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 governing body, and to report recommendations for changes, if any, at the next full governing body meeting.

During the year a new Chair of Finance & Premises was appointed.

The main challenges for the Finance & Premises Committee in the past year have been to:

- i. Continue to ensure full compliance with all requirements of the Academies Financial Handbook; and
- ii. Ensure clarity for governors on the financial status of the academy trust for the current and future academic years.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
H R Boardman (Resigned 30 April 2019)	1	4
P J Delamaine (Accounting Officer)	3	3
L Want (Resigned 4 September 2019)	5	6
S Newton	3	6
R Parperis (Chair of Governors)	4	5
J Hammond (Appointed 6 February 2019)	3	4

HAILEY HALL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the Academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Total expenditure in the year was 5% lower than total income, which means we are in surplus finance. We are looking to increase pupil numbers and are monitoring the cash flow and management accounts closely. We are also avoiding any unnecessary expenditure.

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

- ICT support and counselling was brought in-house resulting in greater efficiency and economy
- Maintenance and catering were brought under better control with change of personnel and suppliers, resulting in time and money saved
- The School's use of Pupil Premium funding has been a contributor in the generally good progress / attainment of our disadvantaged pupils and whole of school and with a complete revamp from bottom up of needs and interventions we look forward to even better 2019-20
- Our Finance & Premises Committee met 6 times in the year to review, amongst other things, financial reports on income / costs to date and projections for the full year. The Committee support the school in providing comprehensive financial information and updates to our Board of Trustees at least once each term.

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 on-going process designed to identify and prioritise the risks to the achievement of Academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hailey Hall Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 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 trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the finance and general purposes 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;
- identification and management of risks.

HAILEY HALL ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint EES for Schools (owned by Essex County Council), a body which is completely independent of the school, to carry out an evaluation of our internal controls. These visits took place on 8/11/18 and 25/5/19. Their visit scope for 2018-19 covered:

- i) Governance, 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.
- ii) Banking, covering internal control and cash management.
- iii) Income, covering receipts from students and parents, generated income and internal control.
- iv) Payroll & expenses, covering payroll processing and expenses.
- v) Expenditure, covering internal procedure, proper and regular use of public funds, internal control, persons with significant control., connected parties and tax implications.
- vi) Assets, covering fixed assets and inventory.
- vii) Payroll, covering payroll processing and special payments

The main recommendations arising from the EES reviews were:

- Two authorised signatories approve all BACS payment runs.
- Payroll reports to be independently reviewed
- Dear Accounting Manager letters to be shared to BOT
- Cash flow and monthly accounts to be circulated to all trustees
- Schedule of Financial Delegation to be reviewed and approved annually by BOT
- Gifts Given & Received Register to be periodically signed
- Trustees to note the value of dinner money arrears

Actions are being progressed regarding the above.

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 auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 12.12.19 and signed on its behalf by:



R Parperis
Chair of Governors

HAILEY HALL ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

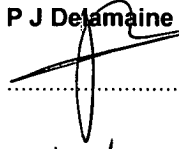
FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Hailey Hall Academy Trust I have considered my responsibility to notify the Academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy trust, or material non-compliance with the terms and conditions of funding under the Academy trust's funding agreement and the Academies Financial Handbook 2018.

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

P J Delamaine - Accounting Officer


.....
12/12/19.

HAILEY HALL ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of Hailey Hall Academy Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12.12.19 and signed on its behalf by:


P J Delamaine
Accounting Officer


R Parperis
Chair of Governors

HAILEY HALL ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	265	-	15,420	15,685	9,857
Charitable activities:						
- Funding for educational operations	4	-	1,880,225	-	1,880,225	1,698,450
- Funding for boarding	22	-	286,058	-	286,058	252,876
Other trading activities	5	30,213	-	-	30,213	34,285
Investments	6	156	-	-	156	78
Total		30,634	2,166,283	15,420	2,212,337	1,995,546
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	1,846,984	76,454	1,923,438	1,975,921
- Boarding	22	-	282,951	-	282,951	240,931
Total	7	-	2,129,935	76,454	2,206,389	2,216,852
Net income/(expenditure)		30,634	36,348	(61,034)	5,948	(221,306)
Transfers between funds	16	-	(16,407)	16,407	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	18	-	(234,000)	-	(234,000)	127,000
Net movement in funds		30,634	(214,059)	(44,627)	(228,052)	(94,306)
Reconciliation of funds						
Total funds brought forward		-	(596,409)	3,014,791	2,418,382	2,512,688
Total funds carried forward		30,634	(810,468)	2,970,164	2,190,330	2,418,382

HAILEY HALL ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAILEY HALL ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the financial statements of Hailey Hall Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Academy trust 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.

