

Company Registration No. 08104539 (England and Wales)

HOCKLEY HEATH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

SATURDAY



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HOCKLEY HEATH ACADEMY TRUST

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HOCKLEY HEATH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr G Campbell
Mrs J Waters
Mr R Whitehead
Ms C Ridout
Mrs C Bond
Ms L Porter (Vice-Principal)
Mrs R Gabriel (Principal)
Mr R Keates
Mr J Ward
Ms R Dinn-Carlton

Members

Mrs R Gabriel
Mr G Campbell
Mrs C Ridout

Senior management team

- Principal
- School Business Manager
- Vice Principal
- Phase Leader Years 4-6
- Phase Leader Years 1-3
- Phase Leader Early Years

Mrs R Gabriel
Miss N Hawkins
Miss L Porter
Mrs J Allen
Mr S Brookes
Miss L Porter

Company secretary

Miss N Hawkins

Company registration number

08104539 (England and Wales)

Registered office

School Road
Hockley Heath
Solihull
West Midlands
B94 6RA

Independent auditor

Jerroms
The Exchange
Haslucks Green Road
Shirley
Solihull
West Midlands
B90 2EL

Bankers

Lloyds TSB Plc
PO Box 1000
Andover
BX1 1LT

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

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

Members' liability

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

Trustees' indemnities

There are no qualifying third party indemnity provisions in place.

Principal Activities

The Academy Trust's principal activities are specifically restricted to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a primary school and nursery offering a broad and balanced curriculum.

Method of recruitment and appointment or election of trustees

The Academy Trust members may appoint one of the trustees/directors/governors. Between two and four trustees are elected as parent governors and two trustees are elected as staff governors. Further governors may be co-opted by the Governing Body and the Secretary of State may appoint additional governors. The Principal shall be treated as being an ex-officio governor. The appointment of governors shall be such that the total number of governors who are employees of the Academy Trust shall not exceed one third of the total number of governors.

New governors are appointed, from within the community, as vacancies arise and with reference to the individual skills matrix requirement of the Governing Body.

Policies and procedures adopted for the induction and training of trustees

The Curriculum and Standards Committee reviews and approves the training requirements of trustees on an annual basis. This will include induction training for new trustees, and additional training for groups of trustees on selected topics as deemed necessary by the governors, bearing in mind skills available and skills required by the governing body.

The governing body arranges for the election of parent and staff representatives when vacancies arise, and approves the appointment of community governors from within the Hockley Heath community. The current and future skills requirements of the governing body together with the skills and abilities of suitable candidates are taken into account as part of this process.

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Organisational structure

At the start of each Academic year the Governing Body meets and reviews the terms of reference and composition of two subsidiary committees: The Curriculum and Standards Committee, and the Resources Committee. Trustees are appointed to these committees according to their individual skills, experience and organisational need.

Both the full governing body and the two main subcommittees meet at least once per term. The Resources Committee reviews and approves the Financial Regulations Manual including the Financial Roles and Responsibilities on an annual basis. This document defines which decisions are reserved for the governing body and those that are delegated to the Resources Committee, the Principal and the Business Manager. For example, the governing body will appoint the auditors and the Responsible Officer and approve the annual budget and accounts, whereas the Resources Committee will receive and consider the regular budget-monitoring reports from the Business Manager and the termly reports from the Responsible Officer. The Principal is the Accounting Officer and will work with the Business Manager to keep the governing body and committees fully informed on financial matters.

The Curriculum and Standards Committee receives reports from staff about the regular school self-evaluations at the school. It also reviews the results and challenges the school on the assessment, attainment and progress of all pupils. Particular regard is given to those in receipt of pupil premium, to ensure that all pupils achieve to the best of their abilities.

All trustees are expected to attend the school during the working day to ensure they have a good depth of understanding and scrutiny of those areas for which they are responsible.

