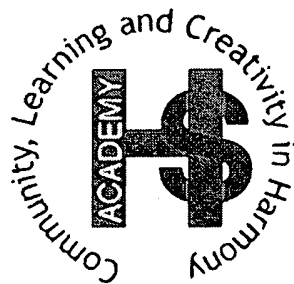


Hawes Side Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017



Crossley & Davis Chartered Accountants
Ground Floor Seneca House
Links Point
Amy Johnson Way
Blackpool
FY4 2FF

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Hawes Side Academy

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Hawes Side Academy

Reference and Administrative Details

Governors and Trustees (Directors)	Andrea Bean Sarah Blair Rachel Cartmell Keri Lomax Eileen Mcguirk Steven John Whitehouse (resigned 8 August 2017) Tracy Wilson Julie Fleckney Karen Brett Stuart Gorry Marianne Shaw
Company Secretary	Rebecca Louise Foxton
Principal	Michael Shepherd
Principal and Registered Office	Johnsville Avenue Blackpool FY4 3LN
Company Registration Number	08161246
Auditors	Crossley & Davis Chartered Accountants Ground Floor Seneca House Links Point Amy Johnson Way Blackpool FY4 2FF 29 September 2017
Bankers	Lloyds Corporation Street Blackpool HSBC Oxford Square Blackpool FY4 4YW

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 08161246.

The governors act as the trustees for the charitable activities of Hawes Side Academy and are also the directors of the charitable company for the purposes of company law.

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

The Governors meet at least termly through the Joint Sub Committee who report to the Full Governing body.

The management and the day to day running of the Academy is delegated to the Principal Mr Michael Shepherd and the school leadership team.

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.

Trustees' indemnities

The Academy Trust 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.

Method of recruitment and appointment or election of Trustees

The Academy's governing body is established in accordance with the memorandum of association. Directors are elected every four years after which time they may be reappointed.

The governing body currently comprises of eleven board members (three board members are appointed as directors under the Companies Act 2006). Co-opted governor's appointments are determined by trust board members.

The head teacher is an ex-officio governor.

Policies and procedures adopted for the induction and training of Trustees

New governors' receive induction training and support from the clerk to the governing body.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

Organisational structure

The management structure of the Academy consists of:

Mrs Sarah Blair – Chair,
Mrs Kerry Lomax - Vice Chair.

Senior Management Team:

Mr Michael Shepherd - Principal,
Mr Lee Glynn – Vice Principal,
Mrs Caroline Boothroyd - Vice Principal,
Mrs Rebecca Foxton - Business Manager

The Middle Management Team consists of:

Mr Neal Sandwell - Foundation Stage Phase Leader,
Mrs Karen Brett - Years 1 and 2 Phase Leader,
Mrs Sharon Nicholson - Years 3 and 4 Phase Leader,
Mr Barry Smith - Years 5 and 6 Phase Leader.

Management of the school is delegated to the Principal. The senior management team meets each week and additionally as and when required, and meets with the phase leaders on a weekly basis. Meetings with all teaching staff take place once a week. The Principal is the Academy's Accounting Officer and is responsible for the authorisation and expenditure against all budget headings and is responsible for all staff appointments. Phase leaders have responsibility for phase budget of £1,100 for the purchase of resources for their phase.

No directors receive any remuneration in respect of their duties as Governors other than Mr Shepherd who is remunerated in his position as Principal, Mrs Brett in her capacity as classroom teacher, Ms Bean who is remunerated as a Teaching Assistant and Mrs Fleckney in her capacity as Family Support Worker.

Arrangements for setting pay and remuneration of key management personnel

The academy has a Pay Policy in accordance with the Teachers Pay and Conditions document. Pay is reviewed annually by the Principal and any performance-related increases proposed are scrutinised by the Governing Body Pay Committee. This is then reported to the Full Governing Body of the academy trust.

Risk management

Governors have approved a risk register to assist with the control and management of risk in accordance with EFA guidelines.

Internal systems of financial control have been established to be found in the financial procedures manual which covers the general financial management of the Academy.

The Academy has appointed a Finance Lead within the Governing body who, alongside external independent review provides assurance to the Governing body of Financial compliance.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

Connected organisations, including related party relationships

There are no related parties which either control or significantly influence the decisions or operations of Hawes Side Academy. There are no sponsors.

