

**Company Registration Number**  
**7488870 (England and Wales)**

**Hockerill College Academy Trust Limited**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2016**



**Hockerill College Academy Trust Limited  
Contents**

	<b>Page</b>
Reference and Administrative Details	2
Governors' Report	3 – 10
Governance Statement	11 -15
Statement on Regularity, Propriety and Compliance	16
Statement of Governors Responsibilities	17
Independent Auditor's Report to the Members	18 – 19
Independent Reporting Accountant's Assurance Report on Regularity to the Academy Trust and the Education Funding Agency	20 – 21
Statement of Financial Activities incorporating Income & Expenditure Account	22
Balance sheet	23
Cash Flow Statement	24
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	25 – 29
Other Notes to the Financial Statements	30 – 46
Boarding Trading Account	47

**Hockerill College Academy Trust Limited  
Reference and Administrative Details**

Governors	RT Markham (Principal & Accounting Officer) *M SA Havers *M (Chair until the 13 <sup>th</sup> October 2016) C Smith (staff) RD Boyd SW Beach * SCN Somerville *M P Lewis GT Simmons* RC Lawson M(Appointed Joint Chair 13 <sup>th</sup> October 2016) SRM Craston SNT Waring (Deputy Chair of Governors) M J Braeckman *M (Appointed Joint Chair 13 <sup>th</sup> October 2016) B Radukic T Abouharb S Davids (staff) B McArthur-Muscroft * (Left 2 <sup>nd</sup> March 2016) J Tatchell M J Cutler (Appointed 2 <sup>nd</sup> September 2016) S Aberly (Appointed 3 <sup>rd</sup> September 2016)  * members of the Finance Committee M members of the Trust Board
Secretary	A J Everett
Senior Leadership Team	R T Markham G Roberts D Spackman A Capener M D Aldridge C Waring A Mackenzie N Pierrejean
Registered Office	Dunmow Road Bishops Stortford Herts CM23 5HX
Company Registration Number	7488870 (England and Wales)
Independent Auditor	Cook & Partners Limited
Bankers	HSBC Bank Plc
Solicitors	Browne & Jacobson
Surveyors	Lambert Smith Hampton

**Hockerill College Academy Trust Limited  
Governors' Report  
for the year ended 31 August 2016**

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a governors report and a directors report under company law.

**Structure, Governance and Management**

**Incorporation**

The Hockerill College Academy Trust Limited was incorporated on 11 January 2011 and took over the operations of the Hockerill Anglo European College from the local authority on the 1 February 2011

**Constitution**

The Hockerill College Academy Trust Limited is a company Limited by guarantee with no share capital (registration no. 7488870), and an exempt charity within the meaning of Schedule 3 of the Charities Act 2011. It is not required to be registered with the Charity Commission but is, however, subject to the Charity Commissioner's regulatory powers which are monitored by the Department for Education.

The Academy's memorandum and articles of association are the primary governing documents of the Academy. Members of the Academy are nominated by (either) the Department for Education (or) by the Governors. The articles of association require the members of the Academy to appoint at least 3 Governors to be responsible for the statutory and constitutional affairs of the Academy and its management.

**Governors**

The Governors act as trustees for the charitable activities of Hockerill College Academy Trust Limited and are directors of the charitable company for the purposes of company law.

The Governors who were in office at 31 August 2016 and served throughout the period, except where shown, are listed on page 2.

**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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

**Governors' indemnities**

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

**Principal Activities**

The principal object and activity of the Charitable Company is the operation of the Hockerill College Academy to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on languages and music.

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Structure, Governance and Management (Continued)**

**Method of Recruitment and Appointment or Election of Governors**

Governors are subject to retirement at the end of their 4 year term but are eligible for re-election.

**Policies and Procedures Adopted for the Induction and Training of Governors**

During the period under review the Governors had 4 full governor meetings. All new Governors are briefed on their responsibilities under charity SORP and the Companies Act and provided training as required. Refresher training for all governors was last provided on 28 February 2013, further training is undertaken in house as required. The new SORP was discussed in the Finance Committee meeting in November 2015. The training and induction provided to new Governors depends on their existing experience. Where necessary, induction provides training on charity, educational, legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. Due to low levels of new Governors in each period, induction is done on an informal basis and is tailored specifically to the individual.

**Organisational Structure**

The management of the Academy Trust is as set out in the Scheme of Management adopted by the members of the Trust.

This prescribes that the trustees will be responsible for the overall operations and strategic development of the Academy Trust, but that they may delegate responsibilities relating to the operational affairs and development of the Academy Trust to the Senior Leadership Team (SLT). In ensuring that the Academy Trust finances are properly administered and that books of accounts are maintained and duly audited at least once per year, the trustees have also established a separate Finance Committee with appropriate delegated authorities.

The Principal and the Financial Controller work closely on day-to-day matters of financial control and both meet regularly with the Chairman of Finance to debate such matters amongst others. The Trustees have appointed Cook and Partners Limited as internal auditors who reported to Steve Jones who was appointed as the new RO from 3<sup>rd</sup> July 2015. The RO's role is fully defined and includes giving advice on financial matters and performing a range of checks on the Academy Trusts financial systems.

The internal auditors have undertaken a number of checks during the year and reported to the RO and the Finance Committee twice in the past year, which culminates in a report to Trustees.

**Risk management**

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Governors have implemented a number of systems to assess the risks that the college faces, especially in the operational areas (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in 'The Governance Statement' on pages 11 to 15.

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Structure, Governance and Management (Continued)**

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

The governors have devolved the pay decisions for all key management personnel (except the Principal) to the Principal. The responsibilities of the key staff are reviewed annually alongside performance and pay progresses within a set pay band (subject to performance). In cases where key staff take on additional responsibilities the Principal & HR manager re-evaluate the role and potentially adjust the pay bands. Grades for all staff (including key staff) are agreed annually by the full governors.

In the case of the Principal a delegated governing committee evaluate performance and recommend any changes in grade within the proscribed pay bands. This is then ratified by the full governors

**Related Parties and other Connected Charities and Organisations**

The Academy has a joint venture with the Bishops Stortford Hockey club (Hockerill Sports Trust HST) which oversees the All Weather Pitch (AWP) on the Academies grounds. HST manages the rental of the AWP and uses these funds to relay the pitch as and when necessary. The AWP continues to be owed by the Academy. The Hockey Club get free use of the pitch as do the Academy.

