

# Hull Collaborative Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Forrester Boyd Robson Limited  
Kingfisher Court  
Plaxton Bridge Road  
Woodmansey  
Beverley  
HU17 0RT

 **Forrester Boyd Robson**  
Chartered Accountants



**Praxity**  
ASSOCIATE  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS



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## Reference and Administrative Details

### Members

Mr G D Wilson (resigned 19 July 2016)  
Mrs L Keating  
Ms D M Sharpe (resigned 19 July 2016)  
Ms K J Dawson  
Mr N Richardson (appointed 12 April 2016)  
Mr J Simpson (appointed 12 April 2016)

### Trustees (Directors)

Ms K J Dawson, (Chair)  
Ms L Keating  
Ms D M Sharpe, (\*)  
Mr G D Wilson  
Mrs K Beal, (\*)  
Mrs E M Macdonald OBE  
Mrs M J Milner  
Mrs C Mudd  
Mrs M Smith (resigned 15 September 2015)  
Mr P G Carlile (resigned 15 December 2015)  
Mr A S Kingston (appointed 15 September 2015)  
Mrs K A Sowerby (appointed 15 September 2015)  
Mr A Storr, (\*)  
Mrs E A Wilson, (\*)  
Mrs C Yates, (\*)  
Mr M Mathias (appointed 15 December 2015)  
Mr M Whitaker (appointed 15 December 2015)

(\*) members of the finance and premises committee



**Reference and Administrative Details (continued)**

<b>Company Secretary</b>	Ms D M Anderson
<b>Senior Management Team</b>	Mrs E Macdonald, Chief Executive Officer Mrs K Beal, Deputy Chief Executive Officer/Founding Headteacher Mrs C Mudd, Founding Headteacher Mrs M Milner, Founding Headteacher
<b>Principal and Registered Office</b>	Eastfield Primary School Anlaby Road Hull HU4 6DT
<b>Company Registration Number</b>	08542806
<b>Auditors</b>	Forrester Boyd Robson Limited Kingfisher Court Plaxton Bridge Road Woodmansey Beverley HU17 0RT
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	Wrigleys Solicitors LLP 19 Cookridge Street Leeds LS2 3AG



## Trustees' Report for the Year Ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the 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 08542806.

The governors act as the Trustees for the charitable activities of Hull Collaborative Academy Trust 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.

#### ***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 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. The insurance is unlimited.

#### ***Method of recruitment and appointment or election of Trustees***

The company's Memorandum and Articles of Association are the primary governing documents of the Academy. The number of members shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The members may appoint up to 18 Trustees.

The members may appoint Staff Trustees through such process as they may determine, provided that the total number of Trustees (including the Headteacher) who are employees of the Academy does not exceed one third of the total number of Trustees.

The CEO shall be treated for all purposes as being an ex officio Trustee.

Two parent Governors are part of each local governing body.

The Secretary of State may also appoint additional Governors if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy. The Secretary of State has not appointed any additional Governors.

The Trustees appointed have been carefully selected to establish a broad, diverse and effective skill set with a particular focus on leadership and strategic business development. All Trustees are members of the board with some who are also members of local governing bodies within our academies. New Trustees are identified after a skills audit of existing Trustees is conducted to identify areas of weakness. Trustees with backgrounds in Health and Safety and Charity management have been appointed this year to compliment the strong presence of educationalists on the board. All prospective Trustees go through a rigorous and robust selection process to ensure that the board is constantly self-improving.

The Trust is currently implementing a new governance structure and Memorandum of Association on the recommendation of the Regional Schools Commissioner, this will be in place by December 2016.



## Trustees' Report for the Year Ended 31 August 2016 (continued)

### ***Policies and procedures adopted for the induction and training of Trustees***

New Directors are provided with bespoke induction, based on their experience. In addition, they are encouraged, where appropriate, to attend training sessions run by IPC Services (who provide clerking services to the board and its local governing bodies), including "Introduction to Governance" and "Effective Governance" sessions.

New Directors are provided with the Articles of Association and Governance Handbook; they are also required to sign the NGA (National Governors Association) Code of Conduct. Their attention is also drawn to the Nolan principles and the standards required in public life.

Collective and individual training needs are regularly reviewed. There is a designated lead to coordinate training for Directors.

### ***Organisational structure***

There are three layers of governance: -

- Members (who control the strategic direction of the Trust and appoint Trustees)
- Trustees (who are responsible for overseeing the day-to-day management and operation of the Trust led by E Macdonald the CEO)
- Local Governing Bodies (who guide, support and monitor the work of the academies in school improvement and education)

As the Trust has evolved in 2015/16 and to ensure that the committees are fit for purpose. The Trustees have established four new committees for 2016/17:

- Business Development
- Finance and Assets
- Audit
- Operations

The day to day management of the Trust is the responsibility of the CEO and Founding Heads as well as the School Improvement Team and Strategic Business Manager and Chief Financial Officer.

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

The Trust has established a pay committee comprising of trustees who are not employees of the Trust:

- To make decisions in relation to centrally employed staff pay, in accordance with the agreed Pay Policy.
- To make decisions in relation to Headteachers' pay, based on LGB recommendations.



## Trustees' Report for the Year Ended 31 August 2016 (continued)

### ***Connected organisations, including related party relationships***

Hull Collaborative Academy Trust works in partnership with a range of organisations to benefit and enhance the provision and support offered to schools within its Trust. These partnerships include;

#### **Hull Centre for Restorative Practice**

Offering bespoke training in Restorative Practice and family group conferencing to all academies within the trust.

#### **Hull Local Authority**

The organisation works in partnership to offer school to school support outside of the academy Trust. The Trust has selected representatives on a variety of committees and boards across the authority.

#### **North Carr Academy Trust (NCAT)**

The Trust works closely with NCAT developing bespoke high quality Continuing Professional Development to school leaders and supporting a range of schools both within and external to the academy Trust through NLE deployment.

#### **National College for Teaching and Leadership (NCTL)**

Joint and commissioned research projects are undertaken by the Trust in partnership with NCTL alongside supporting NLE (National Leader in Education), LLE (Local Leader In Education), NLG (National Leader in Governance) and SLE (Specialist Leader in Education deployment to support schools.

#### **Hull Collaborative Teaching School**

The Trust is in partnership with NCAT and the NCTL to provide this local training and works with over 60 schools to provide high quality training and support for their needs

#### **Hull SCITT (School Centred Initial Teacher Training)**

Hull SCITT is part of HCAT and operates as a school with delegated responsibility to the SCITT Director.

#### **Hull University**

The Trust works with Hull University to provide the Post Graduate Certificate in Education element of the SCITT Training programme.