Arrangements for setting pay and remuneration of key management personnel

No Academy Trustees are remunerated, other than the Ex Officio Principal and the nominated Staff Governors. The Senior Leadership Team comprises the Principal, the Vice-Principal, the Business Manager, the Phase Leader for Years 4-6, the Phase Leader for Years 1-3 and the Early Years Phase Leader (Vice Principal). A performance management review of each individual takes place annually. The Principal's Performance Review is carried out by a panel comprising three trustees. Targets are set annually and pay progression is judged against achieving these targets, together with overall performance during the year. A similar process is undertaken by the Principal in the Performance Management of the Vice-Principal and the Business Manager. The Vice-Principal conducts the performance reviews for the three phase-leaders. A summary of the Performance Management Reviews is reported to the Resources Committee, together with recommendations for progressions in the relevant pay scales. The Resources Committee considers and approves or challenges the information as appropriate. The relevant pay scales are those adopted nationally for teaching staff and locally for support staff.

Objectives and activities

Objects and aims

Hockley Heath Academy Trust has established and is managing and developing a primary school and nursery offering a broad and balanced curriculum according to the Memorandum and Articles of Association of the Trust and the Funding Agreement.

The principal aim of the Trust is to support the school in creating a caring, stimulating and happy environment in which each child will experience a broad and balanced curriculum, developing positive attitudes and acquiring a sense of achievement, self-confidence and self-discipline.

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, strategies and activities

The principal activities in the year have been:

- Use Pupil Premium funding to improve outcomes for relevant children
- Ensure teaching and learning is at the highest level
- Implement new GDPR guidelines
- Continued development of safeguarding procedures including improvement to external doors
- Creating a rolling programme of works to improve the internal building and external fabric including a CIF bid
- Robust self evaluation focusing on teaching and learning and pupil progress

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

Strategic report

Achievements and performance

Data Report end of 2017-2018

Hockley Heath Academy is proud to share the achievements of our delightful children who moved on to their secondary schools at the end of the academic year 2018.

The numerical scores pupils receive in their tests are called raw scores. These are scaled to account for any variability in difficulty of the tests from year to year. A pass mark always corresponds to a scaled score of 100 and 110 represents the higher standard in each test.

Further information can be obtained from the following link:

<https://www.gov.uk/guidance/scaled-scores-at-key-stage-2>

The tables below show our attainment in EYFS, Phonic Screening and KS 1 as well as the attainment and scaled scores for KS 2.

EYFS	SCHOOL 2017-2018
GOOD LEVEL OF DEVELOPMENT	90%

PHONICS	SCHOOL 2017-2018
YEAR 1	90%
YEAR 2	83% (5/6 PUPILS)

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

<u>KS1 ATTAINMENT – YEAR 2</u>	
<u>2017 - 2018</u>	
R,W,M COMBINED	76%
READING GREATER DEPTH	28%
READING AT AND ABOVE EXPECTED STANDARD	76%
WRITING GREATER DEPTH	21%
WRITING AT AND ABOVE EXPECTED STANDARD	76%
MATHS GREATER DEPTH	17%
MATHS AT AND ABOVE EXPECTED STANDARD	86%
SCIENCE	83%

<u>KS2 ATTAINMENT</u>	
<u>2017 - 2018</u>	
R,W,M COMBINED	79%
R,W,M HIGHER STANDARD COMBINED	17%
FLOOR STANDARDS	
READING HIGHER STANDARD	45%
READING AT EXPECTED AND HIGHER STANDARD	86%
WRITING GREATER DEPTH	21%
WRITING AT EXPECTED STANDARD AND GREATER DEPTH	90%
MATHS HIGHER STANDARD	34%
MATHS AT EXPECTED AND HIGHER STANDARD	86%
GPS HIGHER STANDARD	38%
GPS AT AND ABOVE EXPECTED STANDARD	90%
SCIENCE	90%

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

READING, WRITING AND MATHS AVERAGE SCALED SCORES

READING	108
MATHS	106
GPS	107

READING, WRITING AND MATHS PROGRESS SCORES

READING	0.2
WRITING	-1.0
MATHS	-1.0

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the accounts.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Most of the Academy's income is obtained from the DfE by way of the Education Skills Funding Agency (ESFA) in the form of recurring grants, the use of which is restricted to particular purposes.

