

REGISTERED COMPANY NUMBER: 07687135 (England and Wales)

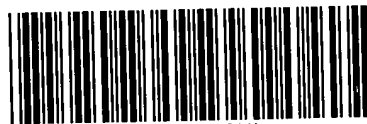
Trustees' Report and Financial Statements

for

THE HATHERSHAW COLLEGE

For the Year Ended 31 August 2016

TUESDAY



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THE HATHERSHAW COLLEGE

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For The Year Ended 31 August 2016

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THE HATHERSHAW COLLEGE

Reference and Administrative Details **For The Year Ended 31 August 2016**

MEMBERS	B Shah (appointed 1.9.15) D McEntee A Ur-Rehman
TRUSTEES	B Shah (Director) (appointed 1.9.15) A Ur-Rehman (Director) * D McEntee (Director) * L Maddison (Trustee) B Shah (Trustee) * A Jones (Trustee) A Woods (Trustee) * R Chaudry (Trustee) M Yousaf N Baker A Swailes L Astbury
* members of the finance and premises committee	
COMPANY SECRETARY	S Wilkinson
REGISTERED OFFICE	Bellfield Avenue Oldham Lancashire OL8 3EP
REGISTERED COMPANY NUMBER	07687135 (England and Wales)
SENIOR STATUTORY AUDITOR	Steven John Collings FCCA
INDEPENDENT AUDITORS	Leavitt Walmsley Associates Limited Chartered Certified Accountants and Statutory Auditors 8 Eastway Sale Cheshire M33 4DX
SOLICITORS	Cobbetts LLP Ship Canal House King Street Manchester M2 4BW
SENIOR MANAGEMENT TEAM	Principal and accounting officer - D McEntee Senior Vice Principal - M Giles Vice Principal - R Logan Assistant Principal - H May Assistant Principal - L Philip Assistant Principal - A Travis Assistant Principal - S Williams Business Manager - D Sykes

THE HATHERSHAW COLLEGE

Trustees' Report **For The Year Ended 31 August 2016**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2016. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Oldham. It has a pupil capacity of 1,050 and had a roll of 1,054 (2015: 1,055) in the school census as at 6 October 2016.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of The Hathershaw College, to provide education for pupils of different abilities between the ages of 11 and 16 with an emphasis on technology and sport.

In accordance with the Funding Agreement made under section 1 of the Academies Act 2010 between the Secretary of State for Education, the academy is governed by a governing body which exercises its power and functions with a view to fulfilling a largely strategic role in the running of the academy. The Funding Agreement specifies the admission arrangements, among other things, and that the curriculum, in substance, complies with statutory requirements.

The main objectives of the academy during the year to 31 August 2016 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- To raise the standard of educational achievement and progress of all pupils
- To improve the effectiveness of the academy by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To maintain close links with community, industry and commerce
- To conduct the academy's business in accordance with the highest standards of integrity, probity and openness

Objectives, strategies and activities

The academy's main strategy is to raise standards of achievement and progress through an unrelenting focus on continuous improvement in all aspects of the organisation. The core purpose of the academy is teaching and learning: its people and resources are constantly measured by their contribution to the overall quality of teaching and learning therefore the standards achieved by its students.

Key activities which support the main strategic purposes of the organisation are:

- Robust quality assurance processes which are transparent and inform all subsequent actions
- Secure use of data and tracking to measure progress and inform actions and intervention
- A constant review of CPD and training opportunities for staff
- A core structure which allows all staff and students to understand their role within the organisation and also to ensure that lines of accountability are also clear
- Structures to support the organisation and integration of all internal and external resources and support available for both students and staff
- To further improve the quality of learning and teaching
- To continue to raise attainment and increase the rate of progress

Public benefit

The academy provides educational services to all children in the local area. The trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charities Commission.

The academy trust provides education to children and young people that is:

- Balanced and broadly based
- Promotes the spiritual, moral, cultural, mental and physical development of students at the academy and of society
- Prepares students at the academy for opportunities, responsibilities and experiences of later life
- Promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise

THE HATHERSHAW COLLEGE
Trustees' Report
For The Year Ended 31 August 2016

STRATEGIC REPORT

Achievements and performance

The academy is about to enter its sixth year of operation and most indicators reveal an upward trend in performance and achievement.

Headline figures

5+ A*-C grades including English and Maths = 60% (2015: 53%)

5+ A*-C grades = 60% (2015: 67%)

5+ A*-G grades = 96% (2015: 99%)

GCSE results showed a total of 1,857 (2015: 1,718) entries, with English Core being mandatory, with grades as follows:

A*: 38 (2015: 58)

A: 243 (2015: 199)

B: 534 (2015: 354)

C: 690 (2015: 494)

D: 409 (2015: 320)

E: 154 (2015: 181)

F: 78 (2015: 69)

G: 31 (2015: 30)

U: 13 (2015: 13)

BTEC results were as follows:

	Entries	L2 Distinction*	L2 Distinction	L2 Merit	L2 Pass	L1 Pass
Health and social care	41	1	2	4	23	9
Performing arts	14	3	1	4	3	3
Sports studies	44	6	6	13	11	8
Travel and tourism	24	0	1	10	12	0

The academy, governing body and senior leadership team operate a robust quality assurance programme which is designed to monitor the quality of teaching and learning experiences by pupils.

The latest OFSTED report which was carried out in April 2016 yielded a 'good' result and the senior leadership team and governing body are committed to raising this standard in the future.

THE HATHERSHAW COLLEGE
Trustees' Report
For The Year Ended 31 August 2016

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

	Unit	2016	2015
Incoming resources	£	7.4m	7.5m
Net income (outgoing) for the year	£	159k	(85k)
Funds at 31 August	£	6m	5.5m
Net current assets	£	1m	1m
Net assets	£	6m	5.5m

Staffing costs as a % of total revenue expenditure

	31 August 2016	31 August 2015
Teaching staff	49.6%	44.0%
Educational support staff	19.6%	17.9%
Premises staff	1.3%	1.5%
Administration staff	5.1%	5.0%

Key non-financial performance indicators

The academy has a strong and focussed set of values which is evidence of the desire to implement an ambitious vision and improve performance even further at The Hathershaw College. The last OFSTED inspection took place in April 2016 and it was classed as a good school. This was pleasing as the previous OFSTED inspection suggested the academy required improvement in three areas. The senior leadership team aim to get an even better OFSTED report in the next inspection.