#### **St Mary's College**

The partnership with St Marys College has impacted on a range of schools and academies through joint school to school support and SLE CPD. St Marys is the Key partner in HCATs sponsorship of The Marvell College.



## Trustees' Report for the Year Ended 31 August 2016 (continued)

### Objectives and activities

#### *Objectives and aims*

The principal activity of Hull Collaborative Academy Trust is to provide the highest quality education for all children within our schools, our ethos is 'Children First'. The Trust strives to ensure that every child within the Trust receives high quality teaching and learning opportunities. In addition, the Trust strives to offer wide reaching support to other schools through sponsorship and school to school support.

The Trust has a strong moral purpose, its values are based on Restorative Practice which builds community with our staff, children and families. Staff and schools are given high challenge and high support to provide the best environment for education and wellbeing for the whole community, as well as developing leadership and teamwork for themselves. The Trust believes that it is important to ensure the families of children should be part of this community and a dedicated family support team is available to provide outreach to families, to engage them in supporting the best outcomes for their children.

Members of the Executive committee meet fortnightly to review the progress of each school in the Trust. Schools share their self evaluation, performance data, school improvement and staff development activities and arrange and facilitate dissemination of good practice across the Trust. Any issues arising are risk assessed by the group and an agreed way forward is devised and implemented.

#### *Objectives, strategies and activities*

Hull Collaborative Academy Trust was formed to provide the best possible education for Children in Hull and the East Riding. It also intends to provide a local solution to sponsorship so schools in difficulty can access a local sponsor. The Academy Trust in partnership with the teaching school(HCTS) also offers school to school support and high quality CPD (Continuing Professional Development) for schools. There is a high focus on developing quality teachers for the city and developing staff and leaders through our SCITT, NQT (Newly Qualified Teachers), RQT (Recently Qualified Teachers) and leadership programmes.

As an approved sponsor of schools the Trust looks to support and improve schools as part of the Trust (Wheeler and Westcott). The Trust seeks to collaborate with more schools to the benefit of the strength of the Trust and for the children who we educate. The Trust is in the process of sponsoring further primaries in Hull and The East Riding

The Trust facilitates joint CPD in the form of conferences, training sessions and network groups allowing all schools in the Trust to access the best training. The numbers of participants allows us to buy high quality speakers and trainers that individually we would be unable to finance. It also allows us to offer other schools in the area high quality learning for their staff opportunities.

Shared resources across the Trust in terms of staffing and contracts also benefit all schools. The Director of School Improvement and his team have been instrumental in the Trusts recent Ofsted judgements whilst the Strategic Business Manager supports the Trust as an ongoing sustainable business. In addition shared staff such as the Trust Family Support Worker ensures all schools have access to expertise that normally would be beyond the reach of an individual school.

As the primary purpose of the Trust is to provide the best possible education for children and minimise the amount of money it spends on other expense Finance, Human Resource and Payroll have been brought in house from 1 September 2016.

#### *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.

As an all inclusive Academy promoting educational activities and community use of its facilities the trustees believe this meets the Public Benefit test as required under Charity Law. The main public benefit delivered by the Trust is the maintenance and development of a high quality education to all pupils in its care. It is the Trustees aim to provide outstanding teaching and learning opportunities in all schools within the Trust.





## Trustees' Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

#### Achievements and performance

##### *Key financial performance indicators*

#### EYFS Outcomes

	% achieving a Good
Academy	Level of Development
Bellfield	69
Collingwood	53
Dorchester	57
Eastfield	67
Thorseby	61
Wansbeck	59
Westcott **	63
Sutton Park	60
Pearson	62
Wheeler **	60
<b>HCAT average</b>	<b>61</b>

\*\* Sponsored school

All academies within the Trust evidence that the majority and in some cases the vast majority of pupils enter EYFS below or well below their age related expectation.

#### Year 1 Phonics Screening

	% passing the phonics
Academy	screening check
Bellfield	83
Collingwood	85
Dorchester	69
Eastfield	83
Thorseby	74
Wansbeck	77
Westcott **	73
Sutton Park	70
Pearson	64
Wheeler **	81
<b>HCAT average</b>	<b>77</b>

\*\* Sponsored school



## Trustees' Report for the Year Ended 31 August 2016 (continued)

## Strategic Report

## Key Stage 1 Attainment

Academy	Reading		Writing		Maths	
	% Ach.	Expected	% Ach.	Expected	% Ach.	Expected
	Standard		Standard		Standard	
Bellfield	68		65		68	
Collingwood	66		59		59	
Dorchester	57		57		57	
Eastfield	80		76		81	
Thorseby	66		59		67	
Wansbeck	56		57		63	
Westcott **	79		52		73	
Sutton Park	66		73		77	
Pearson	81		73		77	
Wheeler **	67		66		68	
<b>HCAT average</b>	69		65		73	
<b>National average</b>	74		65		73	

\*\* Sponsored school

## Key Stage 2 SATs

Academy	Reading		Writing		Maths	
	ARE		ARE		ARE	
Bellfield	82		86		93	
Collingwood	97		90		97	
Dorchester	48		76		52	
Eastfield	74		92		85	
Thorseby	79		85		85	
Wansbeck	72		90		83	
Westcott **	84		89		80	
Sutton Park	50		78		58	
Pearson	69		83		97	
Wheeler **	53		87		45	
<b>HCAT average</b>	70		86		77	
<b>National average</b>	66		74		70	

\*\* Sponsored school



## Trustees' Report for the Year Ended 31 August 2016 (continued)

## Strategic Report

Reading, Writing and  
Maths combined

Academy	HCAT
Bellfield	75
Collingwood	90
Dorchester	46
Eastfield	67
Thorseby	77
Wansbeck	62
Westcott **	64
Sutton Park	44
Pearson	69
Wheeler **	32
<b>HCAT average</b>	<b>62</b>
<b>National average</b>	<b>53</b>

\*\* Sponsored school

## Progress

	Reading	Writing	Maths
<b>Academy</b>			
Bellfield	3.8	2.9	4.1
Collingwood	4.7	3.5	1.6
Dorchester	0.5	1.0	-1.6
Eastfield	-0.1	3.1	0.9
Thorseby	5.7	5.9	5.6
Wansbeck	1.5	3.8	2.1
Westcott **	0.2	0.9	0.4
Sutton Park	-4.0	-0.3	-2.8
Pearson	-1.2	2.0	2.3
Wheeler **	-0.3	7.5	-1.8
<b>HCAT average</b>	<b>1.6</b>	<b>3</b>	<b>1.7</b>
<b>LA average</b>	<b>0.1</b>	<b>1.6</b>	<b>0.4</b>

\*\* Sponsored school

**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.



## Trustees' Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

#### Financial review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2016 total expenditure of £14,563,631 (excluding depreciation and amortisation) was not covered by the recurrent grant funding from the DfE together with other incoming resources of £14,363,863 (excluding capital grants and transfer on conversion). The excess of expenditure over income for the period was £199,768.