The grants received from the DfE during the year ending 31st August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31st August 2018, the level of recurring grant funding from the DfE, together with the profit generated by the childcare provision, exceeded the level of expenditure for the school. The excess income will be used to fund additional safeguarding measures within the school.

The balance of revenue reserves will be used by the academy in two ways:

- to cover any unplanned or unexpected expenditure in the annual school budget.
- to build funds to meet future capital requirements associated with the asset management of the Academy.

The total value of unrestricted funds is £147,908.

Disclosure of funds in deficit is also included in the Funds Note in the financial statements (note 16).

Investment policy and powers

It is the governors' intention that cash reserves are invested in short or medium term deposit accounts at Lloyds Bank. This policy has been adopted by the Governing Body as a low risk, easy cash access strategy which suits the Academy's finances and business management. No alternative investment strategies have been considered.

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Principal risks and uncertainties

The governors have responsibility to assess the strategic risks to which the Academy is exposed, and conduct an annual systematic analysis of all risks to produce a risk management register.

The governors have implemented a number of systems to assess risks that the Academy faces, especially in the strategic risk areas and in relation to financial control. They have introduced systems, including operational procedures and internal financial controls, to minimise the level of risk.

The Academy has an effective system of internal financial controls that is explained in more detail elsewhere in this report.

The governors consider that the principal risks and uncertainties facing the Academy are:

- Meeting and exceeding the required standards of education for its pupils.
- Complying with all legislative requirements regarding child protection, employment law, data protection, discrimination, and the rules and regulations and legal requirements of Companies House, HMRC, the Charity Commission and the National Curriculum.
- Financial risks - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity, or financial commitments made without adequate authorisation.
- Operational risks resulting from inexperienced or inappropriate staff being employed and the use of inaccurate, out of date or inappropriate information.

The key controls used by the academy include:

- Detailed terms of reference for all committees.
- Formal agendas and minutes for the academy board, governing body, and committees
- Schemes of delegation and formal financial controls and regulations
- Formal written policies approved by the governing body or relevant committee.
- Clear authorisation and approval levels.
- Policies and procedures required by law to protect the vulnerable

Plans for future periods

The governing body expects the now embedded systems of monitoring and assessment to support continued improvements in the quality of teaching and learning and as such the positive benefits for children who attend our school. Specific plans are:

- Investigate the possibility of creating a Multi Academy Trust
- Repair the damage to the Nursery Roof by way of applying for additional funding through the CIF process
- Create an outdoor learning space outside nursery
- Explore avenues for sponsorship and marketing to increase the school's revenue
- Replace the school's peripheral fencing to further enhance the school's safeguarding procedures

HOCKLEY HEATH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

In so far as the trustees are aware:

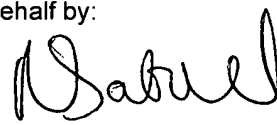
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Jerroms be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2018 and signed on its behalf by:



Mr G Campbell



Mrs R Gabriel (Principal)

HOCKLEY HEATH ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 Hockley Heath Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
Mr G Campbell	4	5
Mrs J Waters	5	5
Mr R Whitehead	4	5
Ms C Ridout	4	5
Mrs C Bond	5	5
Ms L Porter (Vice-Principal)	5	5
Mrs R Gabriel (Principal)	5	5
Mr R Keates	4	5
Mr J Ward	5	5
Ms R Dinn-Carlton	1	5

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 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:

- Reviewing the deployment of all teaching staff and teaching assistants, and implementing changes as appropriate, to provide the most effective means of delivering curriculum expectations.
- Reviewing non-teaching time against the 10% PPA allowance to ensure that this is equitable across all teaching staff. This has allowed for regular leadership time and additional intervention groups at no incremental cost.
- Re-deploying staff within the Before and After School Club to ensure a much better quality of provision and consistency of approach.
- Reviewing the charges for extra-curricular provision, and updating as appropriate.

HOCKLEY HEATH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hockley Heath Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance & Buildings Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed Racheal Dinn-Carlton, who has been appointed as a governor in the year.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

For the period of 1st September 2017 to 31st August 2018 the Responsible Officer has delivered the schedule of work as planned. No issues have arisen as a result of this work.