The Academy works closely with parents to further the principal activities of the academy.

The Academy works with many school networks, both locally, nationally and internationally, to further the principal activities of the Academy.

Objectives and activities

Objects and aims

The primary objective of the Academy is to educate students from a wide range of abilities between the ages of 4 and 11.

In accordance with the Academy's articles of association the Academy trust has adopted a scheme of government approved by the secretary of state for education.

Objectives, strategies and activities

The main objectives at 31st August 2017 were that all Academy business be conducted with the highest possible standards, integrity, probity and openness. The Academy complies with statutory legislation and national curriculum requirements, ensuring every pupil is provided with the highest quality of education. It raises standards of achievement for all pupils and enables them to reach their full potential. The Academy provides best value and value for money and maintains and builds on the close links with the community. It provides training opportunities for all staff, provides a range of sporting activities for all pupils, provides lunch time and out of school clubs to provide enrichment activities.

Public benefit

The Academy Trust 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 Charity Commission.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

Children achieving the expected standard in Reading, Writing and Mathematics combined
School 49% National 61%

Children achieving the higher standard in Reading, Writing and Mathematics combined
School 3% National 5%

Children achieving expected standard in Reading
School 63% National 71%

Children achieving the higher standard in Reading
School 13% National 25%

Children achieving expected standard in Writing
School 80% National 76%

Children achieving the higher standard in Writing
School 9% National 18%

Children achieving expected standard in Mathematics
School 57% National 75%

Children achieving higher standard in Mathematics
School 9% National 22%

Average scaled scores
Reading 101 National 104
Maths 101 National 104

Progress of Pupils at Hawes Side
Reading -0.6 Writing +2.0 Mathematics -0.

Key performance indicators

The Trustees receive regular information to enable them to monitor the performance of the school compared to aims, strategies and financial plans. The trust can report the following in relation to 2016-17:

- Self-evaluation is at least good in all areas.
- Pupil results in Foundation Stage were just below national average, above national average in Key Stage 1 and below national average in Key Stage 2 (see full break down above).
- Pupil numbers remain within 97% of the academy roll
- Attendance in was 95.2%, just under the required level of 96.2%
- Financial performance is monitored monthly against budget and established expenditure profiles. Staffing costs remain under 80% as a percentage of the overall income. A Financial Risk Assessment and recovery plan is in place.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

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 continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The Academy's total incoming resources during the period were £2,812,000 (2016: £2,897,000)

The majority of the Academy's income derives from Central Government funding via the education Funding Agency in the form of current grants.

Total funding received for the Academy's educational operations in the period was £2,591,000 (2016: £2,619,000) along with £221,000 (2016: £278,000) from other sources.

Total outgoings for the period were £7,372,000 (2016: £3,009,000) a breakdown of this is shown in note 6 and note 7 of the accounts.

During the year ended 31 August 2017, (excluding restricted fixed asset and pension funds) the excess of income over expenditure for the year before transfers was (29,000) loss (2016: £21,000 profit).

At the period end the Academy's total reserves (excluding a pension deficit included in restricted funds of (£954,000) (2016: (£1,060,000)) stood at £422,000 (2016: £4,872,000) including unrestricted funds of £82,000 (2016: £158,000), restricted funds of £9,000 (2016: £160,000), and restricted fixed asset funds of £332,000 (2016: £4,553,000).

On conversion in 2012 the Academy inherited a deficit of £640,000 in respect of the Lancashire County Council Local Government Pension scheme which most of the Support staff (Non Teaching) belong to. This deficit increased to £656,000 by 31st August 2013, decreased to £523,000 by 31st August 2015, £1,060,000 by 31st August 2016 and decreased to £954,000 by 31st August 2017. This was due to the actuarial assumptions concerning future return on investments and the value of future liabilities to the pension fund.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Reserves policy

The Directors review the reserve levels of the Academy at the end of each financial year to ensure that there are sufficient capital to meet the monthly commitments of the Academy and to allow for a contingency to cover unexpected emergencies and urgent maintenance and repairs. The Academy will take action to ensure that the reserves are held at a prudent level.

The Academy's minimum current reserves have been set at £185,000 (with a £10,000 buffer).

The Academy's current reserves as at 31st August 2017 stood at £91,000 (2016: £318,000).