Independently of the academy there is a Hockerill Parents and Friends association (HPF). This association raises money on behalf of the College and periodically makes donations to the academy for specific projects. HPF is a separate registered charity.

**Objectives and Activities**

**Objects and Aims**

The principal object and activity of the Charitable Company is the operation of the Hockerill College Academy which aims to provide education for students of different abilities between the ages of 11 and 19 with an emphasis on languages and music.

In accordance with the Articles of Association the Charitable Company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy and that the curriculum should comply with the substance of the national curriculum.

**Objectives, Strategies and Activities**

The main objectives of the Academy during the year ended 31 August 2016 are summarised below:

- To ensure that every student enjoys the same high quality education in terms of resources, tuition and care;
- To raise the standard of educational achievement of all students;
- To improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with industry, commerce, universities and other educational establishments; and
- To conduct the Academy Trusts business in accordance with the highest standards of integrity, probity and openness.

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Objectives and Activities (continued)**

**Public benefit**

The Governors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives, aims and in planning future activities. The Governors consider that the Academy's Objectives, aims and activities are demonstrably to the public benefit.

**Equal opportunities policy**

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

**Disabled persons**

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to most of the main areas of the Academy. The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. The Academy Trust does this by adapting the physical environment, by making support resources available and through training and career development.

**Achievements and Performance**

The Academy is in its sixth year of independent operation, although the College has been in operation since the 1980's.

The college's academic performance continues to be outstanding and sees us highly placed in the league tables at both Key Stage 4 and Key Stage 5. The College's GCSE A\* - C in both English and Maths figure for 2016 was recorded as 92%, with 73% achieving the English Baccalaureate (against a national average of 22.8%). Overall, our GCSE results saw 92% of our students gaining five or more GCSE's at C grade or higher. The percentage of students gaining 5 or more A\* - C including English and Mathematics was 86% which reflected positively on the College in light of the national picture. Our A\*/A grades of 41.4% was well above national averages.

Our IB Diploma results were outstanding when compared with national results with an average point score of 35.3 which is well above world average and above the UK average. The College were delighted to be placed as the top comprehensive in the country for Sixth Form results by the Daily Telegraph for the fourth successive year. University offers remain healthy and the final figure for those of last year's sixth formers going on to university in the UK was 80% to Russell Group destinations, our highest figures ever for those going on to these leading universities.

Areas of focus for the coming year are:

- ensure that performance of specific groups within the school exceed the national average as a minimum expectation
- to design and implement a robust and rigorous data tracking and monitoring system
- to continue the implementation of the MYP in Key Stage 3
- to ensure that the College's ICT infrastructure and utilisation continue to meet the needs of staff and students
- address any within school variance between Faculties/Departments

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Achievements and Performance (continued)**

Across all year groups the further development and refinement of student tracking and data analysis played a significant part in the continued improvements in learner outcomes. Faculty reviews in Drama and Business Studies and Economics have been completed in the last twelve months. This ensures that good practice is identified and shared across the college and that robust quality assurance is in place.

Our targets for 2016/17 are to build on these successes with college academic targets of:

GCSE	0.4 Progress 8 score
IB Diploma	Pass rate of 98%
	Average point score of 35 points.

We continue to provide extensive out-reach support to local schools both Primary and Secondary particularly in the teaching of languages. We have also worked closely with the IBO in providing training and CPD for schools interested in introducing the Middle Years and Diploma Programmes within the UK context. Our involvement with partner schools continues to develop. The College continues to play a significant role in Bishop's Stortford Educational Trust which has the stated aims of supporting the development of educational provision in the area.

Boarding numbers have stabilised following the extensive development of the boarding accommodation provision over the past few years.

**Going concern**

After making appropriate enquiries, the Governors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the 'Statement of Accounting Policies' on pages 25 to 29.

**Key Performance Indicators**

GCSE	0.4 Progress 8 score
IB Diploma	Pass rate of 98%
	Average point score of 35 points

Sustain our Boarding occupancy in years 7 and 12, and fill in year vacancies as they arise if possible



**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Financial Review**

Approximately half of the Academy's income comes from the Department of Education (DoE) in the form of recurrent grants, the use of which is restricted to the running costs of the Academy.

The remainder of the Academy's income comes from boarding fees. Such income is shown as restricted income.

The Academy also receives money for the hire of school facilities, from pupils for meals, trips, exams etc. plus donations from benefactors. This income is unrestricted.

At 31 August 2016 the net book value of fixed assets was £27,373,000 (2015 £27,655,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and associated support services to the students and boarders of the Academy.

Under FRS102 the Academy has an historic deficit on the Essex Local Government Pension Scheme of £2,764,000. This deficit has increased during the year from £1,528,000.

**Statement of Financial Activities**

Overall the general restricted fund has a surplus of £1,224,000 (2015 £814,000) net of Pension Deficit and reflecting transfers to restricted capital funds. The restricted fixed asset reserve has been decreased by £264,000 net of depreciation charges to £28,150,000 due to depreciation.

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Statement of Financial Activities (continued)**

**Balance Sheet**

The main elements of the balance sheet are as follows

**Assets**

- Debtors of £2,574,000 (2015 £2,473,000) represents boarding income for the Lent & Summer terms not yet received. These monies due are either paid termly or payable by monthly payment plans and therefore not yet due.
- £112,000 (2015 £57,000) of VAT is outstanding reflecting additional capital works during this summer.
- Prepayments total £550,000 (2015 £621,000) reflecting
  - o School trips that have not yet been completed
  - o Costs incurred in advance

**Liabilities**

- Creditors of £115,000 (2015 £114,000) represents costs incurred not yet paid for by the Academy Trust
- Boarding Deposits £376,000 (2015 £375,000) repayable when students leave the College
- Accruals and Deferred Income £5,399,000 (2015 £5,249,000) reflecting
  - o School trips that have not yet been completed
  - o Donations not yet allocated
  - o Boarding fees invoiced in advance of the academic year 2016/17
  - o Monies held on account.

**Cash Flow**

- Surplus retained on unrestricted activities has enabled a £618,000 (2015 £922,000) growth in cash balances from those at 1 September 2015.

**Principal risks and uncertainties**

BREXIT in the short term has made the provision of boarding places to parents in the euro zone much cheaper with the exchange rate now at 1.15. However, longer term there is a potential for a hard BREXIT that may prevent EU parents from joining the academy. The recent court case has lessened this risk. However any BREXIT will reduce the demand for places from EU parents. There is however healthy demand for places within the UK that should offset much of such a reduction (as fees are significantly lower than equivalent independent schools). While historic bad debt levels have continued to be under 0.2% the college budgets for a 1% provision.