The internal reviewer has delivered their schedule of work as planned, and has not identified any material control issues arising as a result of the internal reviewer's work.

HOCKLEY HEATH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

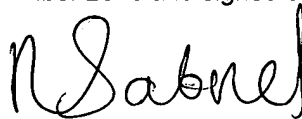
- the work of the peer reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 13 December 2018 and signed on its behalf by:



Mr G Campbell



Mrs R Gabriel (Principal)

HOCKLEY HEATH ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Hockley Heath Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



Mrs R Gabriel (Principal)
Accounting Officer

13 December 2018

HOCKLEY HEATH ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Hockley Heath Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, 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 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

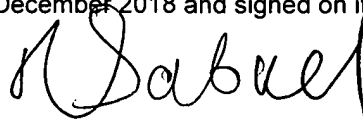
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have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

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

Approved by order of the members of the board of trustees on 13 December 2018 and signed on its behalf by:



Mr G Campbell



Mrs R Gabriel (Principal)

HOCKLEY HEATH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOCKLEY HEATH ACADEMY TRUST

Opinion

We have audited the accounts of Hockley Heath Academy Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

HOCKLEY HEATH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOCKLEY HEATH ACADEMY TRUST (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

HOCKLEY HEATH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOCKLEY HEATH ACADEMY TRUST (CONTINUED)

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



Mr Richard Alan Horton FCCA (Senior Statutory Auditor)
for and on behalf of Jerroms

Chartered Certified Accountants
Statutory Auditor

13 December 2018

The Exchange
Haslucks Green Road
Shirley
Solihull
West Midlands
B90 2EL

HOCKLEY HEATH ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 10 October 2018 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hockley Heath Academy Trust during the period 1 September 2017 to 31 August 2018 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 Hockley Heath Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hockley Heath Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Hockley Heath Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hockley Heath Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hockley Heath Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2012 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

- The work undertaken to draw to our conclusion includes:
- obtaining sufficient understanding of the framework and authorities;
- discussion of procedures relating to regularity with the accounting officer;
- review of work performed during the internal audit function;
- tailoring of specific tests in the following areas:
 - evaluation of the control environment
 - testing the application of funds
 - authorisation of expenditure
 - review of accounts with a greater susceptibility to impropriety
 - consideration of transactions outside of the delegated authority levels

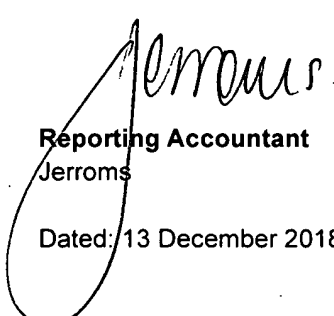
HOCKLEY HEATH ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Jerroms

Dated: 13 December 2018

HOCKLEY HEATH ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £	Restricted funds: General £ Fixed asset £	Total 2018 £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	6,445	-	6,471	12,916
Charitable activities:					
- Funding for educational operations	4	-	924,578	-	924,578
Other trading activities	5	146,491	-	-	146,491
Investments	6	224	-	-	224
Total		153,160	924,578	6,471	1,084,209
Expenditure on:					
Raising funds	7	350	-	-	350
Charitable activities:					
- Educational operations	8	75,131	1,011,272	49,141	1,135,544
Total	7	75,481	1,011,272	49,141	1,135,894
Net income/(expenditure)		77,679	(86,694)	(42,670)	(51,685)
Transfers between funds	16	(52,883)	49,694	3,189	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on defined benefit pension schemes	18	-	96,000	-	96,000
Net movement in funds		24,796	59,000	(39,481)	44,315
Reconciliation of funds					
Total funds brought forward		123,112	(446,000)	2,500,825	2,177,937
Total funds carried forward		147,908	(387,000)	2,461,344	2,222,252