Restricted Reserves

The Governors have considered the level of restricted reserves that it was felt would be sufficient working capital to any delays between spending and commitments to receipt of grants and any unanticipated revenue or capital costs.

The restricted reserves as at 31st August 2017 stood at £9,000 (2016: £160,000).

Unrestricted Reserves

In addition to the restricted reserve which is used for restricted purposes set out in the funding agreement, the academy holds unrestricted reserves which provide additional working capital and are non committed.

The unrestricted reserves as at 31st August 2017 stood at £82,000 (2016: £158,000).

A recovery plan is in place and being actioned in order to grow the reserves moving forward.

Investment policy

The Governing body adopted a low risk cautious approach to cash investments of both short to medium term investments. Investments are agreed by the Governing body beforehand.

Principal risks and uncertainties

The Academy has a Risk Register and assessment cycle which addresses the principle risks and uncertainties facing the Academy. The trustees acknowledge the need to maintain a reserves fund to mitigate any financial risk and to ensure the stability of the academy trust as a whole which is why a specific Financial Risk Assessment and recovery plan is in place.

Key areas of financial risk are around a potential reduction of pupil numbers which is being addressed through careful planning, as well as uncertainties around funding whilst the new funding formula is implemented.

The deficit on the Local Government Pension Scheme also presents an on-going concern.

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Plans for future periods

- The academy will continue to drive forward performance in the priority areas of teaching and learning, improving pupil outcomes and closing the gap for vulnerable pupils in Foundation Stage and Key Stage 1. Raising attainment in Key Stage 1 to above national average particularly in writing especially at greater depth. Raising attainment in Key Stage 2 to above national average in reading and mathematics and increasing the percentage of pupils working at greater depth of understanding across the academy.
- Pupil premium will continue to be used effectively to make progress in closing the achievement gap across the academy.
- The academy will continue to develop the provision for pupils with Special Educational Needs to raise the attainment and progress of this group.
- To academy will continue to scrutinise financial performance and ensure decision making enables long term financial security and sustainably of the academy. In 2017/18 the Academy will also bid for funds to develop provision in key areas.

Value for Money

As Governors, we accept overall responsibility for ensuring Hawes Side Academy has an effective and appropriate system of financial control. The system is designed to manage risks identified in the Academy's risk register providing reasonable assurance against misstatement or loss.

The Governing body has delegated day to day responsibility to the Principal as the Accounting Officer , ensuring that financial controls conform with the requirements for both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it within the funding agreement between Hawes Side Academy and the Secretary of State for Education. They are also responsible for reporting any material weakness or breakdowns in internal controls.

The Governing Body has reviewed the risks to which the Academy might be exposed and implemented financial and operational controls to mitigate those risks. The Academy has a system of internal controls based on regular financial information and administrative procedures including the separation of duties and has approved a financial management and procedures manual. The Governors aim to address and identify weaknesses and ensure ongoing improvement of systems and financial control

Hawes Side Academy

Trustees' Report for the Year Ended 31 August 2017 (continued)

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.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Crossley & Davis Chartered Accountants as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 15 December 2017 and signed on its behalf by:



Sarah Blair
Governor and trustee

Hawes Side Academy

Governance Statement

Statement on governance and internal control

As Governors, we accept overall responsibility for ensuring Hawes Side Academy has an effective and appropriate system of financial control. The system is designed to manage risks identified in the Academy's risk register providing reasonable assurance against misstatement or loss.

The Governing body has delegated day to day responsibility to the Principal as the Accounting Officer , ensuring that financial controls conform with the requirements for both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it within the funding agreement between Hawes Side Academy and the Secretary of State for Education. They are also responsible for reporting any material weakness or breakdowns in internal controls.

The Governing Body has reviewed the risks to which the Academy might be exposed and implemented financial and operational controls to mitigate those risks. The Academy has a system of internal controls based on regular financial information and administrative procedures including the separation of duties and has approved a financial management and procedures manual. The Governors aim to address and identify weaknesses and ensure ongoing improvement of systems and financial control

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Michael Shepherd, 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 Hawes Side Academy and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Sarah Blair	3	3
Andrea Bean	3	3
Rachel Cartmell	2	3
Keri Lomax	1	3
Eileen Mcguirk	1	3
Tracy Wilson	3	3
Karen Brett	3	3
Michael Shepherd	3	3
Julie Fleckney	3	3