At 31 August 2016 the net book value of fixed assets was £22,847,636 and movements in tangible fixed assets are shown in notes 12 and 13 within the financial statements.

The Academy's associate staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £7,830,000.

A prior year adjustment is made to correct a fundamental error in the 2015 financial statements. The error relates to the calculation of deferred and accrued income, whereby deferred income was overstated by £232,350 and accrued income was understated by £154,900 in the Balance Sheet as at 31 August 2015. This resulted in income during the year ended 31 August 2015 being understated by £387,250 in the Statement of Financial Activities. This also led to the carried forward Restricted General Funds being understated by £387,250 in the Balance Sheet and the Statement of Financial Activities for the year ended 31 August 2015. The prior period correction was therefore to reduce deferred income by £232,350, increase accrued income by £154,900 and increase income by £387,250 leading to an increase in Restricted General Funds carried forward of £387,250.

#### Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

A breakdown of the funds at 31 August 2016 is as follows:-

	£
Unrestricted general fund	970,638
Restricted general fund	749,700
Restricted fixed asset fund	22,886,830
Restricted pension fund	(7,830,000)
Total funds	<u>16,777,168</u>

#### Investment policy

The Trust does not currently invest its limited reserves but hold these in an interest paying bank account.

#### Principal risks and uncertainties

The principal risk and uncertainties are centered around changes in the level of funding from the DfE/EFA. In addition, the Academy is a member of the Local Government Pension (LGPS), which may result in significant movements each year.



## Trustees' Report for the Year Ended 31 August 2016 (continued)

### Strategic Report

#### *Risk management*

The Trustees have a duty to identify and review the risks to which the charity is exposed the Trust Risk Matrix is reviewed by the Audit Committee and key strategic risks are reviewed and actions to mitigate each risk are identified and reasonable assurance is discussed.

The Trust also continues to review its financial procedures to ensure appropriate controls are in place to provide reasonable assurance against fraud and error with the new PS Financials package helping to achieve this.

The Trustees believe that the principal risks and uncertainties in connection with providing the educational services the Academy is able to offer are;

- maintaining the level of pupil numbers which in turn provides the educational funding required in order to achieve its objectives whilst managing its cost base.

- maintaining the quality of the education provided in order to advance the level of achievement within its target population.

The policies of the Academy are structured with the following objectives in mind;

- to enable the Academy to continue as a going concern to achieve the aims and objectives set out in its governing document.

- to promote the Academy's work as an educational establishment within the community it serves and to continue to improve the services it offers.

Further risks are contained within the Trust Risk register and are reviewed at each Audit Committee meeting.

#### *Plans for future periods*

HCAT are looking to expand over the coming financial year from its current position of 10 Primaries and 1 Secondary. One sponsored primary school is in the process of joining the Trust and will be the first school in a new local authority area the East Riding. A number of schools have expressed an interest in joining the Trust and these would be a mix of sponsored and converter academies to ensure the Trust is sustainable. The Trust has a robust due diligence procedure in place to ensure that any academies joining the Trust will have a positive impact on the Trust, and the outcomes for pupils within it.

The recruitment of a Strategic Business Manager to the Trust has ensured that a Strategic and Business Focus as well as Marketing and Income generation will continue to make Hull Collaborative Academy Trust an attractive proposition to all its current and future stakeholders.

The expectation is that HCAT will continue to grow in school numbers during 2017/18, as the Governments coasting schools and academisation programme continue. It is expected that a balanced mix of existing and new academies, ( sponsored and non sponsored) will look for a Local Multi Academy Trust to join and HCAT has positioned itself to provide an experienced and excellent choice for schools to join.



**Trustees' Report for the Year Ended 31 August 2016 (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.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on <sup>12</sup>/<sub>10</sub> December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'K. Dawson', written over a dotted line.

Ms K J Dawson  
Trustee



## Governance Statement

### Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mrs E M Macdonald OBE, 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 Hull Collaborative Academy Trust 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 4 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Ms K J Dawson	3	4
Mrs L Keating	1	4
Ms D M Sharpe	4	4
Mr G D Wilson	4	4
Mrs K Beal	4	4
Mr P G Carlile	1	1
Mr A S Kingston	3	3
Mrs E M Macdonald OBE	3	4
Mr M Mathias	2	2
Mrs M J Milner	4	4
Mrs C Mudd	4	4
Mrs K A Sowerby	1	3
Mr A Storr	1	4
Mr M Whitaker	2	2
Mrs E A Wilson	2	4
Mrs C Yates	4	4

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to monitor closely the financial performance of the Academy Trust and to review all policies and practices relating to these areas.

The committee also assesses internal review and external audit reports and reports to the Board of Trustees. Attendance at meetings during the year was as follows:



## Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
Mrs K Beal	3	4
Mrs E M Macdonald OBE	3	4
Mrs M J Milner	2	4
Mrs C Mudd	2	4
Ms D M Sharpe	2	4
Mr A Storr	0	4
Mrs E A Wilson	3	4
Mrs C Yates	1	4

**Review of value for money**

As accounting officer the member 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:

- As of 1 September 2016 a number of externally contracted services have been brought in house, a number of Finance functions, Payroll and Human Resources. The work to make this possible commenced in 2015/16 and schools will save one third of their expenditure during 2016/17. As the Trust grows, this saving should increase, with the fixed costs being shared across a greater number of schools.
- The Trust has procured PS Financials as its accounting package this will make the finance function more efficient, with improved reporting, accountability and approval. It will also enable the organisation to negotiate with and improve value with a limited list of suppliers for the benefit of all schools.
- Central procurement of Gas and a fixed 3 year deal on pricing has enable the Trust to save £20k for 3 years on the initial deal. As energy prices continue to rise due to the weakness in the pound the Trust has minimised the impact of rising prices.
- The Trust has now joined the RPA this has saved each school up to one third on their previous insurance premiums. As it also covers the central team and the Hull SCITT as part of the scheme it has saved on separate insurance which can be reinvested into education and learning.

**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 Hull Collaborative Academy Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

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





**Governance Statement (continued)**

**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 Trustee to carry out a programme of internal checks.

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

**Review of effectiveness**

As Accounting Officer, Mrs E M Macdonald OBE has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Governing Body on <sup>12</sup>~~10~~ December 2016 and signed on its behalf by:

Ms K J Dawson  
Trustee

Mrs E M Macdonald OBE  
Trustee



## Statement on Regularity, Propriety and Compliance

As Accounting Officer of Hull Collaborative Academy Trust 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.

A handwritten signature in cursive script, appearing to read 'E M Macdonald', written over a dotted line.