**Reserves policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the minimum appropriate level of free reserves should be £250,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants/boarding revenues and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of free reserves (total funds less the amount held in fixed assets funds and the pension deficit) is £2,296,000 (2015 £1,781,000). This is in excess of the threshold as we are amassing funds for major capital projects.

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Investment policy**

Surplus cash balances are invested in a Bank of Scotland corporate deposit account, two Close Brothers fixed rate bonds, a Saffron BS charity Tracker or an HSBC deposit account. All accounts except the Close Brother accounts allow same day access. Balances at 31 August 2016 were £3,082,000 (2015 £3,050,000).

**Plans for Future Periods**

The College has plans to bring the campus up to the same level as similar boarding schools. With this in mind the College has been building up reserves and will identifying key premises projects over the course of 2016/17 having now appointed Barkers as its project managers. The long term aim is to maintain Hockerill as one of the top IB and state comprehensive schools in England. With this in mind developments are also being planned in areas such as recruitment, retention, facilities and programmes of study.

**Statement of disclosure of information to auditors**

We, the Governors of the Academy who held office as company directors at the date of approval of these Financial Statements each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Academy's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Governors in order to make ourselves aware of any relevant audit information and to establish that the Academy's auditors are aware of that information.

**Auditors**

The auditors, Cook & Partners Limited, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

This report was approved by the Governing Body on 8th December 2016 and signed on its behalf by:



J Braeckman / R Lawson - SIGNED  
Joint Chairs

**Hockerill College Academy Trust Limited  
Governance Statement  
for the year ended 31 August 2016**

**Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Hockerill 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 Governing Body has delegated the day-to-day responsibility to the Principal Mr Richard Markham, 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 Hockerill Academy Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the governors' Report and in the Statement of governors' responsibilities. The governing body has formally met 4 times during the year. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
R T Markham (Principal & Accounting Officer)	4	4
S A Havers (Chair of Governors )	4	4
C Smith	3	4
R D Boyd	2	4
S W Beach	3	4
S C N Somerville	2	4
P Lewis	4	4
G T Simmons	2	4
R C Lawson	4	4
S R M Craston	4	4
S N T Waring (Deputy Chair of Governors)	3	4
T Abouharb	4	4
J Braeckman	3	4
B Radukic	3	4
S Davids	4	4
B McArthur-Muscroft (Left 2 <sup>nd</sup> March 2016)	0	2
J Tatchell	4	4

In the addition to the Full governor meetings the governors also attend specialist committees depending on their expertise

- Curriculum
- Pastoral & Boarding
- Development
- Premises
- Finance
- Steering

**Hockerill College Academy Trust Limited  
Governance Statement (Continued)  
for the year ended 31 August 2016**

**Governance (Continued)**

The Finance Committee is a sub-committee of the main governing body. Its purpose is to approve the budget, monitor expenditure and income and to consider all new financial transactions. Attendance at meetings during the year was as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
R T Markham (Principal & Accounting Officer)	4	5
S A Havers (Chair of Governors)	2	5
S C N Somerville (Chair of Finance)	5	5
S Beach	5	5
J Braeckman (deputy Chair of Finance)	5	5
B McArthur-Muscroft (Left 2 <sup>nd</sup> March 2016)	2	3

**Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money in the year by:

- Staff utilisation is reviewed every year, linking to the budget & development plan to ensure that all staff are used effectively and that student outcomes are maximised
- Reviewing all staff grades against performance in the classroom to ensure that excellent teachers are rewarded and those needing help are provided with the tools to improve. Teachers not achieving the teaching standards have been held back financially & those over achieving them have been promoted to reflect the standard that they are teaching at.
- Students receiving pupil premium have a dedicated resource to ensure that they can maximise their educational outcomes. In addition the SEN department identifies all student with minor to major learning difficulties and provides support so that they can improve their performance.
- As a top Comprehensive school with a top 10 6th form we regularly host visitors from other schools and this helps to ensure that we maintain our value add for our students.
- We have implemented a multi-dimensional database so that we can offer staff & students detailed analysis of their performance, helping them to take ownership of their own performance.
- 41% of all the GCSE grades were either at A\* or A & 86% of our students achieved 5 GCSEs including English & Mathematics at A\*-C.
- IB results continue to track above world averages by 5 points making Hockerill one of the top IB schools in the world and borne out by its award as the Times IB school of the year in 2012. This is reflected in 87% of students getting their 1<sup>st</sup> choice universities and 80% going to Russell Group universities.
- From a capacity survey we have identified areas of the campus that do not have sufficient space; particularly deficits in indoor sports, whole school assembly, study space and 6th form classrooms. We have appointed a set of architects to develop a whole school solution for these deficits funded by capital funds, donations and grant applications.
- Financially the College continues to run a small surplus while investing significant funds into the College campus. Contracts are reviewed regularly to ensure best value and resulting savings are re-invested into the College. Benchmarking against other academies & state boarding schools has also been done to ensure we offer best value.

**Hockerill College Academy Trust Limited  
Governors' Report (Continued)  
for the year ended 31 August 2016**

**Review of Value for Money (continued)**

- All capital projects are modelled using multiple scenarios to find the ones that best balances educational outcomes against costs. Use of opportunity costs is also used to ensure that only the key projects are implemented.
- Hockerill is part of the CPC and leverages this membership to get best value from contracts. We also work with cost saving consultants and specialist in energy & catering to ensure best value. Current contracts under tender are Copiers and School Uniform.

Overall financial health is ensured by use of internal audit provided by Cook & Partners but overseen by our responsible officer who was a senior audit manager in a large multi-national company. Governors review performance bi-monthly but receive accounts monthly. The principal and Chair of Finance receive more detailed accounts monthly enabling closer control of financial performance. As a boarding school we spend considerable time ensuring that boarding numbers are kept at near capacity and regularly have over 95% utilisation. This income is supplemented by holiday time hires. These hires are reviewed every two years to ensure best value.

**Hockerill College Academy Trust Limited  
Governance Statement (Continued)  
for the year ended 31 August 2016**

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place throughout the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that have been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance 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.