Both teaching and non-teaching staff are evaluated on a regular basis and continual professional development ensures that staff are as successful as possible in their roles as well as having clear objectives set for them. There is a cycle of monitoring and evaluation which has enabled the faculty leaders to identify and act to improve classroom practice.

The system of exclusion has been refined and strengthened and as a result resources are targeted to support individuals at risk of exclusion. Letters are sent to the parents of those who are disruptive in the classroom with plans put in place for intervention with these students.

Attendance has improved consistently over recent years and this has had a positive impact on the success rates which have been down to a strategic planning exercise being implemented since the school converted to academy status. The strategic vision set out as part of The Hathershaw College's conversion to academy status was based on an evaluation of the strengths and weaknesses of the predecessor school.

Well-developed procedures are also in place to safeguard all students at the academy. Visitors are required to sign in electronically and procedures are in place to prohibit anyone having any contact with students who have not been DBS checked.

During the year the academy continued to invest in its school building and computer equipment, ensuring that pupils receive the best experience possible to enhance their education. The dining area has been refurbished so as to make it more contemporary for students.

The academy will continue its refurbishment projects to ensure that the pupils' education is further enhanced as well as providing a modern and up-to-date learning experience.

Financial review

Financial position

The trust is in a healthy financial position with net assets as at 31 August 2016 of just under £6m. During the year the trust revalued its land and buildings and this resulted in a revaluation increase of some £2m. Cash balances are within the reserves policy set by the governors and budgets and forecasts indicate that the academy will be in a healthy position in the next financial year.

Principal funding sources

The academy trust receives its principal funding from the Education Funding Agency in the form of the General Annual Grant. During the year the academy also received £603,712.00 in respect of the capital improvement fund.

THE HATHERSHAW COLLEGE
Trustees' Report
For The Year Ended 31 August 2016

STRATEGIC REPORT

Financial review

Investment policy and performance

Under the Memorandum and Articles of Association, the academy has the power to invest funds not immediately required for its own purposes in any investments the trustees see fit. The academy has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are also reviewed on a regular basis.

Currently the academy does not have any long term investments with the cash reserves of the academy being held in bank accounts.

Reserves policy

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year to 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets (capital grants) from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) such grants are shown in the statement of financial activities as restricted income. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year to 31 August 2016 the excess of income over expenditure (2015: expenditure over income) was £158,873 (2015: (£84,594)).

As at 31 August 2016, the net book value of fixed assets was £8,169,443 (2015: £6,160,370) as shown in Note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The academy's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme and consequently the academy's balance sheet shown a net pension liability of £3,345,000 (2015: (£1,688,000)).

The academy's unrestricted funds are income which can be spent at discretion of the trustees in furtherance of the academy's objects and which are not yet spent, committed or designated. At 31 August 2016 the value of the academy's unrestricted funds amounted to £729,862 (2015: £716,200).

The academy's long-term policy is that the appropriate level of restricted general reserves should not be less than £200,000. This will provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as maintenance. The academy's free reserves in unrestricted funds are regularly reviewed by the governing body and at the balance sheet date were considered more than sufficient.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it has continued 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.

Funds in deficit

The LGPS is in a deficit position as at 31 August 2016 resulting in a pension fund reserve in deficit. The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit. 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. This guarantee came into force on 18 July 2013.

Principal risks and uncertainties

The governing body have identified the following principal risks and uncertainties facing the academy trust:

Government cuts/financial risk

Government cuts are a risk to the academy due to reductions in public funding. The risk of further government cuts have the potential to affect the general annual grant, which is the academy's main source of income. Currently the government have not issued official notification of any reductions in grant income and the trustees try to reduce the academy's exposure to this risk by ensuring there are sufficient levels of free reserves.

Falling pupil numbers/operational risk

THE HATHERSHAW COLLEGE

Trustees' Report **For The Year Ended 31 August 2016**

STRATEGIC REPORT

Principal risks and uncertainties

The continuing success of the academy trust depends on it maintaining the highest levels of educational standards in order to continue to attract applicants in sufficient numbers. The academy is currently over-subscribed and the last OFSTED inspection yielded a 'good' classification which was an improvement on the previous OFSTED inspection which suggested the academy required improvement. The governing body continue to give due consideration to other areas of the academy's activities where there could be a reputational or operational risk, including discipline, health and safety and child safeguarding.

Loss of staff

The loss of staff is a key risk in the academy and hence the governing body have put in place measures for succession policies and undertake regular reviews of recruitment processes and recruitment needs to ensure that pupils' learning is not detrimentally affected. Staff are required to maintain levels of continuing professional development and any concerns about the levels of teaching by staff are addressed as quickly as possible, with any additional training requirements identified and implemented with the objective of minimising the disruption to pupils' learning as a result of continual staff replacement.

Pupil safety

Pupil safety is of paramount importance to the academy and the trustees continue to ensure that the highest possible standards are maintained throughout the academy to ensure the safety of its students. All staff are vetted prior to appointment and visitors are required to sign in electronically and provide details of their vehicle registration number. All visitors to the academy are required to display visitor badges on them at all times and the system is electronic hence requires all visitors to scan their badges on arrival to the academy and scan them out when they are leaving. This ensures that a continuous register of visitors is maintained at all times. The academy also utilises CCTV equipment to enhance pupil safety.

Financial and risk management objectives and policies

As an academy directly funded by the Department for Education, funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in government policy and funding levels. However, the key risk is falling pupil numbers. The trustees have a risk management strategy which is managed and reviewed on a regular basis.

The academy's share of the defined benefit pension scheme liability is £3,345,000 (2015: £1,688,000) and the risk is that if the defined benefit pension scheme deficit increases, there may be an impact on cash flow representing an increase in employer's pension contributions. The academy manages this risk by being involved in a consortium with other academies in the area whereby increases in employer contributions are capped. The governing body is also satisfied that the academy trust is able to meet its known contribution to commitments for the foreseeable future.

Future plans

The academy strives to improve teaching and learning in all areas of the academy. The latest OFSTED inspection took place in April 2016 and yielded a good result. The senior leadership team aim to build upon this with a view to achieving outstanding status in future inspections.

Further strengthening relations with neighbouring partners is a key activity which is going to be developed in 2016/17 to ensure the success of the academy continuous and that all pupils receive the highest standards of education. The academy is also building close links with local feeder primary schools to ensure pupil numbers remain adequate.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's Memorandum and Articles of Association, dated 29 June 2011, are the primary governing documents of the academy trust. The company registration number is 07687135.

The members act as the trustees for the charitable activities of The Hathershaw College and are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Hathershaw College.

Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

THE HATHERSHAW COLLEGE

Trustees' Report **For The Year Ended 31 August 2016**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Members' liability

The members of the charitable company are:

D McEntee
A Ur-Rehman
B Shah

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

Trustees' Indemnities

The academy through its Articles has indemnified its trustees to the fullest extent permissible by law. During the period the academy also purchased and maintained liability insurance for its trustees.

Principal activities

The academy has entered into a Funding Agreement with the Secretary of State for Education, which provides the framework within which the academy trust must operate. The principal object of the academy is to advance, for the public benefit, education in the United Kingdom, in particular without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Recruitment and appointment of new trustees

The management of the academy is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association dated 29 June 2011. The Articles of Association require there to be a minimum of not less than three trustees. The academy trust must also have the following trustees:

- a. Up to two trustees appointed by the trustees.
- b. Two trustees appointed by West Oldham Trust.
- c. The principal.
- d. Any additional trustees if appointed under Article 62, 62A or 68A of the Articles of Association.
- e. Any further trustees if appointed under Article 63 or Article 68A of the Articles of Association.

The academy trust is also permitted under the Articles of Association to have any co-opted trustees appointed under Article 59. A 'co-opted' trustee means a person who is appointed to be a trustee by being co-opted by trustees who have not themselves been so appointed. The trustees may not co-opt an employee of the academy trust as a co-opted trustee if thereby the number of trustees who are employees of the academy trust would exceed one-third of the total number of trustees (including the principal).

The secretary of state may appoint additional trustees as he thinks fit (after consultation with the academy trust) if he has given the trustees a warning notice, and the trustees have failed to comply, or secure compliance, with the notice to the secretary of state's satisfaction within the compliance period.

The term of office for any trustee shall be four years, save that this time limit shall not apply to the principal. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

Organisational structure

The academy has a leadership structure which consists of four levels:

1. The members
2. The trustees
3. The senior leadership team
4. The academy teams

The aim of the leadership structure is to devolve responsibility and encourage decision-making at all levels. The principal is the accounting officer.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. The senior leadership team is comprised of the principal (who is the academy's accounting officer), two vice principals, four assistant principals and the academy's business manager. The senior leadership team controls the academy at a day-to-day level, implementing the policies laid down by the governors and reporting back to them.

The governing body of the academy meets four times a year. There are three sub-committees: the finance committee, the achievement and teaching committee and the behaviour and safety committee. The sub-committees meet three times a year and provide essential feedback to the governing body.

THE HATHERSHAW COLLEGE

Trustees' Report **For The Year Ended 31 August 2016**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

The Hathershaw College sources training providers to provide newly-appointed trustees with a package which includes training in their respective duties. Ongoing training is provided through the sourced training provider,

Connected Organisations Including Related Party Relationships

Whilst the academy is a stand-alone academy responsible for its own affairs, Mr D McEntee (principal and accounting officer) is also a director of the West Oldham Trust for whom the academy is both a customer and supplier.

The academy has not undertaken any transactions (with the exception of the West Oldham Trust) in which the trustees have a participating interest.

Risk management

The trustees have assessed the major risks to which the academy is exposed, in particular to those relating to the specific teaching, provision of facilities and other operational areas of the academy and its finances. The trustees have implemented a number of systems to enable them to assess the risks which the academy faces, in particular those relating to operational areas such as teaching, health and safety, school trips and bullying as well as in relation to the control of finance. Systems have been implemented by the trustees to minimise risk which include vetting of staff, registration and signing in procedures for visitors and supervision of academy grounds.

The academy utilises the services of an independent and external responsible officer function to provide essential feedback on a quarterly basis in relation to internal financial controls.

Adequate insurance cover has been obtained in respect of risks which cannot be mitigated.

During full governing body meets and sub-committee meetings, key risks are discussed together with any recommendations to strengthen existing controls to mitigate those risks or to discuss potential additional controls to combat new or emerging risks.

FUNDS HELD AS CUSTODIAN FOR OTHERS

There are no funds held as a custodian trustee on behalf of another.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Leavitt Walmsley Associates Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 16 DECEMBER 2016 and signed on the board's behalf by:



D McEntee - Director

THE HATHERSHAW COLLEGE

Governance Statement **For The Year Ended 31 August 2016**

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Hathershaw College 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the Principal, 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 The Hathershaw College and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
A Ur-Rehman	7	10
D McEntee	13	13
L Maddison	3	7
B Shah	4	7
A Jones	7	7
A Woods	7	7
R Chaudry	5	7
M Yousaf	10	10
N Baker	7	7
L Astbury	7	7
A Swailes	6	6

Review of Value for Money

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

The accounting officer considers how the academy 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 during the year by:

- Having sound internal spending controls which are regularly reviewed by the academy's independent responsible officer.
- Ensuring that the academy buys appropriate supplies and services at the best possible price by gaining the required number of quotations according to the Scheme of Delegation.
- Where limits require, a formal tendering process is entered into.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Hathershaw College for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy 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:

THE HATHERSHAW COLLEGE

Governance Statement For The Year Ended 31 August 2016

The Risk and Control Framework

- 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 and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided:

- Not to appoint an internal auditor. However, the trustees have appointed J D Education Services as responsible officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, 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.

There were no material control or other issues reported by the RO to date.

Review of Effectiveness

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

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- 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 responsible officer and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 16 DECEMBER 2016 and signed on its behalf by:


A Ur-Rehman - Director


D McEntee - Accounting Officer

THE HATHERSHAW COLLEGE

Statement on Regularity, Propriety and Compliance
For The Year Ended 31 August 2016

As accounting officer of The Hathershaw College I have considered my responsibility to notify the charitable company board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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


D McEntee - Accounting Officer

Date: 16 DECEMBER 2016

THE HATHERSHAW COLLEGE

Statement of Trustees Responsibilities For The Year Ended 31 August 2016

The trustees (who act as governors of The Hathershaw College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law and regulations.