Mrs E M Macdonald OBE  
Accounting officer

<sup>12</sup>  
~~10~~ December 2016



## 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 issued by the Education Funding Agency;
- 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 <sup>12</sup>~~10~~ December 2016 and signed on its behalf by:

Ms K J Dawson  
Trustee

Mrs E M Macdonald OBE  
Trustee



## Independent Auditor's Report on the Financial Statements to the Members of Hull Collaborative Academy Trust

We have audited the financial statements of Hull Collaborative Academy Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. 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' and the Accounts Direction 2015 to 2016 as issued by the Education Funding Agency.

This report is made solely to the charitable company's trustees, 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 charity's trustees those matters we are required to state 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 17), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Basis for qualified opinion on financial statements

The audit evidence available to us was limited in respect of the Local Government Pension Scheme (LGPS) as valuations were not available to us as at the dates in which two of the schools joined the Trust during the year. As professional valuations of the LGPS were not obtained for these two schools by the Trust we are unable to express an audit opinion of the valuation of the LGPS at the point of these schools joining the Trust and the movement in the Statement of Financial Activities from this point to the year end.

### Qualified opinion on the financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

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

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**Independent Auditor's Report on the Financial Statements to the Members of Hull Collaborative Academy Trust (continued)**

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

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

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

*Forrester Boyd Robson Limited*

Michael Beckett BA FCA (Senior Statutory Auditor)

For and on behalf of Forrester Boyd Robson Limited, Statutory Auditor

Kingfisher Court  
Plaxton Bridge Road  
Woodmansey  
Beverley  
HU17 0RT

Date: *16/12/2016*



## **Independent Reporting Accountant's Report on Regularity to Hull Collaborative Academy Trust and the Education Funding Agency**

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

This report is made solely to the Governing Body and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body and the EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of the 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 and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non-compliance;
- Confirming that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives, and obtaining representations from the Accounting Officer and other Key Management Personnel.

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



**Independent Reporting Accountant's Report on Regularity to Hull Collaborative Academy Trust and the Education Funding Agency (continued)**

*Forrester Boyd Robson Limited*

Michael Beckett BA FCA

For and on behalf of Forrester Boyd Robson Limited, Chartered Accountants

Kingfisher Court  
Plaxton Bridge Road  
Woodmansey  
Beverley  
HU17 0RT

Date: *16/12/2016*



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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	75,584	-	5,575,947	5,651,531
Transfer from local authority on conversion		444,500	(2,102,000)	10,925,990	9,268,490
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	288,235	13,059,677	-	13,347,912
Other trading activities	4	358,547	577,145	-	935,692
Investments	5	3,395	1,280	-	4,675
Total		1,170,261	11,536,102	16,501,937	29,208,300
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	575,584	13,988,047	271,737	14,835,368
Net income/(expenditure)		594,677	(2,451,945)	16,230,200	14,372,932
Transfers between funds		(989,534)	598,449	391,085	-
<b>Other recognised gains and losses</b>					
Profit/(loss) of disposal of tangible fixed assets		-	-	(8,166,263)	(8,166,263)
Actuarial gains on defined benefit pension schemes	25	-	(1,592,000)	-	(1,592,000)
Gains/losses on revaluation of fixed assets		-	-	(14,667,120)	(14,667,120)
Net movement in deficit		(394,857)	(3,445,496)	(6,212,098)	(10,052,451)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2015		1,365,495	(3,634,804)	29,098,928	26,829,619
Total funds/(deficit) carried forward at 31 August 2016		970,638	(7,080,300)	22,886,830	16,777,168





**Statement of Financial Activities for the Year Ended 31 August 2015**  
**(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	(As Restated) Total 2015 £
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	-	53,749	-	53,749
Transfer from local authority on conversion		322,890	4,173,403	-	4,496,293
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	9,070,786	-	9,070,786
Other trading activities	4	314,884	21,031	-	335,915
Investments	5	1,634	-	-	1,634
Total		639,408	13,318,969	-	13,958,377
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	10,076,781	-	10,076,781
Net income		639,408	3,242,188	-	3,881,596
Transfers between funds		-	(4,248,434)	4,248,434	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	25	-	(35,000)	-	(35,000)
Net movement in funds/(deficit)		639,408	(1,041,246)	4,248,434	3,846,596
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2014		726,087	(2,593,558)	24,850,494	22,983,023
Total funds/(deficit) carried forward at 31 August 2015		1,365,495	(3,634,804)	29,098,928	26,829,619


# Hull Collaborative Academy Trust



(Registration number: 08542806)  
Balance Sheet as at 31 August 2016

	Note	2016 £	(As restated) 2015 £
<b>Fixed assets</b>			
Intangible assets	12	12,964	-
Tangible assets	13	<u>22,834,672</u>	<u>29,353,530</u>
		<u>22,847,636</u>	<u>29,353,530</u>
<b>Current assets</b>			
Debtors	14	762,745	393,670
Cash at bank and in hand		<u>2,519,805</u>	<u>2,087,105</u>
		3,282,550	2,480,775
Creditors: Amounts falling due within one year	15	<u>(1,523,018)</u>	<u>(1,030,686)</u>
Net current assets		<u>1,759,532</u>	<u>1,450,089</u>
Total assets less current liabilities		<u>24,607,168</u>	<u>30,803,619</u>
Net assets excluding pension liability		24,607,168	30,803,619
Pension scheme liability	25	<u>(7,830,000)</u>	<u>(3,974,000)</u>
Net assets including pension liability		<u>16,777,168</u>	<u>26,829,619</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		749,700	339,196
Restricted fixed asset fund		22,886,830	29,098,928
Restricted pension fund		<u>(7,830,000)</u>	<u>(3,974,000)</u>
		15,806,530	25,464,124
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>970,638</u>	<u>1,365,495</u>
Total funds		<u>16,777,168</u>	<u>26,829,619</u>

The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue on <sup>12</sup>10 December 2016 and signed on their behalf by:

  
Ms K J Dawson  
Trustee



**Statement of Cash Flows for the Year Ended 31 August 2016**

		<b>2016</b>	<b>(As restated)</b>
	<b>Note</b>	<b>£</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Net cash inflow from operating activities	19	11,451,302	1,260,050
Returns on investments and servicing of finance	20	4,675	1,634
Capital expenditure and financial investment	21	<u>(11,023,277)</u>	<u>(92,874)</u>
Increase in cash in the year	22	<u><u>432,700</u></u>	<u><u>1,168,810</u></u>



## Notes to the Financial Statements for the Year Ended 31 August 2016

### 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 the Education Funding Agency issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Hull Collaborative Academy Trust 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.

#### 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.



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 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'.

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.