Hawes Side Academy

Governance Statement (continued)

Stuart Gorry	2	3
Marianne Shaw	3	3

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to carry out its delegated powers relating to curriculum and staffing issues, finance and audit, premises and the extended service of the academy.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Sarah Blair	3	3
Andrea Bean	3	3
Rachel Cartmell	3	3
Keri Lomax	2	3
Eileen Mcguirk	1	3
Tracy Wilson	3	3
Karen Brett	3	3
Michael Shepherd	3	3
Julie Fleckney	3	3
Stuart Gorry	2	3
Marianne Shaw	2	3

Review of value for money

As accounting officer the governor and trustee 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 purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hawes Side Academy for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Hawes Side Academy

Governance Statement (continued)

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

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

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 a Finance lease on the Governing body and external adviser
- not to appoint an internal auditor. However the Trustees have appointed Crossley & Davis, the external auditor, to perform additional checks.

The auditor'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 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 Responsible Officer to date.

Review of effectiveness

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

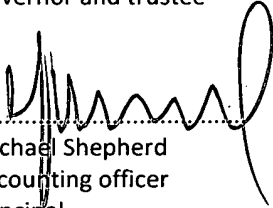
Hawes Side Academy

Governance Statement (continued)

Approved by order of the members of the Governing Body on 15 December 2017 and signed on its behalf by:



Sarah Blair
Governor and trustee



Michael Shepherd
Accounting officer
Principal

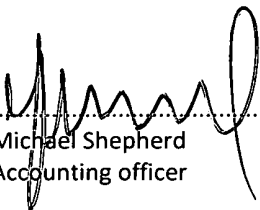
Hawes Side Academy

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Hawes Side Academy I have considered my responsibility to notify the Academy Trust Governing Body 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 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 2015.

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



.....
Michael Shepherd
Accounting officer

15 December 2017

Hawes Side Academy

Statement of Trustees' Responsibilities

The Trustees (who are 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 published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

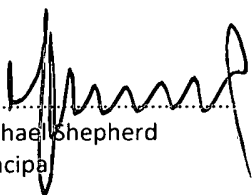
The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have 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 members of the Board on 15 December 2017 and signed on its behalf by:



.....
Sarah Blair
Governor and trustee



.....
Michael Shepherd
Principal

Hawes Side Academy

Independent Auditor's Report on the Financial Statements to the Members of Hawes Side Academy

We have audited the financial statements of Hawes Side Academy for the year ended 31st August 2017, which comprise of the Statement of Financial Activities, incorporating Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st August 2017 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 properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

Hawes Side Academy

Independent Auditor's Report on the Financial Statements to the Members of Hawes Side Academy (continued)

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Hawes Side Academy

Independent Auditor's Report on the Financial Statements to the Members of Hawes Side Academy (continued)

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 22), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As explained more fully in the Statement of Trustees Responsibilities (set out on page 22), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

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

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

.....*S. Mondy*.....

Steven Mondy (Senior Statutory Auditor)

For and on behalf of Crossley & Davis Chartered Accountants, Statutory Auditor

Ground Floor Seneca House
Links Point
Amy Johnson Way
Blackpool
FY4 2FF

15 December 2017

Hawes Side Academy

Independent Reporting Accountant's Report on Regularity to Hawes Side Academy and the Education Funding Agency

In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education Funding Agency (EFSA) as included in the Academies Accounts Direction 2016-17, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hawes Side Academy during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 1 October 2012 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 2016 to 17. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by EFSA. 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:

- Evaluation of the control environment within the school
- Analytical review both internally and with similar local schools
- Substantive testing of transactions

Hawes Side Academy

Independent Reporting Accountant's Report on Regularity to Hawes Side Academy and the Education Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Steven Mondy (Senior Statutory Auditor)

For and on behalf of Crossley & Davis Chartered Accountants, Chartered Accountants

Ground Floor Seneca House
Links Point
Amy Johnson Way
Blackpool
FY4 2FF

15 December 2017

Hawes Side Academy

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
Income and endowments from:					
Donations and capital grants	2		6	91	97
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,592	-	2,592
Other trading activities	4	124	-	-	124
Total		124	2,598	91	2,812
Expenditure on:					
Raising funds	6	103	8	-	111
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	2,749	4,511	7,260
Total		103	2,758	4,511	7,372
Net income/(expenditure)		21	(160)	(4,420)	(4,560)
Transfers between funds		(97)	(102)	199	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	216	-	216
Net movement in deficit		(76)	(45)	(4,222)	(4,344)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		158	(900)	4,553	3,812
Total funds/(deficit) carried forward at 31 August 2017		82	(945)	332	(532)