The Governors have considered the need for a specific internal audit function and have commissioned Cook and Partners Limited to provide internal audit support to the Responsible Officer (RO), Steve Jones. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities on an annual basis. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of tendering processes
- analysis of risk matrix
- testing of connected party processes

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

**Hockerill College Academy Trust Limited  
Governance Statement (Continued)  
for the year ended 31 August 2016**

**Review of Effectiveness**

As Accounting Officer, Mr R T Markham (Principal), has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

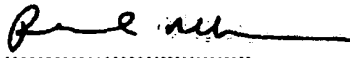
- the work of the Responsible Officer
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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.

This statement was approved by the Governing Body on the 8th December 2016 and signed on its behalf by:



.....  
J Braeckman / R Lawson - SIGNED  
Joint Chairs



.....  
R T Markham  
Accounting Officer



**Hockerill College Academy Trust Limited  
Statement on Regularity, Propriety and Compliance  
for the year ended 31 August 2016**

As accounting officer of Hockerill College Academy Trust Limited I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015 and 2016.

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

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 governors and EFA.



.....  
**R T Markham**  
**Accounting Officer**  
**8th December 2016**

**Hockerill College Academy Trust Limited  
Statement of Governors Responsibilities  
for the year ended 31 August 2016**

The governors (who act as trustees for charitable activities and are also directors of Hockerill College Academy Trust for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 the income and expenditure, of the academy for the year. In preparing these financial statements, the governors 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 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in operation.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the academy's transactions and disclose with reasonable accuracy at any time the financial position of the academy 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 academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the academy applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

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

This statement was approved by the Governing Body on 8th December 2016 and signed on its behalf by:



**J Braeckman / R Lawson - SIGNED**  
Joint Chairs

**Hockerill College Academy Trust Limited  
Independent Auditors Report  
To the Members of Hockerill College Academy Trust Limited**

We have audited the financial statements of Hockerill College Academy Trust Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Governors' Responsibilities, set out on page 17, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Hockerill College Academy Trust Limited  
Independent Auditors Report (Continued)  
To the members of Hockerill College Academy Trust Limited**

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

In our opinion the information given in the Governors' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

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

M Jones

**M Jones (Senior Statutory Auditor)  
For and on behalf of Cook and Partners Limited  
32 Rye Street  
Bishops Stortford  
Herts  
8th December 2016**

**Hockerill College Academy Trust Limited  
Independent Reporting Accountant's Assurance Report on Regularity  
To the Governing Body of Hockerill College Academy Trust Limited**

In accordance with the terms of our engagement letter dated 26 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hockerill College Academy Trust Limited during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of the accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hockerill College Academy Trust Limited's funding agreement with the Secretary of State for Education dated 1 February 2011 and varied 16 July 2013 and the Academies Financial Handbook, extant from 1<sup>st</sup> September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

**Company Registration Number  
7488870 (England and Wales)**

**Hockerill College Academy Trust Limited  
Independent Reporting Accountant's Assurance Report on Regularity  
(Continued)  
To the Governing Body of Hockerill College Academy Trust Limited**

**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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Cook and Partners Ltd*

**Cook and Partners Limited  
32 Rye Street  
Bishops Stortford  
Herts  
8th December 2016**

**Hockerill College Academy Trust Limited**  
**Statement of Financial Activities**  
**(Including Income and Expenditure Account and Statement of Total**  
**Recognised Gains and Losses)**  
**for the year ended 31 August 2016**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2016 £000	2015 £000
<b>Income and endowments from:</b>						
Donations and capital grants	3	34	5	141	180	71
Investment and similar income	4	51	-	-	51	33
<b>Charitable activities:</b>						
Funding for the academy trusts educational operations	5	-	4,462	25	4,487	4,611
Other trading activities	6	1,242	-	-	1,242	1,016
Provision of boarding activities	29	-	4,626	-	4,626	4,548
<b>Total incoming resources</b>		<b>1,327</b>	<b>9,093</b>	<b>166</b>	<b>10,586</b>	<b>10,279</b>
<b>Expenditure on:</b>						
Raising funds		5	-	-	5	21
<b>Charitable activities:</b>						
Academy trust educational operations		1,219	4,567	297	6,083	5,807
Provision of boarding activities	29	-	4,212	157	4,369	4,122
Other grants and donations		-	-	-	-	-
<b>Total resources expended</b>	7	<b>1,224</b>	<b>8,779</b>	<b>454</b>	<b>10,457</b>	<b>9,950</b>
<b>Net income / (expenditure) before transfers</b>		<b>103</b>	<b>314</b>	<b>(288)</b>	<b>129</b>	<b>329</b>
Transfers between funds	16	-	(22)	22	-	-
<b>Net Income/(expenditure) for the year</b>		<b>103</b>	<b>292</b>	<b>(266)</b>	<b>129</b>	<b>329</b>
<b>Other recognised gains / (losses)</b>						
Actuarial (losses) / gains on defined benefit pension schemes	16,27	-	(1,116)	-	(1,116)	72
<b>Net movement in funds</b>	16	<b>103</b>	<b>(824)</b>	<b>(266)</b>	<b>(987)</b>	<b>401</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2015	16	967	(714)	28,414	28,667	28,266
<b>Total funds carried forward at 31 August 2016</b>	16	<b>1,070</b>	<b>(1,538)</b>	<b>28,148</b>	<b>27,680</b>	<b>28,667</b>

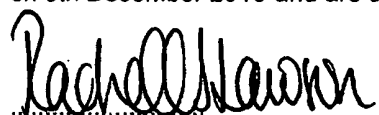
All of the academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Hockerill College Academy Trust Limited**  
**Balance Sheet at 31 August 2016**

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	12	<u>27,373</u>	<u>27,655</u>
<b>Current assets</b>			
Debtors	14	3,236	3,151
Cash at bank and in hand		<u>5,778</u>	<u>5,160</u>
		9,014	8,311
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	15	<u>(5,943)</u>	<u>(5,771)</u>
<b>Net current assets</b>		<u>3,071</u>	<u>2,540</u>
<b>Net assets excluding pension liability</b>		<u>30,444</u>	<u>30,195</u>
Pension scheme liability	27	<u>(2,764)</u>	<u>(1,528)</u>
<b>Net assets including pension liability</b>		<u>27,680</u>	<u>28,667</u>
<b>Funds</b>			
<b>Restricted funds</b>			
Restricted fixed asset fund	16	28,148	28,414
Restricted general fund	16	22	29
Restricted boarding fund	16	1,158	744
Bursary fund	16	46	41
Pension reserve	27	<u>(2,764)</u>	<u>(1,528)</u>
<b>Total restricted fund</b>		<u>26,610</u>	<u>27,700</u>
<b>Unrestricted income funds</b>			
General fund	16	<u>1,070</u>	<u>967</u>
<b>Total unrestricted funds</b>		<u>1,070</u>	<u>967</u>
<b>Total Funds</b>	16	<u>27,680</u>	<u>28,667</u>