HOCKLEY HEATH ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017		Unrestricted Funds	Restricted funds:		Total 2017
	Notes	£	General £	Fixed asset £	£
Income and endowments from:					
Donations and capital grants	3	3,324	-	6,351	9,675
Charitable activities:					
- Funding for educational operations	4	-	907,829	-	907,829
Other trading activities	5	133,242	-	-	133,242
Investments	6	246	-	-	246
Total		136,812	907,829	6,351	1,050,992
Expenditure on:					
Raising funds	7	740	-	-	740
Charitable activities:					
- Educational operations	8	124,351	946,829	50,392	1,121,572
Total	7	125,091	946,829	50,392	1,122,312
Net income/(expenditure)		11,721	(39,000)	(44,041)	(71,320)
Transfers between funds	16	(17,940)	-	17,940	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	18	-	(6,000)	-	(6,000)
Net movement in funds		(6,219)	(45,000)	(26,101)	(77,320)
Reconciliation of funds					
Total funds brought forward		129,331	(401,000)	2,526,926	2,255,257
Total funds carried forward		123,112	(446,000)	2,500,825	2,177,937

HOCKLEY HEATH ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		2,461,344		2,500,825
Current assets					
Debtors	13	105,848		47,892	
Cash at bank and in hand		127,030		184,148	
		232,878		232,040	
Current liabilities					
Creditors: amounts falling due within one year	14	(84,970)		(108,928)	
Net current assets			147,908		123,112
Net assets excluding pension liability			2,609,252		2,623,937
Defined benefit pension scheme liability	18		(387,000)		(446,000)
Net assets			2,222,252		2,177,937
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			2,461,344		2,500,825
- Pension reserve			(387,000)		(446,000)
Total restricted funds			2,074,344		2,054,825
Unrestricted income funds	16		147,908		123,112
Total funds			2,222,252		2,177,937

The accounts on pages 19 to 41 were approved by the trustees and authorised for issue on 13 December 2018 and are signed on their behalf by:


Mr G Campbell


Mrs R Gabriel (Principal)

Company Number 08104539

HOCKLEY HEATH ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash used in operating activities	19		(54,153)		(12,603)
Cash flows from investing activities					
Dividends, interest and rents from investments		224		246	
Capital grants from DfE and EFA		6,471		6,351	
Payments to acquire tangible fixed assets		(9,660)		(26,062)	
			(2,965)		(19,465)
Change in cash and cash equivalents in the reporting period			(57,118)		(32,068)
Cash and cash equivalents at 1 September 2017			184,148		216,216
Cash and cash equivalents at 31 August 2018			127,030		184,148

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hockley Heath Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants

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

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

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

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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 on a straight-line basis over its expected useful life, as follows:

Land and buildings	2% straight line
Plant and machinery	5 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.6 Liabilities

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

1.7 Leased assets

The freehold in relation to the land and property is owned by Solihull Metropolitan Borough Council. The land and property is leased to the academy under a 125 year lease effective from 31 July 2012 for a peppercorn rent.

1.8 Financial instruments

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

Financial assets

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

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

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Financial liabilities

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

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

1.9 Taxation

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

1.10 Pensions benefits

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

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

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

1.11 Fund accounting

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

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

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

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	6,471	6,471	6,351
Other donations	6,445	-	6,445	3,324
	<u>6,445</u>	<u>6,471</u>	<u>12,916</u>	<u>9,675</u>

Voluntary income relates to restricted and unrestricted donations receivable.

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	773,648	773,648	750,394
Other DfE group grants	-	46,018	46,018	47,130
	<u>-</u>	<u>819,666</u>	<u>819,666</u>	<u>797,524</u>
Other government grants				
Local authority grants	-	104,912	104,912	110,305
	<u>-</u>	<u>104,912</u>	<u>104,912</u>	<u>110,305</u>
Total funding	<u>-</u>	<u>924,578</u>	<u>924,578</u>	<u>907,829</u>

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	5,263	-	5,263	3,240
Catering income	32,581	-	32,581	25,608
Parental contributions	108,557	-	108,557	102,807
Other income	90	-	90	1,587
	<u>146,491</u>	<u>-</u>	<u>146,491</u>	<u>133,242</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	<u>224</u>	<u>-</u>	<u>224</u>	<u>246</u>