Material uncertainty relating to going concern

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosures made in the 'Accounting Policies - Going Concern' on page 32 concerning the Academy's ability to continue as a Going Concern.

The academy has a deficit of £16K for the year ended 31 August 2018 as a result of the budgets which were set being exceeded.

With the appointment of a new Finance Manager, the budgets for the next three years have been reworked in light of the deficit that is being carried forward from this year ended 31 August 2018. Cash flows have also been updated and the Board of Trustees are confident that with careful monitoring and management a surplus can be made for the year ended 31 August 2019 to recover the situation. The timely cycle of management accounts and cash flow forecasting to the headteacher and Governing body will ensure budgets and cash balances are monitored closely.

These conditions as explained in the accounting policy note indicate the existence of a material uncertainty, which may cast significant doubt about the Academy's ability to continue as a going concern. These accounts do not include the adjustments that would result if the Academy were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

HAILEY HALL ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAILEY HALL ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Other information

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

HAILEY HALL ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAILEY HALL ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wilkins Kennedy Audit Services

Mandy Wilson FCA (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services

16 December 2019

Statutory Auditor

5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

HAILEY HALL ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 12 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hailey Hall Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hailey Hall Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hailey Hall Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hailey Hall Academy Trust and 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the Financial Statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

HAILEY HALL ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAILEY HALL ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Wilkins Kennedy Audit Services

Reporting Accountant

Wilkins Kennedy Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ

Dated: *16 December 2019*

HAILEY HALL ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2018 £
Income and endowments from:					
Donations and capital grants	3	70	-	9,787	9,857
Charitable activities:					
- Funding for educational operations	4	-	1,698,450	-	1,698,450
- Funding for boarding	22	-	252,876	-	252,876
Other trading activities	5	34,285	-	-	34,285
Investments	6	78	-	-	78
Total		34,433	1,951,326	9,787	1,995,546
Expenditure on:					
Charitable activities:					
- Educational operations	8	66,212	1,808,263	101,446	1,975,921
- Boarding	22	-	240,931	-	240,931
Total	7	66,212	2,049,194	101,446	2,216,852
Net expenditure		(31,779)	(97,868)	(91,659)	(221,306)
Transfers between funds	16	-	5,282	(5,282)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	127,000	-	127,000
Net movement in funds		(31,779)	34,414	(96,941)	(94,306)
Reconciliation of funds					
Total funds brought forward		31,779	(630,823)	3,111,732	2,512,688
Total funds carried forward		-	(596,409)	3,014,791	2,418,382

HAILEY HALL ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12		2,970,164		3,014,791
Current assets					
Debtors	13	33,002		35,140	
Cash at bank and in hand		147,669		39,432	
		<u>180,671</u>		<u>74,572</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(83,505)		(90,981)	
Net current assets/(liabilities)			97,166		(16,409)
Net assets excluding pension liability			3,067,330		2,998,382
Defined benefit pension scheme liability	18		(877,000)		(580,000)
Total net assets			<u>2,190,330</u>		<u>2,418,382</u>
Funds of the Academy trust:					
Restricted funds	16				
- Fixed asset funds			2,970,164		3,014,791
- Restricted income funds			66,532		(16,409)
- Pension reserve			(877,000)		(580,000)
Total restricted funds			<u>2,159,696</u>		<u>2,418,382</u>
Unrestricted income funds	16		30,634		-
Total funds			<u>2,190,330</u>		<u>2,418,382</u>

The financial statements on pages 25 to 46 were approved by the Trustees and authorised for issue on 12.12.19 and are signed on their behalf by:


P J Delamaine
Accounting Officer


R Parperis
Chair of Governors

Company Number 09691510

HAILEY HALL ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	19		124,489		(64,204)
Cash flows from investing activities					
Dividends, interest and rents from investments		156		78	
Capital grants from DfE Group		15,420		9,787	
Purchase of tangible fixed assets		(31,828)		(4,507)	
Net cash (used in)/provided by investing activities			(16,252)		5,358
Net increase/(decrease) in cash and cash equivalents in the reporting period			108,237		(58,846)
Cash and cash equivalents at beginning of the year			39,432		98,278
Cash and cash equivalents at end of the year			147,669		39,432

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The financial statements of the Academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities (Charities SORP) preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hailey Hall Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The governors assess whether the use of going concern is appropriate, i.e.. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the accounts.