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

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

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

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

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

Approved by order of the board of trustees on 16 DECEMBER 2016 and signed on it's behalf by:



D McEntee - Director

Report of the Independent Auditors to the Members of
The Hathershaw College

We have audited the financial statements of The Hathershaw College for the year ended 31 August 2016 on pages seventeen to thirty seven. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

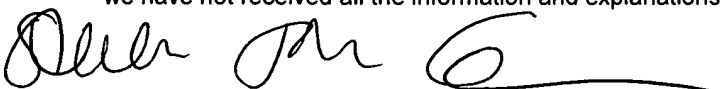
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Steven John Collings FCCA (Senior Statutory Auditor)
for and on behalf of Leavitt Walmsley Associates Limited
Chartered Certified Accountants and
Statutory Auditors
8 Eastway
Sale
Cheshire
M33 4DX

Date: 16 DECEMBER 2016

**Independent Reporting Accountant's Assurance Report on Regularity to
The Hathershaw College and the Education Funding Agency**

In accordance with the terms of our engagement 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 The Hathershaw College 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 The Hathershaw College and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Hathershaw College 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 Hathershaw College and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Hathershaw College's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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 charitable company's income and expenditure.

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.

Leavitt Walmsley Associates Ltd

Leavitt Walmsley Associates Limited
Chartered Certified Accountants and
Statutory Auditors
8 Eastway
Sale
Cheshire
M33 4DX

Date: 16 DECEMBER 2016

THE HATHERSHAW COLLEGE

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For The Year Ended 31 August 2016

		Unrestricted fund £	Restricted funds £	Fixed asset fund £	31.8.16 Total funds £	31.8.15 Total funds £
	Note					
INCOME AND ENDOWMENTS FROM						
Donations	2	150	2,840	-	2,990	8,602
Charitable activities						
Funding for the academy's educational operations	3	-	7,244,970	-	7,244,970	7,097,045
Other trading activities	4	20,246	111,020	-	131,266	352,814
Investment income	5	1,001	-	-	1,001	1,181
Other income		-	-	-	-	2,912
Total		21,397	7,358,830	-	7,380,227	7,462,554
 EXPENDITURE ON						
Raising funds	7	5,148	11,704	-	16,852	17,993
Charitable activities						
Academy's educational operations		2,588	7,109,774	92,140	7,204,502	7,529,155
Total	6	7,736	7,121,478	92,140	7,221,354	7,547,148
 NET INCOME/(EXPENDITURE)		13,661	237,352	(92,140)	158,873	(84,594)
Transfers between funds	19	-	(448,182)	448,182	-	-
 Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets		-	-	1,653,032	1,653,032	-
Actuarial gains/losses on defined benefit schemes		-	(1,489,000)	-	(1,489,000)	33,000
Net movement in funds		13,661	(1,699,830)	2,009,074	322,905	(51,594)
 RECONCILIATION OF FUNDS						
Total funds brought forward		716,200	(1,339,848)	6,160,370	5,536,722	5,588,316
 TOTAL FUNDS CARRIED FORWARD		<u>729,861</u>	<u>(3,039,678)</u>	<u>8,169,444</u>	<u>5,859,627</u>	<u>5,536,722</u>

The notes form part of these financial statements

THE HATHERSHAW COLLEGE

Balance Sheet
At 31 August 2016

	Note	Unrestricted fund £	Restricted funds £	Fixed asset fund £	31.8.16 Total funds £	31.8.15 Total funds £
FIXED ASSETS						
Tangible assets	14	-	-	8,169,443	8,169,443	6,160,370
CURRENT ASSETS						
Stocks	15	-	-	-	-	2,230
Debtors	16	-	190,781	-	190,781	193,391
Cash at bank and in hand		<u>729,862</u>	<u>319,896</u>	-	<u>1,049,758</u>	<u>940,853</u>
		729,862	510,677	-	1,240,539	1,136,474
CREDITORS						
Amounts falling due within one year	17	-	(205,355)	-	(205,355)	(72,122)
NET CURRENT ASSETS		<u>729,862</u>	<u>305,322</u>	-	<u>1,035,184</u>	<u>1,064,352</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		729,862	305,322	8,169,443	9,204,627	7,224,722
PENSION LIABILITY	20	-	(3,345,000)	-	(3,345,000)	(1,688,000)
NET ASSETS		<u>729,862</u>	<u>(3,039,678)</u>	<u>8,169,443</u>	<u>5,859,627</u>	<u>5,536,722</u>
FUNDS	19					
Unrestricted funds:						
General fund					729,862	716,200
Restricted funds:						
Fixed asset fund					8,169,443	6,160,370
Pension fund					(3,345,000)	(1,688,000)
Restricted general fund					<u>305,322</u>	<u>348,152</u>
					<u>5,129,765</u>	<u>4,820,522</u>
TOTAL FUNDS					<u>5,859,627</u>	<u>5,536,722</u>

The financial statements were approved by the Board of Trustees on 16 DECEMBER 2016 and were signed on its behalf by:


D McEntee -Director


B Shah -Trustee

The notes form part of these financial statements

THE HATHERSHAW COLLEGE

Cash Flow Statement
For The Year Ended 31 August 2016

	Notes	31.8.16 £	31.8.15 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>(69,444)</u>	<u>(279,821)</u>
Net cash provided by (used in) operating activities		<u>(69,444)</u>	<u>(279,821)</u>
 Cash flows from investing activities:			
Purchase of tangible fixed assets		(448,184)	(116,464)
Capital grants from DfE/EFA		625,532	298,323
Interest received		<u>1,001</u>	<u>1,181</u>
Net cash provided by (used in) investing activities		<u>178,349</u>	<u>183,040</u>
 Change in cash and cash equivalents in the reporting period		<u>108,905</u>	<u>(96,781)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>940,853</u>	<u>1,037,634</u>
 Cash and cash equivalents at the end of the reporting period		<u><u>1,049,758</u></u>	<u><u>940,853</u></u>

The notes form part of these financial statements

THE HATHERSHAW COLLEGE

Notes to the Cash Flow Statement
For The Year Ended 31 August 2016

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.16 £	31.8.15 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	158,873	(84,594)
Adjustments for:		
Depreciation	92,143	379,293
Capital grants from DfE/EFA	(625,532)	(298,323)
Interest received	(1,001)	(1,181)
Rounding	-	2
Pension scheme costs less contributions	102,000	116,000
Finance cost (income) on pension scheme	66,000	59,000
Decrease/(increase) in stocks	2,230	(2,230)
Decrease/(increase) in debtors	2,610	(20,760)
Increase/(decrease) in creditors	<u>133,233</u>	<u>(427,028)</u>
Net cash provided by (used in) operating activities	<u>(69,444)</u>	<u>(279,821)</u>

THE HATHERSHAW COLLEGE

Notes to the Financial Statements **For The Year Ended 31 August 2016**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

The Hathershaw College meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Hathershaw College prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of The Hathershaw College for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

Going concern

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

Income

All income is recognised in the statement of financial activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement to receipt occurs before income is received, the income is accrued.