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	350	350	740
Academy's educational operations					
- Direct costs	644,138	-	41,252	685,390	671,623
- Allocated support costs	190,517	112,175	147,462	450,154	449,949
	<u>834,655</u>	<u>112,175</u>	<u>189,064</u>	<u>1,135,894</u>	<u>1,122,312</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	8,605	8,550
- Other services	350	350
Depreciation of tangible fixed assets	49,141	50,392
Net interest on defined benefit pension liability	<u>11,000</u>	<u>8,000</u>

The company has, by resolution, waived the need for approval of the auditors' limitation liability, which has been set at £2,000,000 within the letter of engagement dated 10th October 2018. This approval has been confirmed in the letter of representation dated 13th December 2018.

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	7,925	677,465	685,390	671,623
Support costs				
Educational operations	67,206	382,948	450,154	449,949
	<u>75,131</u>	<u>1,060,413</u>	<u>1,135,544</u>	<u>1,121,572</u>
			2018 £	2017 £
Analysis of support costs				
Support staff costs			190,053	192,385
Depreciation			49,141	50,392
Technology costs			16,759	18,695
Premises costs			63,034	61,677
Other support costs			96,418	84,573
Governance costs			34,749	42,227
			<u>450,154</u>	<u>449,949</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	625,411	624,090
Social security costs	51,488	54,761
Pension costs	139,060	128,591
Staff costs	<u>815,959</u>	<u>807,442</u>
Agency staff costs	13,674	9,608
Staff development and other staff costs	5,022	3,142
Total staff expenditure	<u>834,655</u>	<u>820,192</u>

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Staff numbers

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

	2018 Number	2017 Number
Teachers	10	9
Administration and support	11	9
Management	3	3
Teaching Assistants	10	9
	<u>34</u>	<u>30</u>

Higher paid staff

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

	2018 Number	2017 Number
	<u>1</u>	<u>1</u>

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 £163,219.

10 Trustees' remuneration and expenses

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 trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

Mrs R Gabriel (Principal) £70,000 - £75,000 (2017: £65,000 - £70,000)

Mrs L Porter (Vice-Principal) £50,000 - £55,000 (2017: £50,000 - £55,000)

Mrs J Waters (Teaching Assistant) £15,000 - £20,000 (2017: £15,000 - £20,000).

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £875,000 on any one claim and the total insurance cost for the year ended 31 August 2018 was £8,415 (2017: £8,045).

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Tangible fixed assets

	Land and buildings	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2017	2,613,917	24,831	15,220	58,268	2,712,236
Additions	-	-	8,739	920	9,659
At 31 August 2018	2,613,917	24,831	23,959	59,188	2,721,895
Depreciation					
At 1 September 2017	143,466	14,650	15,207	38,087	211,410
Charge for the year	31,798	4,966	701	11,676	49,141
At 31 August 2018	175,264	19,616	15,908	49,763	260,551
Net book value					
At 31 August 2018	2,438,653	5,215	8,051	9,425	2,461,344
At 31 August 2017	2,470,451	10,181	13	20,180	2,500,825

13 Debtors

	2018 £	2017 £
Other debtors	11,365	25,927
Prepayments and accrued income	94,483	21,965
	105,848	47,892

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	452	1,667
Other creditors	12,645	29,179
Accruals and deferred income	71,873	78,082
	84,970	108,928