Hawes Side Academy

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016 £ 000
Income and endowments from:					
Donations and capital grants	2	4	-	11	15
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	2,619	-	2,619
Other trading activities	4	77	186	-	263
Investments	5	-	-	-	-
Total		81	2,805	11	2,897
Expenditure on:					
Raising funds	6	58	146	-	203
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	2,706	100	2,806
Total		58	2,852	100	3,009
Net income/(expenditure)		23	(46)	(89)	(112)
Transfers between funds		(165)	-	165	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	23	-	(492)	-	(492)
Net movement in (deficit)/funds		(142)	(538)	76	(604)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2015		300	(361)	4,477	4,416
Total funds/(deficit) carried forward at 31 August 2016		158	(900)	4,553	3,812

Hawes Side Academy

(Registration number: 08161246)
Balance Sheet as at 31 August 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	11	332	4,553
Current assets			
Stocks	12	1	1
Debtors	13	98	103
Cash at bank and in hand		<u>311</u>	<u>540</u>
		410	644
Creditors: Amounts falling due within one year	14	<u>(319)</u>	<u>(326)</u>
Net current assets		<u>91</u>	<u>318</u>
Total assets less current liabilities		<u>422</u>	<u>4,872</u>
Net assets excluding pension liability		422	4,872
Pension scheme liability	23	<u>(954)</u>	<u>(1,060)</u>
Net (liabilities)/assets including pension liability		<u><u>(532)</u></u>	<u><u>3,812</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		9	160
Restricted fixed asset fund		332	4,553
Restricted pension fund		<u>(954)</u>	<u>(1,060)</u>
		(613)	3,654
Unrestricted funds			
Unrestricted general fund		<u>82</u>	<u>158</u>
Total funds		<u><u>(532)</u></u>	<u><u>3,812</u></u>

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue on 15 December 2017 and signed on their behalf by:

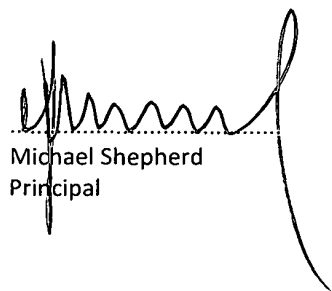


.....
Sarah Blair
Governor and trustee

Hawes Side Academy

(Registration number: 08161246)

Balance Sheet as at 31 August 2017 (continued)



Michael Shepherd
Principal

Hawes Side Academy

Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	(127)	47
Cash flows from investing activities	20	<u>(103)</u>	<u>(165)</u>
Change in cash and cash equivalents in the year		(229)	(118)
Cash and cash equivalents at 1 September		<u>540</u>	<u>658</u>
Cash and cash equivalents at 31 August	21	<u><u>311</u></u>	<u><u>540</u></u>

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of 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.

Basis of preparation

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

Hawes Side Academy meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 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 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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.

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'.

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Asset class	Depreciation method and rate
Leasehold land and buildings	125 years straight line (Over life of lease)
Furniture and equipment	20% straight line
Computer equipment	33% straight line
Leasehold improvements	15 years straight line

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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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.

Pension 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. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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 purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 at 31/08/2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Capital grants	-	-	91	91	11
Other donations		6	-	6	4
		6	91	97	15

The income from donations and capital grants was £96,875 (2016: £14,823) of which £36 was unrestricted (2016: £3,915), £6,189 restricted (2016: £nil) and £90,650 restricted fixed assets (2016: £10,855).

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
DfE/EFA revenue grants			
General Annual Grant	2,209	2,209	2,199
Other EFA funded	374	374	380
	<u>2,584</u>	<u>2,584</u>	<u>2,579</u>
Other government grants			
Local Authority Grants	8	8	40
Total grants	<u>2,592</u>	<u>2,592</u>	<u>2,619</u>

Funding for the Academy Trust's educational operations was £2,591,640 (2016: £2,618,974) of which £nil was unrestricted (2016: £nil), £2,591,640 restricted (2016: £2,618,974) and £nil restricted fixed assets (2016 £nil).