General Annual Grant is recognised in full 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 receivable and are not deferred over the life of the asset(s) on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted general funds.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt.

Other income

Other income includes the hiring of academy facilities, sale of school uniforms, contributions to trips and the provision of school meals. Such income is recognised in the period in which it is receivable and to the extent that the goods have been provided or on completion of the service.

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the academy is recognised in the statement of financial activities as incoming resources at their estimated value to the academy in the period in which they are receivable, and where the benefit is both quantifiable and material.

Where it has been ascertained that the risks and rewards of property subject to long lease agreements lies substantially with the academy, a reasonable estimate of the gross value is included within fixed assets with a corresponding credit to voluntary income (gift in kind), within the restricted fixed asset fund. The valuation is an estimation of depreciated replacement cost on the basis that the assets represent specialised property and the open market value for existing use is not readily available.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

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

All resources expended are inclusive of irrecoverable value added tax.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued **For The Year Ended 31 August 2016**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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. The trustees carried out an impairment test on 31 August 2016 and no assets were deemed to be impaired.

Land and buildings valued at £4,745,279 were transferred to the academy from Oldham Local Authority on 1 August 2011 with a corresponding credit being shown in the statement of financial activities as voluntary income (gift in kind). These premises were revalued on 11 July 2016. FRS 102, paragraph 17.8 requires land and buildings to be accounted for separately and hence the land was valued at £1,072,000 and the buildings were valued at £7,034,000. This revaluation exercise has been reflected in the financial statements to 31 August 2016 with a corresponding entry in the revaluation reserve within the funds section of the balance sheet to comply with FRS 102 paragraph 17.15E. The land element is not depreciated as this is deemed to have an indefinite useful life.

There were a number of assets transferred from Oldham Local Authority on 1 August 2011 that are still used by the academy. These assets are principally school furniture, computers and office equipment. These assets have been valued at fair value, being the trustees' estimate of a price that would be paid in the marketplace.

Depreciation

Depreciation is provided at the following rates in order to write off the cost of each asset over its expected useful lives (the land element of buildings is not depreciated).

Asset class	Depreciation method and rate
Leasehold buildings	2% straight line
Furniture and equipment	10% and 15% straight line
Computer equipment	20% straight line

Stocks

Unsold uniforms and catering stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1991, to the extent that such income or gains are applied exclusively to charitable purposes.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued **For The Year Ended 31 August 2016**

1. 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 trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purposes.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

Transfers between funds

Transfers between funds relate to fixed asset purchases from unrestricted and restricted reserves.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme (SERPS) and the assets are held separately from those of the academy trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in the notes to the financial statements, 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 each year.

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 cost, past service cost and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued **For The Year Ended 31 August 2016**

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Local Government Pension Scheme (LGPS) defined benefit liability

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll-forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability as 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.

Useful economic life of tangible fixed assets

The useful economic life of tangible fixed assets is judged at the date of acquisition. As standard, the useful economic life applied is based on the depreciation policy stated above.

Impairment of fixed assets

At each reporting date, the trustees undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, an impairment loss is recognised.

Critical areas of judgement

Classification and valuation of long leasehold land and buildings

The academy's long leasehold land and buildings are held under a 125-year lease and are wholly used in the course of the academy's business and are held within the academy.

The leasehold land and buildings were subject to a revaluation in July 2016 and hence were stated at fair value based on the valuation performed by an independent professional valuer, Kier Construction, with recent experience in the location and category of the property valued. The valuer used depreciated replacement cost which means that the cost of constructing the property is calculated and then depreciated for the factors of age and obsolescence. An addition is then made for the value of the land on which the property is situated.

2. DONATIONS

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Gifts	-	-	-	-
Donations	150	349	499	4,300
Charity collections	-	<u>2,491</u>	<u>2,491</u>	<u>4,302</u>
	<u>150</u>	<u>2,840</u>	<u>2,990</u>	<u>8,602</u>

The income from donations was £2,990 (2015: £8,602) of which £2,840 was restricted (2015: £4,303) and £150 (2015: £4,299) was unrestricted.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	6,544,603	6,544,603	6,727,996
SEN funding	-	67,711	67,711	53,767
	-	6,612,314	6,612,314	6,781,763
DfE/EFA capital grant				
Capital grant	-	625,532	625,532	298,323
Other government grant				
Other government grants	-	7,124	7,124	16,959
	-	7,244,970	7,244,970	7,097,045

The income from funding for educational operations was £7,244,970 (2015: £7,097,045). All funds were restricted funds (2015: all funds).

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Hire of facilities	14,800	94	14,894	16,925
Catering income	-	-	-	206,885
Contributions to trips	-	30,615	30,615	31,578
Other income	5,446	80,311	85,757	97,426
	20,246	111,020	131,266	352,814

Income from other trading activities amounted to £131,266 (2015: £352,814) of which £111,020 (2015: £317,451) was restricted and £20,246 (2015: £35,263) was unrestricted.

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Deposit account interest	1,001	-	1,001	1,181

The income from investment income was £1,001 (2015: £1,181). All of this income (2015: all) was unrestricted.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

6. EXPENDITURE

				31.8.16	31.8.15
	Staff costs	Non-pay expenditure			
	£	Premises £	Other costs £	Total £	Total £
Raising funds					
Costs of fundraising	-	-	11,704	11,704	20,223
Costs incurred by trading for a fundraising purpose	-	-	-	-	(2,230)
Charitable activities					
Academies educational operations					
Direct costs	4,994,413	19,540	888,588	5,902,541	5,972,316
Allocated support costs	<u>495,161</u>	<u>441,278</u>	<u>276,196</u>	<u>1,212,635</u>	<u>1,492,198</u>
	<u>5,489,574</u>	<u>460,818</u>	<u>1,176,488</u>	<u>7,126,880</u>	<u>7,482,507</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.16	31.8.15
	£	£
Depreciation - owned assets	92,143	379,293
Fees paid to auditor for audit services	6,700	7,098
Operating lease rentals	<u>8,980</u>	<u>-</u>

7. RAISING FUNDS

Costs of fundraising

	Unrestricted funds	Restricted funds	31.8.16	31.8.15
	£	£	Total funds £	Total funds £
Advertising	-	11,704	11,704	20,223
Support costs	<u>5,148</u>	<u>-</u>	<u>5,148</u>	<u>-</u>
	<u>5,148</u>	<u>11,704</u>	<u>16,852</u>	<u>20,223</u>