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15	Deferred income				2018	2017
					£	£
	Deferred income is included within:					
	Creditors due within one year				43,603	42,560
	Deferred income at 1 September 2017				(42,560)	(39,294)
	Amounts deferred in the year				43,603	42,560
	Deferred income at 31 August 2018				43,603	42,560
16	Funds					
		Balance at			Gains,	Balance at
		1 September	Income	Expenditure	losses and	31 August
		2017	£	£	transfers	2018
		£			£	£
	Restricted general funds					
	General Annual Grant (GAG)	-	773,648	(823,342)	49,694	-
	Other DfE / ESFA grants	-	46,018	(46,018)	-	-
	Other government grants	-	104,912	(104,912)	-	-
	Pension reserve	(446,000)	-	(37,000)	96,000	(387,000)
		(446,000)	924,578	(1,011,272)	145,694	(387,000)
	Restricted fixed asset funds					
	DfE group capital grants	2,500,825	6,471	(49,141)	3,189	2,461,344
	Total restricted funds	2,054,825	931,049	(1,060,413)	148,883	2,074,344
	Unrestricted funds					
	General funds	123,112	153,160	(75,481)	(52,883)	147,908
	Total funds	2,177,937	1,084,209	(1,135,894)	96,000	2,222,252

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

General Annual Grant (GAG)

The GAG must be used for the normal running costs of the academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE / EFA grants

Other DfE / EFA grants relates to the Pupil Premium Grant which is additional funding provided to support disadvantaged pupils.

Other government grants

Other government grants relates to local authority grants and funding for specific purposes such as special education needs.

Other restricted funds

Other restricted funds relates to funds received for specific purposes from other sources.

Pension reserve

The pension reserve relates to the deficit on the Local Government Pension Scheme.

DfE / EFA capital grants

DfE / EFA capital grants relates to the Devolved Formula Capital Grant and other EFA funding provided for capital expenditure requirements.

Inherited fixed asset fund

The inherited fixed asset fund relates to assets inherited on the conversion of the school to an academy.

General funds

General funds relates to funds which are unrestricted in nature and therefore can be used as the Trustees deem appropriate.

Also during the period, a transfer was made of £3,189 from unrestricted to the fixed asset funds to remove the deficit on the fixed asset funds at 31st August 2018.

A transfer was also made of £52,883 from unrestricted to restricted funds to remove the deficit on the restricted funds at 31st August 2018.

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	750,394	(750,394)	-	-
Other DfE / ESFA grants	-	47,130	(47,130)	-	-
Other government grants	-	110,305	(110,305)	-	-
Pension reserve	(401,000)	-	(39,000)	(6,000)	(446,000)
	<u>(401,000)</u>	<u>907,829</u>	<u>(946,829)</u>	<u>(6,000)</u>	<u>(446,000)</u>
Restricted fixed asset funds					
DfE group capital grants	2,526,926	6,351	(50,392)	17,940	2,500,825
	<u>2,526,926</u>	<u>6,351</u>	<u>(50,392)</u>	<u>17,940</u>	<u>2,500,825</u>
Total restricted funds	<u>2,125,926</u>	<u>914,180</u>	<u>(997,221)</u>	<u>11,940</u>	<u>2,054,825</u>
Unrestricted funds					
General funds	130,284	136,812	(126,044)	(17,940)	123,112
	(953)	-	953	-	-
	<u>129,331</u>	<u>136,812</u>	<u>(125,091)</u>	<u>(17,940)</u>	<u>123,112</u>
Total funds	<u>2,255,257</u>	<u>1,050,992</u>	<u>(1,122,312)</u>	<u>(6,000)</u>	<u>2,177,937</u>

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	1,524,042	(1,573,736)	49,694	-
Other DfE / ESFA grants	-	93,148	(93,148)	-	-
Other government grants	-	215,217	(215,217)	-	-
Pension reserve	(401,000)	-	(76,000)	90,000	(387,000)
	<u>(401,000)</u>	<u>1,832,407</u>	<u>(1,958,101)</u>	<u>139,694</u>	<u>(387,000)</u>
Restricted fixed asset funds					
DfE group capital grants	2,526,926	12,822	(99,533)	21,129	2,461,344
	<u>2,526,926</u>	<u>12,822</u>	<u>(99,533)</u>	<u>21,129</u>	<u>2,461,344</u>
Total restricted funds	<u>2,125,926</u>	<u>1,845,229</u>	<u>(2,057,634)</u>	<u>160,823</u>	<u>2,074,344</u>
Unrestricted funds					
General funds	130,284	289,972	(201,525)	(70,823)	147,908
	(953)	-	953	-	-
	<u>129,331</u>	<u>289,972</u>	<u>(200,572)</u>	<u>(70,823)</u>	<u>147,908</u>
Total funds	<u>2,255,257</u>	<u>2,135,201</u>	<u>(2,258,206)</u>	<u>90,000</u>	<u>2,222,252</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	2,461,344	2,461,344
Current assets	232,878	-	-	232,878
Creditors falling due within one year	(84,970)	-	-	(84,970)
Defined benefit pension liability	-	(387,000)	-	(387,000)
Total net assets	<u>147,908</u>	<u>(387,000)</u>	<u>2,461,344</u>	<u>2,222,252</u>