The financial statements on pages 22 to 46 were approved by the governors, and authorised for issue on 8th December 2016 and are signed on their behalf by:



J Braeckman / R Lawson - SIGNED  
Joint Chairs



**Hockerill College Academy Trust Limited  
Statement of Cash Flows  
for the year ended 31 August 2016**

	<b>Note</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	<b>21</b>	<b>559</b>	<b>957</b>
<b>Cash flows from investing activities</b>	<b>22</b>	<b>59</b>	<b>(35)</b>
<b>Cash flows from financing activities</b>	<b>23</b>	<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>24</b>	<b>618</b>	<b>922</b>
Cash and cash equivalents at 1 September 2015	<b>24</b>	<b>5,160</b>	<b>4,238</b>
<b>Cash and cash equivalents at 31 August 2016</b>	<b>24</b>	<b>5,778</b>	<b>5,160</b>

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements  
for the year ended 31 August 2016**

**1 Principal Accounting Policies**

**Basis of Preparation**

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

Hockerill College Academy Trust Limited meets the definition of a public benefit entity under FRS 102.

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

**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 the financial statements are authorised for issue.

The Governors consider that the Academy Trust has adequate resources to continue as a going concern for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus the financial statements have been prepared on this basis.

**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 with sufficient reliability.

• **Grants**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the relevant funds on the balance sheet.

Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Amounts that remain unspent are carried forward and reflected in the balance sheet in the restricted fixed asset fund.

• **Donations and Legacies**

Donations and legacies are included in the statement of financial activities on a cash received basis (where there are no performance related conditions) or on an accruals basis where receipt is probable at the balance sheet date.

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements  
for the year ended 31 August 2016**

**1 Principal Accounting Policies (Continued)**

**Income (continued)**

Restricted Capital income is recognised when there is entitlement and is not deferred over the life of the asset on which the income is restricted. Amounts that remain unspent are carried forward and reflected in the balance sheet in the restricted fixed asset fund.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period to which the service relates. Fees receivable in advance are deferred and included in creditors as deferred income.

- **Donated services and gifts in kind**

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'

Upon becoming an Academy Trust the charitable company received donated assets from the local authority relating to property and other funds. The property has been included at valuation at the date of receipt and other funds at historic cost. The receipt of these assets has passed through The Statement of Financial Activities.

- **Interest receivable**

Interest receivable is included within The Statement of Financial Activities on a receipts basis.

**Expenditure**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs relating to that 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. Where costs cannot be directly attributed to particular activity or funds then they have been allocated on a basis consistent with the use of the resources for the activity or fund concerned.

Allocation basis's that have been used where applicable are as follows:

Estimated time spent on activities  
Estimated occupation levels  
Floor Area  
Pupil Numbers

- **Charitable activities**

These are costs incurred on the Academy Trusts educational operations. Including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**1 Principal Accounting Policies (Continued)**

**Foreign Currency**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the surplus for the year.

**Tangible fixed assets**

Tangible fixed assets costing £10,000 or more acquired since the Academy Trust was established are capitalised as tangible assets and are carried at cost, net of depreciation and any provision for impairment. The level of capitalisation was increased this year from £5,000 in 2015 having no material retrospective impact on the accounts.

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. 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 such assets is charged to the restricted fund in the Statement of financial Activities so as to reduce the fund over the expected useful economic life of the related asset on a basis consistent with the Academy Trusts depreciation policy.

**Depreciation**

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

Freehold buildings

Expected Useful Life 36 years from  
1 February 2011

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**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.

**Leased assets**

Rentals under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**1 Principal Accounting Policies (Continued)**

**Stocks**

Uniform & catering supplies are not owned by the college. Stationery stocks are not deemed material.

**Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore 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.

**Pensions**

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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

- **Teachers' Pension Scheme ('TPS')**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid in each period.

- **Local Government Pension Scheme**

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. 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 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 gains and losses.

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**1 Principal Accounting Policies (Continued)**

**Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and other agencies plus other income, including boarding income, which may be used for the main charitable activities and running costs of the Academy Trust.

**Critical accounting estimates and areas of judgement**

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

- **Critical accounting estimates and assumptions**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions which are disclosed in note 27, 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<sup>st</sup> March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- **Critical areas of judgement**

No areas of judgement (apart from those involving estimation) have been noted by the Trustees that are considered to be critical to or have a significant effect on the academy trust's financial statements.

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**2. GENERAL ANNUAL GRANT (GAG)**

The funding agreement with the Secretary of State was varied on 16 July 2013 such that the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2016 £000	2015 £000
<b>3 DONATIONS AND CAPITAL GRANTS</b>					
Other donations and legacies	34	5	141	180	71
	<b>34</b>	<b>5</b>	<b>141</b>	<b>180</b>	<b>71</b>
<b>2015 Total</b>	<b>43</b>	<b>4</b>	<b>24</b>	<b>71</b>	

**4 INVESTMENT AND SIMILAR INCOME**

Bank Interest Received	51	-	-	51	33
	<b>51</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>33</b>
<b>2015 Total</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>33</b>	

**5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

<b>DfE/EFA grants</b>					
• General Annual Grant (GAG)	-	4,416	-	4,416	4,524
• Devolved Formula Capital allocations	-	-	25	25	25
	<b>-</b>	<b>4,416</b>	<b>25</b>	<b>4,441</b>	<b>4,549</b>
<b>Other grants</b>					
• Special educational projects	-	46	-	46	42
	<b>-</b>	<b>46</b>	<b>-</b>	<b>46</b>	<b>42</b>
<b>Other Income</b>					
• Graduate Teacher Training Programme	-	-	-	-	20
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>Total</b>	<b>-</b>	<b>4,462</b>	<b>25</b>	<b>4,487</b>	<b>4,611</b>
<b>2015 Total</b>	<b>-</b>	<b>4,586</b>	<b>25</b>	<b>4,611</b>	