Costs incurred by trading for a fundraising purpose

	Unrestricted funds	Restricted funds	31.8.16	31.8.15
	£	£	Total funds £	Total funds £
Closing stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,230)</u>
Aggregate amounts	<u>5,148</u>	<u>11,704</u>	<u>16,852</u>	<u>17,993</u>

Expenditure on raising funds was £16,852 (2015: £17,993) of which £11,704 (2015: £17,993) was restricted and £5,148 (2015: £nil) was unrestricted.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.16 Total funds £	31.8.15 Total funds £
Direct costs	1,739	5,900,802	5,902,541	5,972,316
Support costs	-	1,212,635	1,212,635	1,492,198
	<u>1,739</u>	<u>7,113,437</u>	<u>7,115,176</u>	<u>7,464,514</u>

	31.8.16 Total £	31.8.15 Total £
Analysis of support costs		
Support staff costs	495,161	489,443
Premises costs	441,278	531,941
Other support costs	276,196	470,814
Total support costs	<u>1,212,635</u>	<u>1,492,198</u>

9. SUPPORT COSTS

	Management £	Human resources £	Other £	Totals £
Costs of generating voluntary income	-	-	5,148	5,148
Academy's educational operations	717,474	495,161	89,326	1,301,961
	<u>717,474</u>	<u>495,161</u>	<u>94,474</u>	<u>1,307,109</u>

Support costs, included in the above, are as follows:

	Costs of generating voluntary income £	Academy's educational operations £	31.8.16 Total activities £	31.8.15 Total activities £
Other costs	5,148	89,326	94,474	64,641
Recruitment and support	-	12,705	12,705	3,264
Maintenance of premises and equipment	-	260,585	260,585	303,821
Cleaning	-	6,591	6,591	9,901
Rent and rates	-	178,844	178,844	234,634
Insurance	-	79,438	79,438	61,245
Security and transport	-	40,732	40,732	48,629
Catering	-	138,579	138,579	341,261
Wages	-	368,743	368,743	396,054
Social security	-	28,882	28,882	26,961
Pensions	-	97,536	97,536	66,428
	<u>5,148</u>	<u>1,301,961</u>	<u>1,307,109</u>	<u>1,556,839</u>

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

10. TRUSTEES' REMUNERATION AND BENEFITS

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

D McEntee – Principal and Trustee:

Remuneration: £95,000 - £100,000 (2015: £90,000 - £95,000)

Employer's pension contribution: £15,000 - £20,000 (2015: £10,000 - £15,000)

N Baker – Staff Governor and Trustee:

Remuneration: £45,000 - £50,000 (2015: £45,000 - £50,000)

Employer's pension contribution: £5,000 - £10,000 (2015: £5,000 - £10,000)

A Woods – Staff Governor and Trustee:

Remuneration: £35,000 - £40,000 (2015: £30,000 - £35,000)

Employer's pension contribution: £5,000 - £10,000 (2015: £5,000 - £10,000)

A Swailes – Staff Governor and Trustee:

Remuneration: £35,000 - £40,000 (2015: £30,000 - £35,000)

Employer's pension contribution: £5,000 - £10,000 (2015: £nil - £5,000)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2016 nor for the year ended 31 August 2015.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

11. STAFF COSTS

	31.8.16	31.8.15
	£	£
Wages and salaries	4,333,842	4,211,656
Social security costs	335,948	289,069
Other pension costs	<u>791,078</u>	<u>689,847</u>
	5,460,868	5,190,572
Supply teacher costs	<u>28,706</u>	<u>89,310</u>
	<u><u>5,489,574</u></u>	<u><u>5,279,882</u></u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.16	31.8.15
Teaching staff	84	76
Administration and support	73	71
Management	<u>9</u>	<u>9</u>
	<u><u>166</u></u>	<u><u>156</u></u>

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

	31.8.16	31.8.15
£60,001 - £70,000	3	-
£70,001 - £80,000	1	2
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	<u>-</u>	<u>1</u>
	<u><u>5</u></u>	<u><u>4</u></u>

Five (2015: four) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for these staff amounted to £60,528 (£2015: £41,002).

KEY MANAGEMENT PERSONNEL

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £190,637.

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost of this insurance is included in the total insurance charge and is not separately identifiable.

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Fixed asset fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations	4,299	4,303	-	8,602
Charitable activities				
Funding for the academy's educational operations	-	7,097,045	-	7,097,045
Other trading activities	35,363	317,451	-	352,814
Investment income	1,065	116	-	1,181
Other income	2,912	-	-	2,912

THE HATHERSHAW COLLEGE

**Notes to the Financial Statements - continued
For The Year Ended 31 August 2016**

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Fixed asset fund £	Total funds £
Total	43,639	7,418,915	-	7,462,554
EXPENDITURE ON				
Raising funds	-	17,993	-	17,993
Charitable activities				
Academy's educational operations	12,770	7,137,089	379,296	7,529,155
Total	12,770	7,155,082	379,296	7,547,148
NET INCOME/(EXPENDITURE)	30,869	263,833	(379,296)	(84,594)
Transfers between funds	-	(116,464)	116,464	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	33,000	-	33,000
Net movement in funds	30,869	180,369	(262,832)	(51,594)
RECONCILIATION OF FUNDS				
Total funds brought forward	685,332	(1,520,217)	6,423,201	5,588,316
TOTAL FUNDS CARRIED FORWARD	<u>716,201</u>	<u>(1,339,848)</u>	<u>6,160,369</u>	<u>5,536,722</u>

14. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 September 2015	6,726,308	96,298	432,933	7,255,539
Additions	434,848	-	13,336	448,184
Revaluations	944,844	-	-	944,844
At 31 August 2016	<u>8,106,000</u>	<u>96,298</u>	<u>446,269</u>	<u>8,648,567</u>
DEPRECIATION				
At 1 September 2015	708,188	48,549	338,432	1,095,169
Charge for year	19,540	12,114	60,489	92,143
Revaluation adjustments	(708,188)	-	-	(708,188)
At 31 August 2016	<u>19,540</u>	<u>60,663</u>	<u>398,921</u>	<u>479,124</u>
NET BOOK VALUE				
At 31 August 2016	<u>8,086,460</u>	<u>35,635</u>	<u>47,348</u>	<u>8,169,443</u>
At 31 August 2015	<u>6,018,120</u>	<u>47,749</u>	<u>94,501</u>	<u>6,160,370</u>

Included in cost or valuation of land and buildings is freehold land of £1,072,000 (2015 - £903,726)