#### **Intangible fixed assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

#### **Asset class**

Website

#### **Amortisation method and rate**

Straight line over 3 years



## Notes to the Financial Statements for the Year Ended 31 August 2016 (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. 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. 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 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

Leasehold Land & Buildings

Building improvements

Computer equipment

Furniture and equipment

#### Depreciation method and rate

Over the residual period of the lease

Over the residual period of the lease

Over 4 years on a reducing balance basis

Over 4 years on a straight line basis

#### 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.

#### Leased assets

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

#### 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.



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 1 Accounting policies (continued)

#### 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.

#### 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 28, 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 31/08/2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
<b>Other voluntary income</b>				
Educational trips and visits	74,469	-	74,469	-
Capital grants	-	5,575,947	5,575,947	-
Other donations	1,115	-	1,115	53,749
	<u>75,584</u>	<u>5,575,947</u>	<u>5,651,531</u>	<u>53,749</u>

## 3 Funding for the Academy Trust's educational operations

		Unrestricted funds £	Restricted funds £	Total 2016 £	(As Restated) Total 2015 £
<b>DfE/EFA revenue grants</b>	<b>School</b>				
General Annual Grant	Bellfield Primary School	-	798,440	798,440	-
General Annual Grant	Collingwood Primary School	-	1,123,357	1,123,357	-
General Annual Grant	Eastfield Primary School	-	2,137,429	2,137,429	-
General Annual Grant	Thoresby Primary School	-	1,634,006	1,634,006	-
General Annual Grant	Wansbeck Primary School	-	921,923	921,923	-
General Annual Grant	Dorchester Primary School	-	1,295,563	1,295,563	-
General Annual Grant	Sutton Park Primary School	-	1,088,588	1,088,588	-
General Annual Grant	Wheeler Primary School	-	713,414	713,414	-
General Annual Grant	Pearson Primary School	-	487,512	487,512	-





# Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 3 Funding for the Academy Trust's educational operations (continued)

		Unrestricted funds £	Restricted funds £	Total 2016 £	(As Restated) Total 2015 £
General Annual Grant	Westcott Primary School	-	154,948	154,948	-
Other EFA Funding	Bellfield Primary School	4,284	30,550	34,834	-
Other EFA Funding	Collingwood Primary School	8,792	18,080	26,872	-
Other EFA Funding	Eastfield Primary School	2,301	10,630	12,931	-
Other EFA Funding	Thoresby Primary School	5,970	21,263	27,233	-
Other EFA Funding	Wansbeck Primary School	9,613	9,480	19,093	-
Other EFA Funding	Dorchester Primary School	1,625	9,490	11,115	-
Other EFA Funding	Sutton Park Primary School	4,703	9,655	14,358	-
Other EFA Funding	Wheeler Primary School	14,449	3,875	18,324	-
Other EFA Funding	Pearson Primary School	906	3,706	4,612	-
Other EFA Funding	Westcott Primary School	3,006	-	3,006	-
Start Up Grant	Westcott Primary School	-	80,000	80,000	-
Start Up Grant	Pearson Primary School	-	25,000	25,000	-
Pupil Premium	Bellfield Primary School	-	81,277	81,277	-
Pupil Premium	Collingwood Primary School	-	137,760	137,760	-



# Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 3 Funding for the Academy Trust's educational operations (continued)

		Unrestricted funds £	Restricted funds £	Total 2016 £	(As Restated) Total 2015 £
Pupil Premium	School Eastfield Primary	-	173,156	173,156	-
Pupil Premium	School Thoresby Primary	-	158,676	158,676	-
Pupil Premium	School Wansbeck Primary	-	150,115	150,115	-
UIFSM	School Bellfield Primary	-	25,783	25,783	-
UIFSM	School Collingwood Primary	-	33,649	33,649	-
Pupil Premium	School Dorchester Primary	-	352,446	352,446	-
Pupil Premium	School Sutton Park Primary	-	116,625	116,625	-
Pupil Premium	School Wheeler Primary	-	87,515	87,515	-
Pupil Premium	School Pearson Primary	-	51,792	51,792	-
Pupil Premium	School Westcott Primary	-	8,430	8,430	-
UIFSM	School Eastfield Primary	-	79,534	79,534	-
UIFSM	School Thoresby Primary	-	79,971	79,971	-
UIFSM	School Wansbeck Primary	-	21,195	21,195	-
UIFSM	School Dorchester Primary	-	20,721	20,721	-
UIFSM	School Sutton Park Primary	-	49,344	49,344	-



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 3 Funding for the Academy Trust's educational operations (continued)

		Unrestricted funds £	Restricted funds £	Total 2016 £	(As Restated) Total 2015 £
UIFSM	Wheeler Primary School	-	24,471	24,471	-
UIFSM	Pearson Primary School	-	11,544	11,544	-
General Annual Grant		-	-	-	8,780,402
		<u>55,649</u>	<u>12,240,913</u>	<u>12,296,562</u>	<u>8,780,402</u>
<b>Other government grants</b>					
Statement and Early Years funding	Bellfield Primary School	1,500	90,192	91,692	-
Statement and Early Years funding	Collingwood Primary School	7,693	132,885	140,578	-
Statement and Early Years funding	Eastfield Primary School	-	19,295	19,295	-
Statement and Early Years funding	Thoresby Primary School	-	115,372	115,372	-
Statement and Early Years funding	Wansbeck Primary School	11,200	73,150	84,350	-
Statement and Early Years funding	Dorchester Primary School	-	104,259	104,259	-
Statement and Early Years funding	Sutton Park Primary School	-	139,939	139,939	-
Statement and Early Years funding	Wheeler Primary School	-	79,916	79,916	-
Statement and Early Years funding	Pearson Primary School	222	42,978	43,200	-
Statement and Early Years funding	Westcott Primary School	-	778	778	-
Other grants		-	-	-	290,384
		<u>20,615</u>	<u>798,764</u>	<u>819,379</u>	<u>290,384</u>



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 3 Funding for the Academy Trust's educational operations (continued)

		Unrestricted funds £	Restricted funds £	Total 2016 £	(As Restated) Total 2015 £
Non-government grants and other income					
Lottery Grant	Bellfield Primary School	-	10,000	10,000	-
Lottery Grant	Sutton Park Primary School	-	10,000	10,000	-
Teaching School	Collingwood Primary School	45,000	-	45,000	-
NCTL	Thoresby Primary School	3,904	-	3,904	-
Little Treasures	Wheeler Primary School	163,067	-	163,067	-
		<u>211,971</u>	<u>20,000</u>	<u>231,971</u>	<u>-</u>
Total grants		<u>288,235</u>	<u>13,059,677</u>	<u>13,347,912</u>	<u>9,070,786</u>

The Funding for Educational Operations income was not split out in the 2015 accounts per school.