The Alternative Learning Provision, Catering and Building Maintenance budgets all exceeded the budget set for this year and as a result the Trust has a deficit to carry forward from the year ended 31 August 2018. This is currently being assessed and new procedures are being put in place so that throughout the course of 2018/19 any unnecessary expenditure is avoided.

With the appointment of a new Finance Manager, the budgets for the next three years have been reworked in light of the deficit that is being carried forward from this year ended 31 August 2018. Cash flows have also been updated and the Board of Trustees are confident that with careful monitoring and management a surplus can be made for the year ended 31 August 2019 to recover the situation. The timely cycle of management accounts and cash flow forecasting to the headteacher and Governing body will ensure budgets and cash balances are monitored closely.

In light of the above, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these accounts.. For this reason it continues to adopt the going concern basis in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the Academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Land and buildings	20 years straight line
Plant and machinery	3 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	10 years straight line
Motor vehicles	5 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.

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

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

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

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Financial liabilities

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

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

1.9 Taxation

The Academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

Retirement benefits to employees of the Academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.11 Fund accounting

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

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

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There are no critical areas of judgement.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	15,420	15,420	9,787
Other donations	265	-	265	70
	<u>265</u>	<u>15,420</u>	<u>15,685</u>	<u>9,857</u>

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the Academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	678,156	678,156	685,006
Other DfE group grants	-	48,503	48,503	37,518
	-	726,659	726,659	722,524
Other government grants				
Special educational projects	-	1,153,566	1,153,566	975,926
Other funding				
Boarding income	-	286,058	286,058	252,876
Total funding	-	2,166,283	2,166,283	1,951,326

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	15,034	-	15,034	18,961
Other income	15,179	-	15,179	15,324
	30,213	-	30,213	34,285

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	156	-	156	78

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	1,233,072	-	117,882	1,350,954	1,326,700
- Allocated support costs	231,238	140,826	200,420	572,484	649,221
Boarding					
- Direct costs	4,912	-	-	4,912	-
- Allocated support costs	244,345	13,777	19,917	278,039	240,931
	<u>1,713,567</u>	<u>154,603</u>	<u>338,219</u>	<u>2,206,389</u>	<u>2,216,852</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	5,740	5,575
- Other services	2,060	2,000
Depreciation of tangible fixed assets	76,454	101,446
Net interest on defined benefit pension liability	17,000	17,000
	<u></u>	<u></u>

8 Charitable activities

	2019 £	2018 £
All from restricted funds:		
Direct costs		
Educational operations	1,350,954	1,326,700
Boarding	4,912	-
Support costs		
Educational operations	572,484	649,221
Boarding	278,039	240,931
	<u>2,206,389</u>	<u>2,216,852</u>

	Boarding operations £	Educational operations £	Total 2019 £	Total 2018 £
Analysis of support costs				
Support staff costs	244,345	231,238	475,583	501,119
Depreciation	-	76,454	76,454	101,446
Technology costs	-	689	689	2,723
Premises costs	13,777	64,372	78,149	91,428
Other support costs	19,917	184,617	204,534	178,536
Governance costs	-	15,114	15,114	14,900
	<u>278,039</u>	<u>572,484</u>	<u>850,523</u>	<u>890,152</u>

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	1,283,363	1,270,702
Social security costs	120,279	117,744
Pension costs	236,930	245,134
Amounts paid to employees	1,640,572	1,633,580
Agency staff costs	48,101	39,840
Staff restructuring costs	24,894	8,000
Amounts paid to staff	1,713,567	1,681,420
Staff development and other staff costs	13,781	12,949
Total staff expenditure	1,727,348	1,694,369

Staff restructuring costs comprise:

Redundancy payments	24,894	8,000
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Staff numbers

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

	2019 Number	2018 Number
Teachers	14	14
Administration and support	24	39
Management	3	7
	41	60

Higher paid staff

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

	2019 Number	2018 Number
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	-	1
In the band £90,001 - £100,000	1	-
In the band £110,001 - £120,000	-	1

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Key management personnel

The key management personnel of the Academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy trust was £504,609 (2018: £498,798).