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2016 £000	2015 £000
<b>6 OTHER TRADING ACTIVITIES</b>					
Income from facilities and services	159	-	-	159	132
School trip and related income	680	-	-	680	495
Music School	178	-	-	178	180
School meals	152	-	-	152	154
Sale of uniforms	15	-	-	15	28
Departmental income	6	-	-	6	14
Foreign Exchange Gains	38	-	-	38	-
Miscellaneous items	14	-	-	14	13
<b>Total</b>	<b>1,242</b>	<b>-</b>	<b>-</b>	<b>1,242</b>	<b>1,016</b>
<b>2015 Total</b>	<b>1,016</b>	<b>-</b>	<b>-</b>	<b>1,016</b>	

**7 EXPENDITURE**

	Payroll Staff Costs £000	Non Payroll Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	5	5	21
Academy's educational operations					
• Direct costs	3,488	227	458	4,173	4,048
• Allocated support costs	420	309	1,181	1,910	1,746
<b>(See Note 8)</b>	<b>3,908</b>	<b>536</b>	<b>1,639</b>	<b>6,083</b>	<b>5,794</b>
Boarding Activities:					
• Direct costs	1,520	157	116	1,793	1,590
• Allocated support costs	1,152	475	949	2,576	2,545
<b>(See Note 8/29)</b>	<b>2,672</b>	<b>632</b>	<b>1,065</b>	<b>4,369</b>	<b>4,135</b>
<b>Expenditure by type</b>	<b>6,580</b>	<b>1,168</b>	<b>2,709</b>	<b>10,457</b>	<b>9,950</b>
<b>2015 Total</b>	<b>6,204</b>	<b>1,184</b>	<b>2,562</b>	<b>9,950</b>	

The method used for the apportionment of support costs is disclosed in the accounting policies.

**Net income/(expenditure) for the period includes:**

Fees payable to auditor for:

Audit	8	8
Other services	3	3
Other operating leases	8	8



**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	2016 £000	2015 £000
<b>8 CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS</b>					
<b>Direct costs – educational operations</b>					
Teaching and educational support staff costs	-	3,488	-	3,488	3,339
Educational supplies	-	295	-	295	316
Examination fees	17	110	-	127	134
Other student related costs	-	36	-	36	36
Depreciation	-	-	227	227	223
	<b>17</b>	<b>3,929</b>	<b>227</b>	<b>4,173</b>	<b>4,048</b>
<b>Direct Costs – Boarding (Note 29)</b>	<b>-</b>	<b>1,636</b>	<b>157</b>	<b>1,793</b>	<b>1,590</b>
	<b>17</b>	<b>5,565</b>	<b>384</b>	<b>5,966</b>	<b>5,638</b>
<b>2015 Direct costs</b>	<b>-</b>	<b>5,258</b>	<b>380</b>	<b>5,638</b>	
<b>Allocated support costs – educational operations</b>					
Support staff costs	119	266	-	385	367
School trip and related expenditure	674	-	-	674	489
Music School	150	-	-	150	151
Sale of uniforms	28	-	-	28	27
Catering costs	152	-	-	152	151
Maintenance of premises and equipment	-	162	13	175	253
Furniture costs	-	7	-	7	7
Other premises costs	13	58	-	71	75
Technology costs	-	42	-	42	41
Transport	-	11	-	11	11
Other support costs	3	68	-	71	74
Governance costs	-	13	-	13	13
Contingency costs	42	11	-	53	18
Bank interest and charges	21	-	-	21	26
Depreciation	-	-	57	57	56
	<b>1,202</b>	<b>638</b>	<b>70</b>	<b>1,910</b>	<b>1,759</b>
<b>Support costs – Boarding (Note 29)</b>	<b>-</b>	<b>2,576</b>	<b>-</b>	<b>2,576</b>	<b>2,532</b>
	<b>1,202</b>	<b>3,214</b>	<b>70</b>	<b>4,486</b>	<b>4,291</b>
<b>2015 Support costs</b>	<b>880</b>	<b>3,355</b>	<b>56</b>	<b>4,291</b>	
<b>Total</b>	<b>1,219</b>	<b>8,779</b>	<b>454</b>	<b>10,452</b>	<b>9,929</b>
<b>2015 Total</b>	<b>880</b>	<b>8,613</b>	<b>436</b>	<b>9,929</b>	

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

	2016 £000	2015 £000
<b>9 STAFF COSTS</b>		
Wages and salaries	5,214	5,044
Social security costs	444	384
Pension costs	889	782
	<u>6,547</u>	<u>6,210</u>
Staff restructuring costs	34	-
Other wage costs	(1)	(6)
<b>Total staff costs</b>	<u>6,580</u>	<u>6,204</u>

**NON CONTRACTUAL STAFF SEVERANCE PAYMENTS**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34,000 (2015: £nil). Individually, the payments were: £18,000 on early retirement to facilitate an additional SLT place and £16,000 due to poor performance in a key subject area that required a quick replacement to ensure the students remained unaffected. It is considered that the amount paid in respect of poor performance is less than the cost of taking the individual through performance management and capability procedures.

**STAFF NUMBERS**

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2016 expressed as full time equivalents was as follows:

	2016 No.	2015 No.
<b>Charitable activities</b>		
Teachers	76	74
Administration and support	92	92
Management	8	8
	<u>176</u>	<u>174</u>

The number of employees whose earnings (including taxable benefits but excluding employers' pension contributions) for the year ended 31 August 2016 fell within the following bands was:

£60,001 - £70,000	6	3
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £76,000 (2015 £38,000)

**KEY MANAGEMENT PERSONNEL**

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel was £676,000 (2015: £710,000)

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**10 GOVERNORS' REMUNERATION AND EXPENSES**

**Governors' remuneration**

The principal and other senior staff Governors, only receive remuneration in respect of services they provide undertaking the roles of principal and staff and do not receive any remuneration in respect of their services as Governors. Other Governors did not receive any payments nor expenses from the Academy in respect of their roles as Governors.