## 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	61,374	-	61,374	74,393
Catering income	31,538	-	31,538	21,030
School shop sales	2,410	-	2,410	-
Recharges and reimbursements	143,961	4,113	148,074	240,492
Other sales	119,264	573,032	692,296	-
	<u>358,547</u>	<u>577,145</u>	<u>935,692</u>	<u>335,915</u>



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	<u>3,395</u>	<u>1,280</u>	<u>4,675</u>	<u>1,634</u>

## 6 Expenditure

	Non Pay Expenditure			Total 2016 £	Total 2015 £
	Staff costs £	Premises £	Other costs £		
<b>Academy's educational operations</b>					
Direct costs	6,709,756	180,382	474,483	7,364,621	5,755,651
Allocated support costs	<u>4,579,800</u>	<u>806,502</u>	<u>2,084,445</u>	<u>7,470,747</u>	<u>4,321,130</u>
	<u>11,289,556</u>	<u>986,884</u>	<u>2,558,928</u>	<u>14,835,368</u>	<u>10,076,781</u>

## Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees payable to auditor - audit	25,500	10,000
- other audit services	12,185	21,375
Depreciation	270,117	611,182
Amortisation	<u>1,620</u>	<u>-</u>

## 7 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	7,364,621	5,755,651
Support costs - educational operations	<u>7,470,747</u>	<u>4,321,130</u>
	<u>14,835,368</u>	<u>10,076,781</u>

	Educational operations £	Total 2016 £	Total 2015 £
<b>Analysis of support costs</b>			
Support staff costs	4,579,800	4,579,800	2,823,378
Depreciation	91,355	91,355	-
Technology costs	146,614	146,614	87,320
Premises costs	715,147	715,147	543,243
Other support costs	<u>1,937,831</u>	<u>1,937,831</u>	<u>867,189</u>
Total support costs	<u>7,470,747</u>	<u>7,470,747</u>	<u>4,321,130</u>



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 8 Staff

## Staff costs

	2016 £	2015 £
<b>Staff costs during the year were:</b>		
Wages and salaries	9,006,359	5,973,206
Social security costs	635,200	388,864
Pension costs	1,609,315	951,409
Supply teacher costs	38,682	14,451
	<u>11,289,556</u>	<u>7,327,930</u>

## 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:

	2016 No	2015 No
<b>Charitable Activities</b>		
Teachers	178	127
Administration and support	406	277
Management	4	9
	<u>588</u>	<u>413</u>

## Higher paid staff

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

	2016 No	2015 No
£60,001 - £70,000	3	1
£70,001 - £80,000	5	2
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	3	2

## 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 £446,828 (2015: £422,491).



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 9 Central services

The Academy Trust has provided the following central services to its academies during the year:

- The Trust charges a Central Service Contribution to pay for financial and legal services. It also includes executive time from the founding heads and the central services team which includes the school improvement team, strategic business manager, family support worker and administration support.

The Trust charges for these services on the following basis:

- During this year the Trust agreed that each school funded and agreed proportionate amount comparable to their GAG income and pupil numbers.

5% if a sponsored school, to allow for the greater support

4% for a Good or Outstanding school

The actual amounts charged during the year were as follows:

	<b>2016</b>
	<b>£</b>
Bellfield Primary School	32,798
Collingwood Primary School	50,662
Eastfield Primary School	85,602
Thoresby Primary School	65,363
Wansbeck Primary School	36,877
Dorchester Primary School	51,824
Sutton Park Primary School	45,074
Wheeler Primary School	36,572
Pearson Primary School	22,007
Westcott Primary School	7,600
	<u>434,379</u>

### 10 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:

Mrs E M Macdonald OBE (Head Teacher):

Remuneration: £105,000 - £110,000 (2015 - £100,000 - £105,000)

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

Mrs M J Milner (Head Teacher):

Remuneration: £85,000 - £90,000 (2015 - £100,000 - £105,000)

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

Mrs K Beal (Head Teacher):

Remuneration: £105,000 - £110,000 (2015 - £95,000 - £100,000)

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

Mr D M Marks (Central team school improvement):

Remuneration: £Nil (2015 - £65,000 - £70,000)

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



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 10 Related party transactions - trustees' remuneration and expenses (continued)

Mrs C Mudd (Head Teacher):

Remuneration: £75,000 - £80,000 (2015 - £75,000 - £80,000)

Employer's pension contributions: £10,000 - £15,000 (2015 - £5,000 - £10,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015 - £Nil) were reimbursed or paid directly to 0 Trustees (2015 - 0).

Other related party transactions involving the Trustees are set out in note 26.

### 11 Trustees' and officers' insurance

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

### 12 Intangible fixed assets

	Intangible assets £	Total £
<b>Cost</b>		
Additions	14,584	14,584
At 31 August 2016	14,584	14,584
<b>Amortisation</b>		
Charge for the year	1,620	1,620
At 31 August 2016	1,620	1,620
<b>Net book value</b>		
At 31 August 2016	12,964	12,964





## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 13 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Leasehold improvements £	Total £
<b>Cost</b>					
At 1 September 2015	29,776,753	40,848	219,366	570,825	30,607,792
Revaluations	(15,359,776)	-	-	-	(15,359,776)
Additions	5,400,000	60,468	104,375	93,807	5,658,650
Inherited assets	10,758,946	9,187	79,566	78,291	10,925,990
Disposals	(8,639,078)	-	-	-	(8,639,078)
At 31 August 2016	<u>21,936,845</u>	<u>110,503</u>	<u>403,307</u>	<u>742,923</u>	<u>23,193,578</u>
<b>Depreciation</b>					
At 1 September 2015	1,131,189	16,131	88,501	18,439	1,254,260
Revaluations	(692,656)	-	-	-	(692,656)
Charge for the year	174,546	18,778	70,957	5,836	270,117
Eliminated on disposals	(472,815)	-	-	-	(472,815)
At 31 August 2016	<u>140,264</u>	<u>34,909</u>	<u>159,458</u>	<u>24,275</u>	<u>358,906</u>
<b>Net book value</b>					
At 31 August 2016	<u>21,796,581</u>	<u>75,594</u>	<u>243,849</u>	<u>718,648</u>	<u>22,834,672</u>
At 31 August 2015	<u>28,645,564</u>	<u>24,717</u>	<u>130,865</u>	<u>552,386</u>	<u>29,353,532</u>

## 14 Debtors

	2016 £	(As restated) 2015 £
Trade debtors	88,320	141,073
VAT recoverable	199,613	57,737
Other debtors	2,905	1,675
Prepayments	153,196	38,285
Accrued grant and other income	318,711	154,900
	<u>762,745</u>	<u>393,670</u>



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

**15 Creditors: amounts falling due within one year**

	2016	(As restated) 2015
	£	£
Trade creditors	579,376	327,404
Other taxation and social security	152,218	130,425
Other creditors	18,672	-
Accruals	291,997	156,783
Deferred income	314,280	323,862
Pension scheme creditor	166,475	92,212
	<u>1,523,018</u>	<u>1,030,686</u>
		<b>2016</b>
		£

**Deferred income**

Deferred income at 1 September 2015	323,862
Resources deferred in the period	314,280
Amounts released from previous periods	<u>(323,862)</u>
Deferred income at 31 August 2016	<u>314,280</u>

Deferred income relates to UIFSM relates to 01/09/16 onwards and also rates relief recieved for the period 01/09/16 - 31/03/17.