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	2,500,825	2,500,825
Current assets	232,040	-	-	232,040
Creditors falling due within one year	(108,928)	-	-	(108,928)
Defined benefit pension liability	-	(446,000)	-	(446,000)
Total net assets	123,112	(446,000)	2,500,825	2,177,937

18 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31st March 2012 and of the LGPS 31st March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £65,456 (2017: 65,212).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2017 was £55,595, of which employer's contributions totalled £44,748 and employees' contributions totalled £10,847. The agreed contribution rates for future years are 19.3% for employers and 5.5% - 6.5% for employees.

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

Total contributions made	2018 £	2017 £
Employer's contributions	49,000	25,000
Employees' contributions	7,000	5,000
Total contributions	56,000	30,000
Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.8	4.2
Rate of increase for pensions in payment/inflation	2.3	2.7
Discount rate for scheme liabilities	2.65	2.6

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

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

	2018 Years	2017 Years
Retiring today		
- Males	21.9	21.8
- Females	24.4	24.3
Retiring in 20 years		
- Males	24.1	24.0
- Females	26.7	26.6

Sensitivity analysis at 31 August 2018	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value obligation	853	873	894
Projected service cost	64	66	68
Adjustment to long term salary	+0.1%	0.0%	-0.1%
Present value of total obligation	876	873	870
Projected service cost	66	66	66
Adjustment to pension increase and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	891	873	855
Projected service cost	68	66	64
Adjustment to life expectancy assumptions	+ 1 year	None	-1 year
Present value of total obligation	902	873	845
Projected service cost	68	66	64

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2018 Fair value £	2017 Fair value £
Equities	308,000	270,000
Government bonds	35,000	31,000
Other bonds	18,000	16,000
Cash/Liquidity	18,000	21,000
Property	39,000	31,000
Other assets	68,000	56,000
Total market value of assets	486,000	425,000

The actual return on scheme assets was £5,000 (2017: £54,000).

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	75,000	56,000
Interest income	(12,000)	(8,000)
Interest cost	23,000	16,000
Total operating charge	86,000	64,000

Changes in the present value of defined benefit obligations	2018 £
At 1 September 2017	871,000
Current service cost	75,000
Interest cost	23,000
Employee contributions	7,000
Actuarial (gain)/loss	(103,000)
At 31 August 2018	873,000

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2018 £
At 1 September 2017	425,000
Interest income	12,000
Actuarial loss/(gain)	(7,000)
Employer contributions	49,000
Employee contributions	7,000
At 31 August 2018	486,000

The estimated value of employer contributions for the year ended 31st August 2018 is £45,000.

19 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2018 £	2017 £
Net income	(51,685)	(71,320)
Capital grants and similar income	(6,471)	(6,351)
Investment income	(224)	(246)
FRS17 pension costs less contributions payable	26,000	31,000
FRS17 pension finance income	11,000	8,000
Depreciation of tangible fixed assets	49,141	50,392
(Increase)/decrease in debtors	(57,956)	22,150
Increase/(decrease) in creditors	(23,958)	(46,228)
Net cash inflow/(outflow) from operating activities	(54,153)	(12,603)

20 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	1,824	1,824
Amounts due in two and five years	5,016	6,840
	6,840	8,664

The freehold in relation to the land and property is owned by Solihull Metropolitan Borough Council. The land and property is leased to the academy under a 125 year lease effective from 31 July 2012 for a peppercorn rent.

HOCKLEY HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Related party transactions

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

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