10 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy trust. The 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 services as Trustees.

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

H Boardman (Staff Trustee)

Remuneration £65,000 - £70,000 (2018: £105,000 - £110,000)

Employers pension contributions paid £10,000 - £15,000 (2018: £15,000 - £20,000)

Includes £15,000 residential allowance for living on site.

S Newton (Staff Trustee)

Remuneration £40,000 - £45,000 (2018: £40,000 - £45,000)

Employers pension contributions paid £0 (2018: £0)

P Delamaine (Staff Trustee)

Remuneration £65,000 - £70,000 (2018: £50,000 - £55,000)

Employers pension contributions paid £10,000 - £15,000 (2018: £5,000 - £10,000)

During the year ended 31 August 2019, travel and subsistence expenses totalling £66.70 (2018: £116) were reimbursed or paid directly to a Trustee (2018: two Trustees) in relation to their role as a member of staff.

11 Trustees and officers insurance

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

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2018	3,143,880	11,883	36,182	31,206	5,333	3,228,484
Additions	-	-	15,607	16,221	-	31,828
At 31 August 2019	3,143,880	11,883	51,789	47,427	5,333	3,260,312
Depreciation						
At 1 September 2018	167,888	11,883	23,981	8,041	1,900	213,693
Charge for the year	61,000	-	9,374	5,014	1,067	76,455
At 31 August 2019	228,888	11,883	33,355	13,055	2,967	290,148
Net book value						
At 31 August 2019	2,914,992	-	18,434	34,372	2,366	2,970,164
At 31 August 2018	2,975,992	-	12,201	23,165	3,433	3,014,791

Included within tangible fixed assets is freehold land amounting to £2,075,000 which is not depreciated.

13 Debtors

	2019 £	2018 £
Trade debtors	1,559	903
VAT recoverable	15,863	11,041
Prepayments and accrued income	15,580	23,196
	<u>33,002</u>	<u>35,140</u>

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	8,694	26,806
Other taxation and social security	27,487	28,191
Other creditors	23,350	20,374
Accruals and deferred income	23,974	15,610
	<u>83,505</u>	<u>90,981</u>

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15	Deferred income				2019	2018
					£	£
	Deferred income is included within:					
	Deferred income at 1 September 2018				-	4,633
	Released from previous years				-	(4,633)
	Deferred income at 31 August 2019				-	-
16	Funds					
		Balance at			Gains,	Balance at
		1 September	Income	Expenditure	losses and	31 August
		2018			transfers	2019
		£	£	£	£	£
	Restricted general funds					
	General Annual Grant (GAG)	(28,354)	678,156	(581,915)	(16,407)	51,480
	Other DfE / ESFA grants	-	48,503	(48,503)	-	-
	Other government grants	-	1,153,566	(1,153,566)	-	-
	Boarding	11,945	286,058	(282,951)	-	15,052
	Pension reserve	(580,000)	-	(63,000)	(234,000)	(877,000)
		(596,409)	2,166,283	(2,129,935)	(250,407)	(810,468)
	Restricted fixed asset funds					
	General fixed asset funds	3,014,791	15,420	(76,454)	16,407	2,970,164
	Total restricted funds	2,418,382	2,181,703	(2,206,389)	(234,000)	2,159,696
	Unrestricted funds					
	General funds	-	30,634	-	-	30,634
	Total funds	2,418,382	2,212,337	(2,206,389)	(234,000)	2,190,330

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

16 Funds

(Continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward.

Other DfE/ESFA grants: This includes the pupil premium and Year 7 Catch-up.

Other government grants: This includes High Needs Top Up Funding, Residential Funding and Transport Funding.

Boarding relates to the provision of student boarding.

The pension reserve has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	685,006	(718,642)	5,282	(28,354)
Other DfE / ESFA grants	-	37,518	(37,518)	-	-
Other government grants	-	975,926	(975,926)	-	-
Boarding	-	252,876	(240,931)	-	11,945
Other restricted funds	177	-	(177)	-	-
Pension reserve	(631,000)	-	(76,000)	127,000	(580,000)
	<u>(630,823)</u>	<u>1,951,326</u>	<u>(2,049,194)</u>	<u>132,282</u>	<u>(596,409)</u>
Restricted fixed asset funds					
General fixed asset funds	3,111,732	9,787	(101,446)	(5,282)	3,014,791
	<u>3,111,732</u>	<u>9,787</u>	<u>(101,446)</u>	<u>(5,282)</u>	<u>3,014,791</u>
Total restricted funds	<u>2,480,909</u>	<u>1,961,113</u>	<u>(2,150,640)</u>	<u>127,000</u>	<u>2,418,382</u>
Unrestricted funds					
General funds	31,779	34,433	(66,212)	-	-
	<u>31,779</u>	<u>34,433</u>	<u>(66,212)</u>	<u>-</u>	<u>-</u>
Total funds	<u>2,512,688</u>	<u>1,995,546</u>	<u>(2,216,852)</u>	<u>127,000</u>	<u>2,418,382</u>