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 16 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	21,645	10,372,741	(10,986,261)	1,341,575	749,700
Other non government grants	6,063	685,746	(351,912)	(339,897)	-
Other Dfe/EFA grants	311,488	1,877,879	(1,703,981)	(485,386)	-
Other Government grants	-	701,736	(783,893)	82,157	-
	<u>339,196</u>	<u>13,638,102</u>	<u>(13,826,047)</u>	<u>598,449</u>	<u>749,700</u>
<b>Restricted fixed asset funds</b>					
Capital funds	29,098,928	5,575,947	(271,737)	(11,516,308)	22,886,830
Transfer on conversion	-	10,925,990	-	(10,925,990)	-
	<u>29,098,928</u>	<u>16,501,937</u>	<u>(271,737)</u>	<u>(22,442,298)</u>	<u>22,886,830</u>
<b>Restricted pension funds</b>					
Pension reserve	(3,974,000)	-	(162,000)	(3,694,000)	(7,830,000)
Transfer on conversion/into HCAT	-	(2,102,000)	-	2,102,000	-
	<u>(3,974,000)</u>	<u>(2,102,000)</u>	<u>(162,000)</u>	<u>(1,592,000)</u>	<u>(7,830,000)</u>
Total restricted funds	25,464,124	28,038,039	(14,259,784)	(23,435,849)	15,806,530
<b>Unrestricted funds</b>					
Unrestricted general funds	1,365,495	1,170,261	(575,584)	(989,534)	970,638
Total funds	<u>26,829,619</u>	<u>29,208,300</u>	<u>(14,835,368)</u>	<u>(24,425,383)</u>	<u>16,777,168</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy.

SEN funding is provided for the provision of services for children with special educational needs.

Pupil Premium Grant, which may be spent for the educational benefit of pupils registered at that school, or for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils registered at other schools; and on community facilities i.e. services whose provision furthers any charitable purpose for the benefit of pupils at the school or their families, or people who live or work in the locality in which the school is situated. The grant does not have to be completely spent by schools in the financial year.

Devolved capital allocated direct by the DfE must be spent on capital purposes.

Capital expenditure from GAG income is made up of any fixed assets purchased during the year and the expense is the depreciation relating to those additions.



# Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 16 Funds (continued)

### Analysis of academies by fund balance

Fund balances at 31 August 2016 (after inter-academy recharges) were allocated as follows:

	Total £
Bellfield Primary School	127,481
Collingwood Primary School	113,029
Eastfield Primary School	260,661
Thoresby Primary School	84,477
Wansbeck Primary School	116,661
Dorchester Primary School	567,916
Sutton Park Primary School	62,464
Wheeler Primary School	197,466
Pearson Primary School	49,843
Westcott Primary School	31,143
Hull SCITT	37,145
Central services	72,052
Total before fixed assets and pension reserve	1,720,338
Capital funds	22,886,830
Pension reserve	(7,830,000)
Total	16,777,168

### Analysis of academies by cost

Expenditure incurred by each academy during the year (before inter-academy recharges) was as follows:

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2016 £
Bellfield Primary School	505,401	399,430	27,138	178,401	1,110,370
Collingwood Primary School	946,708	481,780	24,314	316,971	1,769,773
Eastfield Primary School	1,454,404	774,576	65,542	504,085	2,798,607
Thoresby Primary School	1,047,760	676,257	59,310	362,101	2,145,428
Wansbeck Primary School	568,620	363,440	48,378	266,250	1,246,688
Dorchester Primary School	725,615	645,301	21,770	360,375	1,753,061
Sutton Park Primary School	731,520	449,812	23,588	374,856	1,579,776
Wheeler Primary School	412,007	473,919	326	197,066	1,083,318
Pearson Primary School	235,893	235,594	8,631	103,635	583,753
Westcott Primary School	81,828	50,640	262	6,599	139,329
Hull SCITT	-	29,051	-	89,693	118,744
Central services	-	-	-	234,784	234,784
Academy Trust	6,709,756	4,579,800	279,259	2,994,816	14,563,631



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

## 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Intangible fixed assets	-	-	12,964	12,964
Tangible fixed assets	-	-	22,834,672	22,834,672
Current assets	970,638	2,272,718	39,194	3,282,550
Current liabilities	-	(1,523,018)	-	(1,523,018)
Pension scheme liability	-	(7,830,000)	-	(7,830,000)
Total net assets	<u>970,638</u>	<u>(7,080,300)</u>	<u>22,886,830</u>	<u>16,777,168</u>

## 18 Commitments under operating leases

*Operating leases*

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

	2016 £	2015 £
Within one year	23,159	12,697
In two and five years	<u>24,124</u>	<u>6,013</u>
	<u>47,283</u>	<u>18,710</u>

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

	2016 £	(As restated) 2015 £
Net income	14,372,932	3,881,596
Amortisation	1,620	-
Depreciation	270,117	611,182
Cash transferred on conversion to an academy trust	-	(4,065,490)
Donated capital and capital grants	(5,575,947)	-
Interest receivable	(4,675)	(1,634)
FRS 102 net interest on defined benefit pension scheme	206,000	54,000
FRS 102 cost less contributions payable on defined benefit pension scheme	(44,000)	-
Increase in debtors	(369,077)	(288,369)
Increase in creditors	492,332	927,765
Difference between pension charged and cash contributions	-	141,000
Inherited pension	<u>2,102,000</u>	<u>-</u>
Net cash inflow from operating activities	<u>11,451,302</u>	<u>1,260,050</u>



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 20 Cash flows from financing activities

	2016 £	2015 £
Investments	4,675	1,634
Net cash provided by financing activities	<u>4,675</u>	<u>1,634</u>

### 21 Cash flows from investing activities

	2016 £	2015 £
Purchase of intangible fixed assets	(14,584)	-
Purchase of tangible fixed assets	(5,658,650)	(92,874)
Capital funding received from sponsors and others	5,575,947	-
Inherited assets	<u>(10,925,990)</u>	<u>-</u>
Net cash used in investing activities	<u>(11,023,277)</u>	<u>(92,874)</u>

### 22 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash at bank and in hand	<u>2,519,805</u>	<u>2,087,105</u>
Total cash and cash equivalents	<u>2,519,805</u>	<u>2,087,105</u>

### 23 Contingent liabilities

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

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by the reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State under the funding agreement.