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

15. STOCKS

	31.8.16	31.8.15
	£	£
Stocks	<u>-</u>	<u>2,230</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.16	31.8.15
	£	£
Trade debtors	77,293	78,577
VAT	59,651	58,686
Prepayments	<u>53,837</u>	<u>56,128</u>
	<u>190,781</u>	<u>193,391</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.16	31.8.15
	£	£
Trade creditors	182,392	61,322
Accrued expenses	12,990	10,800
Deferred government grants	<u>9,973</u>	<u>-</u>
	<u>205,355</u>	<u>72,122</u>

18. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Other operating leases 31.8.16	31.8.15
	£	£
Expiring:		
Within one year	17,960	-
Between one and five years	<u>80,820</u>	<u>-</u>
	<u>98,780</u>	<u>-</u>

19. MOVEMENT IN FUNDS

	At 1.9.15 £	Net movement in funds £	Transfers between funds £	At 31.8.16 £
Unrestricted funds				
General fund	716,200	13,662	-	729,862
Restricted funds				
Fixed asset fund	6,160,370	1,560,891	448,182	8,169,443
Pension fund	(1,688,000)	(1,657,000)	-	(3,345,000)
Restricted general fund	<u>348,152</u>	<u>405,352</u>	<u>(448,182)</u>	<u>305,322</u>
	<u>4,820,522</u>	<u>309,243</u>	<u>-</u>	<u>5,129,765</u>
TOTAL FUNDS	<u>5,536,722</u>	<u>322,905</u>	<u>-</u>	<u>5,859,627</u>

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued **For The Year Ended 31 August 2016**

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	21,397	(7,735)	-	13,662
Restricted funds				
Fixed asset fund	-	(92,141)	1,653,032	1,560,891
Restricted general fund	7,358,830	(6,953,478)	-	405,352
Pension fund	-	(168,000)	(1,489,000)	(1,657,000)
	7,358,830	(7,213,619)	164,032	309,243
TOTAL FUNDS	<u>7,380,227</u>	<u>(7,221,354)</u>	<u>164,032</u>	<u>322,905</u>

20. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

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

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.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued For The Year Ended 31 August 2016

20. PENSION AND SIMILAR OBLIGATIONS **- continued**

Valuation of the Teachers' Pension Scheme

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

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

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

The pension cost paid to the TPS in the period amounted to £407,747 (2015: £340,205).

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

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with assets held in separate trustee-administered funds. The total contribution made for the year-ended 31 August 2016 was £367,000 of which employer's contributions totalled £278,000 and employees' contributions totalled £89,000. The agreed contribution rates for future years are 17.5% for employers and 5.5 to 7.5% for employees. The estimated value of employer contributions for the forthcoming year is £249,000.

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

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Present value of funded obligations	(7,633,000)	(4,950,000)
Fair value of plan assets	<u>4,288,000</u>	<u>3,262,000</u>
	<u>(3,345,000)</u>	<u>(1,688,000)</u>
Deficit	<u>(3,345,000)</u>	<u>(1,688,000)</u>
Liability	<u>(3,345,000)</u>	<u>(1,688,000)</u>

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued
For The Year Ended 31 August 2016

20. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Current service cost	353,000	360,000
Net interest from net defined benefit asset/liability	66,000	59,000
Past service cost	<u>27,000</u>	<u>-</u>
	<u>446,000</u>	<u>419,000</u>
Actual return on plan assets	<u>712,000</u>	<u>72,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Defined benefit obligation	(5,067,000)	(4,554,000)
Current service cost	(353,000)	(360,000)
Past service cost	(27,000)	-
Contributions by scheme participants	(89,000)	(90,000)
Interest cost	(66,000)	(59,000)
Benefits paid	35,000	35,000
Other experience adjustments	12,000	7,000
Actuarial (gains)/losses from changes in financial assumptions	<u>(2,078,000)</u>	<u>71,000</u>
	<u>(7,633,000)</u>	<u>(4,950,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Fair value of scheme assets	3,379,000	3,008,000
Contributions by employer	278,000	244,000
Contributions by scheme participants	89,000	90,000
Benefits paid	(35,000)	(35,000)
Return on plan assets (excluding interest income)	<u>577,000</u>	<u>(45,000)</u>
	<u>4,288,000</u>	<u>3,262,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
	£	£
Actuarial (gains)/losses from changes in financial assumptions	(2,078,000)	71,000
Return on plan assets (excluding interest income)	<u>577,000</u>	<u>(45,000)</u>
	<u>(1,501,000)</u>	<u>26,000</u>

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued For The Year Ended 31 August 2016

20. PENSION AND SIMILAR OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.16	31.8.15
Equities	72%	72%
Bonds	17%	18%
Property	6%	6%
Cash	5%	4%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.16	31.8.15
Discount rate	2.1%	3.8%
Future salary increases	3.4%	3.9%
Future pension increases	2.1%	2.7%

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

	31.8.16	31.8.15
Retiring today:		
Males	21.4	21.4
Females	24.0	24.0
Retiring in 20 years:		
Males	24.0	24.0
Females	26.6	24.0

21. RELATED PARTY DISCLOSURES

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year the academy made the following related party transactions:

West Oldham Trust
(A charitable company in which Mr D McEntee (principal) is a director)

West Oldham Trust is both a customer and a supplier to The Hathershaw College.

During the year The Hathershaw College supplied goods and services to West Oldham Trust amounting to £19,696 (2015: £25,456). West Oldham Trust did not supply any goods or services to The Hathershaw College (2015: £nil). At the balance sheet date an amount of £nil (2015: £nil) was owed to The Hathershaw College and an amount of £nil (2015: £nil) was owed by The Hathershaw College.

THE HATHERSHAW COLLEGE

Notes to the Financial Statements - continued For The Year Ended 31 August 2016

22. MEMBERS' LIABILITY

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

23. FUNDS

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

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

DfE/EFA capital and other revenue grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants include LEA funding and Special Educational Needs, which was fully expended in the year.

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

Restricted fixed asset funds include capitalised expenditure out of GAG and depreciation is charged against the fund.

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total £
Tangible fixed assets			8,169,443	8,169,443
Current assets	729,862	510,677	-	1,240,539
Current liabilities	-	(205,355)	-	(205,355)
Pension scheme deficit	-	(3,345,000)	-	(3,345,000)
Total net assets	<u>729,862</u>	<u>(3,039,678)</u>	<u>8,169,443</u>	<u>5,859,627</u>

25. FIRST YEAR ADOPTION

Transitional relief

On transition to FRS 102, the charity has not taken advantage of any transitional reliefs in FRS 102.