4 Other trading activities

	Unrestricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Hire of facilities	16	16	23
Catering income	33	33	101
Recharges and reimbursements	12	12	-
Other sales	63	63	139
	<u>124</u>	<u>124</u>	<u>263</u>

The income from other trading activities was £123,617 (2016: £263,111) of which £123,617 was unrestricted (2016: £77,186), £nil restricted (2016: £185,925) and £nil restricted fixed assets (2016 £nil).

5 Investment income

	Total 2016 £ 000
Short term deposits	<u> </u>

The income from investments was £nil (2016: £329) of which was all restricted.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Expenditure

	Non Pay Expenditure			Total 2017 £ 000	Total 2016 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds	42	-	69	111	203
Academy's educational operations					
Direct costs	1,877	-	204	2,081	2,242
Allocated support costs	379	4,583	217	5,179	564
	<u>2,298</u>	<u>4,583</u>	<u>490</u>	<u>7,372</u>	<u>3,009</u>
Total expenditure of £7,371,661 (2016: £3,009,439) of which £102,955 was unrestricted (2016: £57,644), £2757,594 restricted (2016: £2,851,563) and £4,511,112 restricted fixed assets (2016: £100,232).					

Net income/(expenditure) for the year includes:

	2017 £ 000	2016 £ 000
Operating lease rentals	43	35
Depreciation	142	100
Fees payable to auditor - audit	5	5
- other audit services	4	3
Impairment of leasehold land and buildings	4,370	-
PFI costs	<u>35</u>	<u>-</u>

7 Charitable activities

	Total 2017 £ 000	Total 2016 £ 000
Direct costs - educational operations	2,081	2,242
Support costs - educational operations	<u>5,179</u>	<u>564</u>
	<u>7,260</u>	<u>2,806</u>

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

7 Charitable activities (continued)

	Educational operations £ 000	Total 2017 £ 000	Total 2016 £ 000
Analysis of support costs			
Support staff costs	379	379	292
Depreciation	4,511	4,511	100
Technology costs	7	7	-
Premises costs	72	72	139
Other support costs	199	199	22
Governance costs	10	10	11
Total support costs	<u>5,179</u>	<u>5,179</u>	<u>564</u>

Expenditure on charitable activities was £5,178,940 (2016: £2,806,257) of which £nil was unrestricted (2016: £nil), £2,757,594 restricted (2016: £2,706,025) and £4,511,112 restricted fixed assets (2016 £100,232).

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff

Staff costs

	2017 £ 000	2016 £ 000
Staff costs during the year were:		
Wages and salaries	1,726	1,738
Social security costs	109	126
Operating costs of defined benefit pension schemes	379	295
	<u>2,214</u>	<u>2,160</u>
Supply staff costs	84	85
	<u>2,298</u>	<u>2,245</u>
		2017 £ 000

Staff restructuring costs comprise:

Severance payments	<u>10</u>
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Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £9,500 (2016: £Nil). Individually, the payments were:

Staff numbers

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

	2017 No	2016 No
Charitable Activities		
Teachers	28	29
Administration and support	36	37
Management	<u>3</u>	<u>3</u>
	<u>67</u>	<u>69</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff (continued)

	2017 No	2016 No
£80,001 - £90,000	<u>1</u>	<u>1</u>
The above employee participated in the Teacher's Pension Scheme. During the year ended 31 August 2017, pension contributions for this employee amounts to £13,531 (2016: £13,211).		

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 £370,600 (2016: £313,387).

9 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Michael Shepherd (Principle and Trustee):

Remuneration: £80,000 - £85,000 (2016 - £80,000 - £85,000)

Employer's pension contributions: £10,000 - £15,000 (2016 - £10,000 - £15,000)

Andrea Bean (Staff Trustee):

Remuneration: £10,000 - £15,000 (2016 - £10,000 - £15,000)

Employer's pension contributions: £0 - £5,000 (2016 - £0 - £5,000)

Julie Fleckney (Staff Trustee):

Remuneration: £20,000 - £25,000 (2016 - £20,000 - £25,000)

Employer's pension contributions: £0 - £5,000 (2016 - £0 - £5,000)

Karen Brett (Staff Trustee):

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

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

Other related party transactions involving the trustees are set out in note 24.