### 24 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.



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 25 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 East Riding Pension Fund. 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 £(166,475) (2015 - £(92,212)) 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.

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 £1,229,798 (2015: £99,212).  
A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

**25 Pension and similar obligations (continued)**

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 2016 was £1,191,000 (2015 - £741,000), of which employer's contributions totalled £996,000 (2015 - £617,000) and employees' contributions totalled £195,000 (2015 - £124,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

**Principal actuarial assumptions**

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	2.30	4.10
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	<u>2.10</u>	<u>3.80</u>

**Sensitivity analysis**

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

	<b>+ 0.5%</b>	<b>0.0%</b>	<b>- 0.5%</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Adjustment to discount rate</b>			
Present value of total obligation	-	-	(1,921,000)
	<u>+ 0.5%</u>	<u>0.0%</u>	<u>- 0.5%</u>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Adjustment to rate of salary growth</b>			
Present value of total obligation	641,000	-	-
	<u>+ 1 Year</u>	<u>None</u>	<u>- 1 Year</u>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Adjustment to mortality age rating assumption</b>			
Present value of total obligation	441,000	-	-

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

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<b>Retiring today</b>		
Males retiring today	21.90	21.90
Females retiring today	24.10	24.10
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.20	24.20
Females retiring in 20 years	<u>26.70</u>	<u>26.70</u>





## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

**25 Pension and similar obligations (continued)**

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

	<b>At 31 August 2016 £</b>	<b>At 31 August 2015 £</b>
Equities	5,121,000	568,000
Other bonds	751,000	76,000
Property	750,000	83,000
Cash	<u>204,000</u>	<u>30,000</u>
Total market value of assets	6,826,000	757,000
Present value of scheme liabilities - funded	<u>(14,656,000)</u>	<u>(7,047,000)</u>
Deficit in the scheme	<u>(7,830,000)</u>	<u>(6,290,000)</u>

The actual return on scheme assets was £932,000 (2015 - £16,000).

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

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employers contributions)	(44,000)	(39,000)
Net interest cost	<u>206,000</u>	<u>136,000</u>
Total operating charge	<u>162,000</u>	<u>97,000</u>

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

	<b>2016 £</b>	<b>2015 £</b>
At 1 September	7,047,000	6,149,000
Transferred in during period	3,728,000	-
Past service cost	62,000	-
Current service cost	890,000	584,000
Interest cost	401,000	239,000
Employee contributions	195,000	124,000
Actuarial losses/(gains)	<u>2,333,000</u>	<u>(49,000)</u>
At 31 August	<u>14,656,000</u>	<u>7,047,000</u>

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

	<b>2016 £</b>	<b>2015 £</b>
At 1 September	3,073,000	2,316,000
Transferred in during period	1,630,000	-
Interest income	191,000	100,000
Actuarial gains/(losses)	741,000	(84,000)
Employer contributions	996,000	617,000
Employee contributions	<u>195,000</u>	<u>124,000</u>
At 31 August	<u>6,826,000</u>	<u>3,073,000</u>



Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

**26 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.

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

**Hull Collaborative Teaching School**

(A company in which E Macdonald is a Trustee)

During the year the Trust purchased services amounting to £46,831 (2015: £310,740) and recharged services amounting to £76,046 (2015: £258,814) with Hull Collaborative Teaching School Limited. These services were purchased on a recharge of time basis. At the year end there was a separate balance owing to the teaching school of £7,020 (2015: £52,654) in relation to the development of a SCITT. At the balance sheet date the amount due from Hull Collaborative Teaching School was £27,290 (2015 - £1,833).

**Hull Centre for Restorative Practice Limited**

(A company in which E Macdonald is a Trustee)

During the year the Trust purchases services amounting to £20,732 (2015: £32,203) and recharged services amounting to £1,340 (2015: £240) from Hull Centre for Restorative Practice Limited. These services were purchased on a cost basis. At the balance sheet date the amount due to Hull Centre for Restorative Practice Limited was £1,190 (2015 - £1,742).

**Wilson Education Limited**

(A company in which G Wilson is a Trustee)

During the year the Trust purchased services amounting to £936 (2015: £nil). These services were purchased on a cost basis. At the balance sheet date the amount due to Wilson Education Limited was £Nil (2015 - £Nil).

**C Macdonald**

(Daughter of E Macdonald)

C Macdonald received £nil (2015: £3,724) during the year as an employee of the Trust. At the balance sheet date the amount due to C Macdonald was £Nil (2015 - £Nil).

**D Faulkner**

(Daughter of J Faulkner, Trustee until 11 November 2014)

D Faulkner received £nil (2015: £1,000) during the year for services to the Trust. At the balance sheet date the amount due to D Faulkner was £Nil (2015 - £Nil).

**P Carlisle**

(Trustee until 15 December 2015)

P Carlisle received £nil (2015: £1,500) during the year for leadership consultation services to the Trust. At the balance sheet date the amount due to P Carlisle was £Nil (2015 - £Nil).

**L Lutkin**

(Daughter of K Beal)

L Lutkin received £7,125 (2015: £300) during the year for services to the Trust. At the balance sheet date the amount due to L Lutkin was £Nil (2015 - £Nil).



## Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

### 26 Related party transactions (continued)

#### J Faulkner

(Trustee until 11 November 2014)

J Faulkner received £nil (2015: £1,434) during the year for restorative services to the Trust. These services were purchased on a cost basis. At the balance sheet date the amount due to J Faulkner was £Nil (2015 - £Nil).

### 27 Prior Period Adjustment

A prior year adjustment is made to correct a fundamental error in the 2015 financial statements. The error relates to the calculation of deferred and accrued income, whereby deferred income was overstated by £232,350 and accrued income was understated by £154,900 in the Balance Sheet as at 31 August 2015. This resulted in income during the year ended 31 August 2015 being understated by £387,250 in the Statement of Financial Activities. This also led to the carried forward Restricted General Funds being understated by £387,250 in the Balance Sheet and the Statement of Financial Activities for the year ended 31 August 2015. The prior period correction was therefore to reduce deferred income by £232,350, increase accrued income by £154,900 and increase income by £387,250 leading to an increase in Restricted General Funds carried forward of £387,250.

### 28 Transition to FRS 102

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 2 May 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

### Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP (as restated)		3,935,596
Change in recognition of LGPS interest cost		(54,000)
Net movement in funds reported under FRS 102		<u>3,881,596</u>

#### Change in recognition of LGPS interest cost

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £54,000 and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.