First-year adoption

This is the first year in which the academy trust has prepared its financial statements under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The trustees have reviewed the accounting policies to ensure compliance with FRS 102 and noted the following areas where transitional and prior year adjustments were required:

1. Interest charge on the defined benefit pension scheme.
2. Reallocation of governance costs.

Details of the how the above transitional and prior year adjustments have affected the financial performance and position of the academy trust are shown overleaf.

THE HATHERSHAW COLLEGE

Reconciliation of Income and Expenditure
For The Year Ended 31 August 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
INCOME AND ENDOWMENTS				
FROM				
Donations		8,602	-	8,602
Charitable activities		7,097,045	-	7,097,045
Other trading activities		352,814	-	352,814
Investment income		1,181	-	1,181
Other income		<u>2,912</u>	<u>-</u>	<u>2,912</u>
Total		7,462,554	-	7,462,554
EXPENDITURE ON				
Raising funds		17,993	-	17,993
Charitable activities	1	7,454,211	74,944	7,529,155
Governance costs	2	<u>17,942</u>	<u>(17,942)</u>	<u>-</u>
Total		7,490,146	57,002	7,547,148
NET INCOME/(EXPENDITURE)		<u>(27,592)</u>	<u>(57,002)</u>	<u>(84,594)</u>

Notes to the reconciliation of income and expenditure

1. Change in recognition of LGPS interest cost

Under previous UK GAAP, the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £57,000 and to increase the credit in other recognised gains and losses in the SOFA by the equivalent amount.

2. Governance costs

Governance costs are obsolete under the revised SORP and hence are not shown separately on the face of the statement of financial activities but are included within charitable activities as support costs.

THE HATHERSHAW COLLEGE

**Reconciliation of Funds
At 1 September 2014
(Date of Transition to FRS 102)**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		<u>6,423,202</u>	-	<u>6,423,202</u>
		6,423,202	-	6,423,202
CURRENT ASSETS				
Debtors		172,630	-	172,630
Cash at bank and in hand		<u>1,037,634</u>	-	<u>1,037,634</u>
		1,210,264	-	1,210,264
CREDITORS				
Amounts falling due within one year		(499,150)	-	(499,150)
		<u>711,114</u>	-	<u>711,114</u>
NET CURRENT ASSETS				
		<u>711,114</u>	-	<u>711,114</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,134,316	-	7,134,316
PENSION LIABILITY		(1,546,000)	-	(1,546,000)
		<u>5,588,316</u>	-	<u>5,588,316</u>
FUNDS				
Unrestricted funds		685,332	-	685,332
Restricted funds		<u>4,902,984</u>	-	<u>4,902,984</u>
TOTAL FUNDS		<u>5,588,316</u>	-	<u>5,588,316</u>

THE HATHERSHAW COLLEGE

Reconciliation of Funds
At 31 August 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		6,160,372	(2)	6,160,370
CURRENT ASSETS				
Stocks		2,230	-	2,230
Debtors		193,391	-	193,391
Cash at bank and in hand		<u>940,853</u>	-	<u>940,853</u>
		1,136,474	-	1,136,474
CREDITORS				
Amounts falling due within one year		<u>(72,122)</u>	-	<u>(72,122)</u>
NET CURRENT ASSETS		<u>1,064,352</u>	-	<u>1,064,352</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,224,724	(2)	7,224,722
PENSION LIABILITY		<u>(1,688,000)</u>	-	<u>(1,688,000)</u>
NET ASSETS		<u><u>5,536,724</u></u>	<u>(2)</u>	<u><u>5,536,722</u></u>
FUNDS				
Unrestricted funds		716,200	-	716,200
Restricted funds		<u>4,820,524</u>	(2)	<u>4,820,522</u>
TOTAL FUNDS		<u><u>5,536,724</u></u>	<u>(2)</u>	<u><u>5,536,722</u></u>

THE HATHERSHAW COLLEGE
Detailed Statement of Financial Activities
For The Year Ended 31 August 2016

	31.8.16 £	31.8.15 £
INCOME AND ENDOWMENTS		
Donations		
Gifts	-	-
Donations	499	4,300
Charity collections	<u>2,491</u>	<u>4,302</u>
	2,990	8,602
Other trading activities		
Hire of facilities	14,894	16,925
Catering income	-	206,885
Contributions to trips	30,615	31,578
Other income	<u>85,757</u>	<u>97,426</u>
	131,266	352,814
Investment income		
Deposit account interest	1,001	1,181
Charitable activities		
Grants	7,244,970	7,097,045
Other income		
Other income	<u>-</u>	<u>2,912</u>
Total incoming resources	7,380,227	7,462,554
EXPENDITURE		
Costs of fundraising		
Advertising	11,704	20,223
Costs incurred by trading for a fundraising purpose		
Closing stock	-	(2,230)
Charitable activities		
Wages	3,965,099	3,815,602
Social security	307,066	262,108
Pensions	693,542	623,419
Supply teacher costs	28,706	89,310
Educational supplies	473,151	408,128
Examination fees	90,810	98,685
Educational consultancy	93,815	132,611
Other staff costs	92,209	104,160
Long leasehold	19,540	270,323
Fixtures and fittings	12,114	18,709
Computer equipment	60,489	90,261
Interest on pension scheme liabilities	<u>66,000</u>	<u>59,000</u>
	5,902,541	5,972,316
Support costs		
Management		
Recruitment and support	12,705	3,264
Maintenance of premises and equipment	260,585	303,821
Cleaning	6,591	9,901
Rent and rates	178,844	234,634
Carried forward	458,725	551,620

This page does not form part of the statutory financial statements

THE HATHERSHAW COLLEGE

Detailed Statement of Financial Activities
For The Year Ended 31 August 2016

	31.8.16 £	31.8.15 £
Management		
Brought forward	458,725	551,620
Insurance	79,438	61,245
Security and transport	40,732	48,629
Catering	<u>138,579</u>	<u>341,261</u>
	717,474	1,002,755
Human resources		
Wages	368,743	396,054
Social security	28,882	26,961
Pensions	<u>97,536</u>	<u>66,428</u>
	495,161	489,443
Other		
Other costs	<u>94,474</u>	<u>64,641</u>
Total resources expended	7,221,354	7,547,148
	<hr/>	<hr/>
Net income/(expenditure)	<u><u>158,873</u></u>	<u><u>(84,594)</u></u>