The value of staff Governors remuneration (including taxable benefits, employers' pension contributions and boarding payments) for the year ended 31 August 2016 was as follows:

	<u>2016</u>	<u>2015</u>
	<u>£</u>	<u>£</u>
R Markham (Principal)	105,000-110,000	105,000-110,000
S Craston	0-5,000	0-5,000
A Whiteley (Resigned in 2015)	-	55,000-60,000
C Smith	35,000-40,000	35,000-40,000
S Davids	<u>65,000-70,000</u>	<u>65,000-70,000</u>

**11 GOVERNORS' 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.

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**12 TANGIBLE FIXED ASSETS**

	<b>Freehold land £000</b>	<b>Freehold Buildings £000</b>	<b>Property Improvements £000</b>	<b>Assets under Construction £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 September 2015	13,858	12,839	2,698	109	29,504
Additions	-	-	151	8	159
Transferred on completion	-	-	-	-	-
<b>At 31 August 2016</b>	<b>13,858</b>	<b>12,839</b>	<b>2,849</b>	<b>117</b>	<b>29,663</b>
<b>Depreciation</b>					
At 1 September 2015	-	1,632	217	-	1,849
Charged in period	-	357	84	-	441
<b>At 31 August 2016</b>	<b>-</b>	<b>1,989</b>	<b>301</b>	<b>-</b>	<b>2,290</b>
<b>Net book values</b>					
<b>At 31 August 2016</b>	<b>13,858</b>	<b>10,850</b>	<b>2,548</b>	<b>117</b>	<b>27,373</b>
<b>At 31 August 2015</b>	<b>13,858</b>	<b>11,207</b>	<b>2,481</b>	<b>109</b>	<b>27,655</b>

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**13 INVESTMENTS**

The academy owns 100% of the issued ordinary shares of Hockerill Enterprises, a company incorporated in England (registration number 3027362). Hockerill Enterprises has been Dormant throughout the year ended 31 August 2016.

**14 DEBTORS**

	<b>2016 £000</b>	<b>2015 £000</b>
Trade debtors	2,574	2,473
Prepayments and accrued income	550	621
VAT refundable	112	57
	<u><b>3,236</b></u>	<u><b>3,151</b></u>

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Trade creditors	115	114
Sundry creditors	429	408
Deferred income	4,869	4,591
Accruals	530	658
	<u><b>5,943</b></u>	<u><b>5,771</b></u>

**Deferred Income**

	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds</b>	<b>2016 £000</b>	<b>2015 £000</b>
Deferred Income at 1 September 2015	4,591	-	4,591	4,558
Income deferred in the period	4,869	-	4,869	4,591
Income released in period	(4,591)	-	(4,591)	(4,558)
<b>Deferred Income at 31 August 2016</b>	<u><b>4,869</b></u>	<u><b>-</b></u>	<u><b>4,869</b></u>	<u><b>4,591</b></u>

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)**

	Restricted General Funds £000	Restricted Fixed Asset Funds	2016 £000	2015 £000
Deferred income is made up as follows:				
Deferred boarding income	4,833	-	4,833	4,568
Deferred rates grant	13	-	13	-
Deferred pupil premium	23	-	23	23
	<b>4,869</b>	<b>-</b>	<b>4,869</b>	<b>4,591</b>

**16 FUNDS**

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
<b>Restricted general funds</b>					
• General Annual Grant (GAG)	29	4,416	(4,567)	144	22
• Other grants	-	46	-	(46)	-
• Other income	-	-	-	-	-
• Boarding activities	744	4,626	(4,212)	-	1,158
• Bursary Fund	41	5	-	-	46
• Pension reserve	(1,528)	-	(1,116)	(120)	(2,764)
	<b>(714)</b>	<b>9,093</b>	<b>(9,895)</b>	<b>(22)</b>	<b>(1,538)</b>
<b>Restricted fixed asset funds</b>					
• EFA capital grants – Expended	25,759	-	(379)	-	25,380
• EFA capital grants – Unexpended	-	-	-	-	-
• Capital expenditure from restricted funds	1,788	139	(75)	22	1,874
• Future Capital Projects Expended	108	9	-	-	117
• Future Capital Projects Unexpended	759	18	-	-	777
	<b>28,414</b>	<b>166</b>	<b>(454)</b>	<b>22</b>	<b>28,148</b>
<b>Unrestricted funds</b>					
• Other income	967	1,327	(1,224)	-	1,070
	<b>967</b>	<b>1,327</b>	<b>(1,224)</b>	<b>-</b>	<b>1,070</b>
<b>Total Funds</b>	<b>28,667</b>	<b>10,586</b>	<b>(11,573)</b>	<b>-</b>	<b>27,680</b>

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**16 FUNDS (Continued)**

**Restricted General Funds**

These represent funds generated by the Academy Trust either from grants received or boarding operations, which can only be used for normal running costs of the academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

The Bursary Fund is maintained to support boarders in financial difficulty. The fund is maintained by donations from the boarding community primarily ex-students.

**Restricted Fixed Asset Funds**

Represents assets inherited on conversion to an Academy, other surplus unrestricted funds, and other funds received which have or are to be used to finance the capital costs of the Academy less accumulated depreciation.

**Unrestricted Funds**

Represents funds generated by the academy from other operations and fundraising which can be used for any purpose at the discretion of the Governors.

**Transfers**

During the year £22,000 was transferred from GAG restricted fund to cover capital expenditure incurred in improving the educational facilities of the Academy.

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2016 are represented by:

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total 2016 £000</b>
Tangible fixed assets	-	-	27,373	27,373
Current assets	1,477	6,762	775	9,014
Current liabilities	(407)	(5,536)	-	(5,943)
Pension reserve	-	(2,764)	-	(2,764)
	<b>1,070</b>	<b>(1,538)</b>	<b>28,148</b>	<b>27,680</b>

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**18 CAPITAL COMMITMENTS**

No capital commitments were contracted for at the 31<sup>st</sup> August 2016.

**19 FINANCIAL COMMITMENTS**

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

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Other operating leases</b>		
Amounts due within one year	8	8
Amounts due between one and two years	10	18
	<u>18</u>	<u>26</u>

**20 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to :

- (a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.