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	2,970,164	2,970,164
Current assets	30,634	150,037	-	180,671
Creditors falling due within one year	-	(83,505)	-	(83,505)
Defined benefit pension liability	-	(877,000)	-	(877,000)
Total net assets	30,634	(810,468)	2,970,164	2,190,330

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	3,014,791	3,014,791
Current assets	-	74,572	-	74,572
Creditors falling due within one year	-	(90,981)	-	(90,981)
Defined benefit pension liability	-	(580,000)	-	(580,000)
Total net assets	-	(596,409)	3,014,791	2,418,382

18 Pension and similar obligations

The Academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertford County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £20,903 (2018: £20,374) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Pension and similar obligations

(Continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

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

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

The employer's pension costs paid to the TPS in the period amounted to £ 97,616 (2018: £95,310).

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.4% for employers and 6.5% for employees.

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Pension and similar obligations

(Continued)

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

Total contributions made	2019 £	2018 £
Employer's contributions	93,000	93,000
Employees' contributions	21,000	57,000
Total contributions	114,000	150,000

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.4	2.5
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	1.8	2.8

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

	2019 Years	2018 Years
Retiring today		
- Males	21.5	22.5
- Females	23.7	24.9
Retiring in 20 years		
- Males	22.3	24.1
- Females	25.0	26.7

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

The Academy trust's share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	542,920	490,250
Bonds	432,120	323,750
Cash	44,320	37,000
Property	88,640	74,000
Total market value of assets	1,108,000	925,000

The actual return on scheme assets was £83,000 (2018: £44,000).

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	137,000	152,000
Past service cost	2,000	-
Interest income	(27,000)	(20,000)
Interest cost	44,000	37,000
Total operating charge	156,000	169,000

Changes in the present value of defined benefit obligations	2019 £	2018 £
At 1 September 2018	1,505,000	1,387,000
Current service cost	137,000	152,000
Interest cost	44,000	37,000
Employee contributions	21,000	57,000
Actuarial loss/(gain)	290,000	(103,000)
Benefits paid	(14,000)	(25,000)
Past service cost	2,000	-
At 31 August 2019	1,985,000	1,505,000

Changes in the fair value of the Academy trust's share of scheme assets	2019 £	2018 £
At 1 September 2018	925,000	756,000
Interest income	27,000	20,000
Actuarial gain	56,000	24,000
Employer contributions	93,000	93,000
Employee contributions	21,000	57,000
Benefits paid	(14,000)	(25,000)
At 31 August 2019	1,108,000	925,000

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019	2018
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	5,948	(221,306)
Adjusted for:		
Capital grants from DfE and other capital income	(15,420)	(9,787)
Investment income receivable	(156)	(78)
Defined benefit pension costs less contributions payable	46,000	59,000
Defined benefit pension scheme finance cost	17,000	17,000
Depreciation of tangible fixed assets	76,455	101,446
Decrease in debtors	2,138	4,272
(Decrease) in creditors	(7,476)	(14,751)
Net cash provided by/(used in) operating activities	124,489	(64,204)

20 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 10.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

HAILEY HALL ACADEMY TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

22	Boarding trading account	2019		2018	
		£	£	£	£
	Direct income				
	Fee income		286,058		252,876
	Direct costs				
	Direct staff costs	4,912		-	
	Other costs				
	Support staff costs	244,345		228,391	
	Energy costs	13,777		6,375	
	Catering	13,752		-	
	Other support costs	6,165		6,165	
		278,039		240,931	
	Total expenditure		(282,951)		(240,931)
	Surplus/(deficit) from all sources		3,107		11,945
	Boarding balances at 1 September 2018		11,945		-
	Boarding balances at 31 August 2019		15,052		11,945