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £77 (2016 - £1,364).

The cost of this insurance is included in the total insurance cost.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

11 Tangible fixed assets

	Leasehold land and buildings £ 000	Leasehold improvements £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2016	4,508	-	181	249	4,938
Additions	-	96	80	113	289
At 31 August 2017	4,508	96	261	363	5,227
Depreciation					
At 1 September 2016	138	-	104	143	385
Charge for the year	4,370	6	52	83	4,511
At 31 August 2017	4,508	6	156	226	4,896
Net book value					
At 31 August 2017	-	89	105	137	332
At 31 August 2016	4,370	-	77	107	4,553

During the year the leasehold building was demolished and consequently its balance sheet book value has been impaired.

The replacement building is financed externally by a Private Funding Initiative under the Priority School Building Programme. Although the academy occupy the property it is owned by other parties and hence not reflected on the balance sheet. The contributions to the cost of occupation are reflected through the Statement of Financial Actives (SOFA).

12 Stock

	2017 £ 000	2016 £ 000
Stocks	1	1

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13 Debtors

	2017 £ 000	2016 £ 000
VAT recoverable	13	5
Other debtors	3	4
Prepayments	27	49
Accrued grant and other income	55	47
	<u>98</u>	<u>103</u>

14 Creditors: amounts falling due within one year

	2017 £ 000	2016 £ 000
Other taxation and social security	33	37
Other creditors	148	148
Accruals	44	58
Deferred income	59	49
Pension scheme creditor	34	33
	<u>319</u>	<u>326</u>
		2017 £ 000

Deferred income

Deferred income at 1 September 2016	49
Resources deferred in the period	59
Amounts released from previous periods	<u>(49)</u>
Deferred income at 31 August 2017	<u>59</u>

£45,376 relating to the Free School Meals grants and £13,577 relating to trip contributions from parents for 2017/2018 have been deferred to accounting year ending 31st August 2018.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant (GAG)	160	2,209	(2,268)	(102)	
Other DfE/EFA Grants	-	374	(365)	-	9
Local Authority	-	8	(8)	-	-
Other Income	-	6	(6)	-	-
	<u>160</u>	<u>2,598</u>	<u>(2,648)</u>	<u>(102)</u>	<u>9</u>
Restricted fixed asset funds					
Fixed Assets	4,553	91	(4,511)	199	332
Restricted pension funds					
Pension Reserve	<u>(1,060)</u>	<u>-</u>	<u>(110)</u>	<u>216</u>	<u>(954)</u>
Total restricted funds	3,654	2,688	(7,269)	313	(613)
Unrestricted funds					
Unrestricted general funds	<u>158</u>	<u>124</u>	<u>(103)</u>	<u>(97)</u>	<u>82</u>
Total funds	<u><u>3,812</u></u>	<u><u>2,812</u></u>	<u><u>(7,372)</u></u>	<u><u>216</u></u>	<u><u>(532)</u></u>

Transfers between funds were actioned as follows:

£97,080 from unrestricted funds and £101,663 from the restricted general funds to the restricted fixed asset funds to cover the capital costs of field drainage, furniture and computer equipment.

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

The unrestricted fund balance has arisen from a surplus of unrestricted income over related expenditure. The fund is mainly derived from the trust's trading activities and out of school provision. The funds are available for any purpose at the trustees' discretion.

The restricted general fund balance has arisen from a surplus of restricted income over related expenditure since conversion and includes reserves paid over from the local authority. Use of these funds is restricted in line with the terms and conditions of individual grants.

The restricted fixed asset fund balance has arisen from the value of assets donated on conversion and subsequently, plus capital grants and donations less related depreciation. Use of the fund is restricted to capital purposes.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	332	332
Current assets	82	328	-	410
Current liabilities	-	(319)	-	(319)
Pension scheme liability	-	(954)	-	(954)
Total net assets	<u>82</u>	<u>(945)</u>	<u>332</u>	<u>(532)</u>

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17 Commitments under operating leases

Operating leases

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

	2017 £ 000	2016 £ 000
Amounts due within one year	48	35
Amounts due between one and five years	39	70
	<u>87</u>	<u>105</u>

PFI Commitments

At 31 August 2017 the total of the Academy Trust's future minimum PFI committed contributions over the life of the scheme was:

	2017 £ 000	2016 £ 000
Amounts due within one year	39	-
Amounts due between one and five years	154	-
Amounts due after five years	732	-
	<u>925</u>	<u>-</u>
Total of commitments under operating leases	<u>1,013</u>	<u>105</u>

18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2017 £ 000	2016 £ 000
Net expenditure	(4,560)	(112)
Depreciation	4,511	100
Capital grants from DfE and other capital income	(91)	(11)
Interest receivable	-	-
Defined benefit pension scheme obligation inherited	89	26
Defined benefit pension scheme cost less contributions payable	(26)	(34)
Defined benefit pension scheme finance cost	47	53
Decrease in debtors	5	9
(Decrease)/increase in creditors	(7)	16
Net cash (used in)/provided by Operating Activities	<u>(31)</u>	<u>47</u>

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19 Cash flows from financing activities

2017
£ 000

20 Cash flows from investing activities

	2017	2016
	£ 000	£ 000

Dividends, interest and rents from investments	-	
Purchase of tangible fixed assets	(289)	(176)
Capital funding received from sponsors and others	<u>91</u>	<u>11</u>
Net cash used in investing activities	<u>(199)</u>	<u>(165)</u>

21 Analysis of cash and cash equivalents

	At 31 August	At 31 August
	2017	2016
	£ 000	£ 000

Cash at bank and in hand	<u>311</u>	<u>540</u>
Total cash and cash equivalents	<u>311</u>	<u>540</u>

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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 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 . Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £(33,775) (2016 - £(33,464)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 employer's pension costs paid to TPS in the period amounted to £169,929 (2016: £170,642).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £130,373 (2016 - £126,669), of which employer's contributions totalled £99,372 (2016 - £96,070) and employees' contributions totalled £31,000 (2016 - £30,599). The agreed contribution rates for future years are per cent for employers and per cent for employees.

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	3.70	3.40
Rate of increase for pensions in payment/inflation	2.20	2.00
Discount rate for scheme liabilities	2.50	2.20
Inflation assumptions (CPI)	<u>2.20</u>	<u>1.90</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to discount rate			
Present value of total obligation	901	954	-
Projected service cost	<u>179</u>	<u>184</u>	<u>-</u>
	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to rate of inflation			
Present value of total obligation	1,008	954	-
Projected service cost	<u>190</u>	<u>184</u>	<u>-</u>
	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
Adjustment to rate of salary growth			
Present value of total obligation	970	954	-
Projected service cost	<u>184</u>	<u>184</u>	<u>-</u>
	+ 1 Year £ 000	None £ 000	- 1 Year £ 000
Adjustment to mortality age rating assumption			
Present value of total obligation	994	954	-
Projected service cost	<u>188</u>	<u>184</u>	<u>-</u>

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

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23 Pension and similar obligations (continued)

	At 31 August 2017	At 31 August 2016
Retiring today		
Males retiring today	22.60	23.00
Females retiring today	25.20	25.60
Retiring in 20 years		
Males retiring in 20 years	24.90	25.20
Females retiring in 20 years	<u>27.90</u>	<u>27.90</u>

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

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Equities	584	436
Government bonds	25	-
Other bonds	31	28
Property	138	107
Cash	61	39
Other	<u>491</u>	<u>518</u>
Total market value of assets	<u>1,330</u>	<u>1,128</u>
Surplus in the scheme	<u>1,330</u>	<u>1,128</u>

Hawes Side Academy

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

23 Pension and similar obligations (continued)

The actual return on scheme assets was £147,000 (2016 - £213,000).

Amounts recognised in the statement of financial activities

	2017 £ 000	2016 £ 000
Current service cost (net of employee contributions)	188	121
Net interest cost	21	19
Total operating charge	<u>209</u>	<u>140</u>

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

	2017 £ 000	2016 £ 000
At 1 September	2,188	1,314
Current service cost	188	121
Interest cost	47	53
Employee contributions	31	30
Actuarial (gains)/losses	<u>(170)</u>	<u>670</u>
At 31 August	<u>2,284</u>	<u>2,188</u>

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

	2017 £ 000	2016 £ 000
At 1 September	1,128	791
Interest income	26	34
Actuarial gains	46	178
Employer contributions	99	95
Employee contributions	<u>31</u>	<u>30</u>
At 31 August	<u>1,330</u>	<u>1,128</u>

24 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has 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.