**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**21 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Net Income for the reporting period	129	329
Adjusted for:		
Depreciation (note 12)	441	436
Capital grants from DfE and other capital income	(167)	(25)
Interest receivable (note 4)	(51)	(33)
Defined benefit pension scheme cost (note 27)	272	265
Contributions payable (note 27)	(211)	(202)
Defined benefit pension scheme finance cost (note 27)	59	59
(Increase)/decrease in debtors	(85)	19
(Decrease)/increase in creditors	172	109
<b>Net cash provided by operating activities</b>	<b>559</b>	<b>957</b>

**22 CASH FLOWS FROM INVESTING ACTIVITIES**

Interest from investments	51	33
Purchase of tangible fixed assets	(158)	(93)
Capital grants from DfE/EFA	25	25
Capital funding received from others	141	
<b>Net cash provided by / (used in) investing activities</b>	<b>59</b>	<b>(35)</b>

**23 CASH FLOWS FROM FINANCING ACTIVITIES**

Cash inflows from new borrowing	-	-
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>-</b>

**24 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>At 1</b> <b>September</b> <b>2015</b>	<b>Cash</b> <b>Flows</b> <b>£000</b>	<b>At 31</b> <b>August</b> <b>2016</b>
Cash in hand and at bank	5,160	618	5,778

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**25 MEMBERS' LIABILITY**

Each member of the academy undertakes to contribute to the assets of the academy in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

**26 RELATED PARTIES**

During the year the Academy paid £720 (2015: £Nil) to ARC Theatre for drama sessions. G Simmons a governor is a director of ARC Theatre.

The above transactions were undertaken under normal trading conditions.

Other than the transactions outlined above the governors are not aware of any transactions between the academy and related parties which require disclosure in accordance with FRS102.

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**27 PENSION AND SIMILAR OBLIGATIONS**

The Academy'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 Essex 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 was 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**The Teachers' Pension Scheme  
Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The Pension costs paid to TPS in the period amounted to £900,161 (2015: £787,043).

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

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**27 PENSION AND SIMILAR OBLIGATIONS (Continued)**

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

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £275,000 (2015: £264,000), of which employer's contributions totalled £211,000 (2015: £202,000) and employees' contributions totalled £64,000 (2015: £62,000). The agreed contribution rates for future years remain at 12.3 per cent for employers and are variable for employees.

The scheme is in deficit and the entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels amounting to £81,000 per annum for the coming year. These are expected to be made each year for the foreseeable future.

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

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**27 PENSION AND SIMILAR OBLIGATIONS (Continued)**

**Principal Actuarial Assumptions**

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
Rate of increase in salaries	4.1%	4.4%
Rate of increase in pensions for payment/inflation	2.3%	2.6%
Discount rate for scheme liabilities	2.2%	4.0%
Inflation assumption (CPI)	3.2%	2.6%
Commutation of pensions lump sums	60%	60%

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

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.7	27.6

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

	<b>Fair Value at 31 August 2016</b>	<b>Fair Value at 31 August 2015</b>
Equities	1,161	799
Gilts	61	50
Other Bonds	76	119
Property	187	142
Cash	51	30
Alternative Assets	75	88
Other managed funds	81	-
<b>Total market value of assets</b>	<b>1,692</b>	<b>1,228</b>

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**27 PENSION AND SIMILAR OBLIGATIONS (continued)**

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are to be a margin above gilt yields.

Actual return on scheme assets was £203,000 (2015: £52,000)

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

	<b>2016 £000</b>	<b>2015 £000</b>
Current service cost (note 22)	272	265
Net interest cost	58	59
Admin costs	1	-
<b>Total Expenditure Recognised In SOFA</b>	<b>331</b>	<b>324</b>

**Net loss recognised in the Statement of Total Recognised Gains and Losses**

Change in financial assumptions	1,265	(61)
Return on Fund assets in excess of interest	(149)	(11)
<b>Total amount recognised</b>	<b>1,116</b>	<b>(72)</b>

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

	<b>2016 £000</b>	<b>2015 £000</b>
At 1 September 2015	2,756	2,401
Current service cost	272	265
Interest cost	112	100
Employee contributions	64	62
Actuarial (gain) / loss	1,265	(61)
Benefits paid	(8)	(6)
Unfunded pension payments	(5)	(5)
<b>At 31 August 2016</b>	<b>4,456</b>	<b>2,756</b>

**Hockerill College Academy Trust Limited  
Notes to the Financial Statements (Continued)  
for the year ended 31 August 2016**

**27 PENSION AND SIMILAR OBLIGATIONS (continued)**

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

	<b>2016 £000</b>	<b>2015 £000</b>
At 1 September 2015	1,228	923
Interest on assets	54	41
Return on assets less interest	149	11
Employer contributions (note 21)	211	202
Employee contributions	64	62
Benefits paid	(13)	(11)
Administration expenses	(1)	-
<b>At 31 August 2016</b>	<b><u>1,692</u></b>	<b><u>1,228</u></b>

**28 FRS 102 TRANSITION**

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosure are required in the year of transition. The last financial statements prepared under the previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made as follows:

**A - Change in recognition of LGPS Interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expenditure. There has been no effect on the defined benefit liability or any of the fund balances carried forward either at 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income/expenditure by £15,000 and increase the credit in other recognised gains and losses in the SoFA by the equivalent amount. As the pension's costs are considered staff costs this adjustment has also adjusted the comparative of a number of disclosure notes.

**Reconciliation of net income/(expenditure)**

<b>Net income/(expenditure) under UK GAAP</b>	<b>344,000</b>	
Change in recognition of LGPS interest cost	(15,000)	Note A
<b>Net income/(expenditure) reported under FRS 102</b>	<b><u>329,000</u></b>	

No change in movement of net funds on transition as corresponding adjustment was made to other recognised gains and losses. See note A.

**Hockerill College Academy Trust Limited**  
**Notes to the Financial Statements (Continued)**  
**for the year ended 31 August 2016**

**29 ACADEMY BOARDING TRADING ACCOUNT**

	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Income</b>		
Fee Income	4,585	4,486
Other Income	41	62
	<u>4,626</u>	<u>4,548</u>
<b>Direct costs</b>		
Teaching and educational support staff costs	1,520	1,339
Other student related costs	23	22
Bad debts	(10)	(13)
Commissions	32	24
Other costs	71	61
	<u>1,636</u>	<u>1,433</u>
<b>Allocated support costs</b>		
Support staff costs	1,152	1,159
Catering costs	787	780
Maintenance of premises and equipment	249	157
Furniture costs	11	18
Other premises costs	215	239
Technology costs	85	82
Other support costs	76	77
Contingency costs	1	20
	<u>2,576</u>	<u>2,532</u>
<b>Total Costs</b>	<u>4,212</u>	<u>3,965</u>
<b>Surplus on Boarding Activities</b>	<b>414</b>	<b>583</b>
Transfer to Restricted Fixed Asset Fund	-	-
<b>Surplus/(Deficit) after Transfers</b>	<b>414</b>	<b>583</b>
Surplus at 1 September 2015	744	161
<b>Surplus at 31 August 2016</b>	<b>1,158</b>	<b>744</b>