

Registered number: 07664322

HUMMERSKNOTT ACADEMY TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2015

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HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

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HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS**
For the year ended 31 August 2015

Members

S A Atkinson
M J Bayne
C J Brown (resigned 13 January 2015)
A Coultas (resigned 10 November 2014)
G F Edwards
J Flook
P S A Jones
M L Merifield (resigned 15 December 2014)

Directors

G F Edwards, Chair, until 8 September 2015 (resigned 8 September 2015)¹
M A King, Chair, from 9 September 2015^{1,2}
M J Bayne, Vice Chair^{1,2}
R Armer¹
B E Baines¹
G P W Barker (resigned 20 October 2014)
C J Brown (resigned 13 January 2015)^{1,2}
A Coultas (resigned 10 November 2014)¹
K A Davies (appointed 15 December 2014)
J Flook (resigned 31 December 2014)^{1,2}
P N Howarth (resigned 31 August 2015)^{1,2}
S D Hunnisett (appointed 15 December 2014)¹
P S A Jones²
J M Keating (appointed 1 September 2015)
M C Knowles¹
P W Taylor (resigned 18 August 2015)^{1,2}
B Watkinson (appointed 15 December 2014)
D Watt

¹ Member of Finance & Resources Committee

² Member of Audit Committee

Governors - Hummersknott Academy

P S A Jones (Chair)
P Abramson
B E Baines (resigned 31 December 2014)
M J Bayne (resigned 13 July 2015)
K Davies
V J Franks
M J Fryer
T A H Glover
P N Howarth
A Robinson (appointed 8 December 2014)
J D Strachan
K Scott (appointed 2 February 2015)
G W Thompson

HUMMERSKNOTT ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS**
For the year ended 31 August 2015

Governors - Skerne Park Academy

M Knowles (Chair)
K Chisholm
J Gilbert
E Graham
A McCartney
R Spence (resigned 10 October 2014)
J Taylor
K Walker (appointed 12 February 2015)
D Watt
Rev S Williamson

Company registered number

07664322

Principal and registered office

Hummersknott Academy
Edinburgh Drive
Darlington
Co Durham
DL3 8AR

Company secretary

Oakwood Corporate Secretary Limited

Senior leadership team

P Howarth, Executive Principal Hummersknott (until 31 August 2015)
N Merifield, Senior Vice Principal Hummersknott
J Keating, Vice Principal Hummersknott, Executive Principal from 1 September 2015
N Foster, Vice Principal Hummersknott
C Ainsley, Assistant Principal Hummersknott
G Bailey, Assistant Principal Hummersknott
J Bailey, Assistant Principal Hummersknott
L Farnell, Assistant Principal Hummersknott (until 17 July 2015)
C Farry, Assistant Principal Hummersknott
B Janes, Assistant Principal Hummersknott (until 4 April 2015)
M Patrick, Assistant Principal Hummersknott
V Rayner, Assistant Principal Hummersknott
D Wells, Assistant Principal Hummersknott
K Chisholm, Headteacher Skerne Park
L Jenkins, Deputy Headteacher Skerne Park
J Sains, Senior Teacher Skerne Park
A Moore, Senior Teacher Skerne Park
L Wilson, Senior Teacher Skerne Park
S Chambers, Senior Teacher Skerne Park

HUMMERSKNOTT ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS, DIRECTORS
AND ADVISERS**
For the year ended 31 August 2015

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Barclays Bank plc
High Row
Darlington
Co Durham
DL3 7QS

Solicitors

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
For the year ended 31 August 2015

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2014 to 31 August 2015.

The Academy Trust operates primary and secondary academies in Darlington. Its academies have a combined pupil capacity of 1700 and had a roll of 1625 in the January 2015 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The charitable company is known as Hummersknott Academy Trust

Details of the Members, Directors and Governors who served during the year are included in the Reference and Administrative Details on pages 1 and 2.

Members' liability

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

Directors' indemnities

The Academy Trust has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 13.

Method of recruitment and appointment or election of Directors

The Members may appoint up to 19 Directors. This may include Staff Directors provided that the total number of Staff Directors including the Executive Principal does not exceed one third of the total number of Directors. The Chair of each Local Governing Body shall be an Academy Trust Director up to a maximum of 5 persons. There shall be a minimum of 2 Parent Directors for every 10 or fewer academies. Parent Directors shall be elected by the Parent members of the Local Governing Bodies (who shall themselves have been elected or appointed in accordance with the terms of reference determined by the Directors from time to time) from amongst their number. The Directors may appoint up to 3 Co-opted Directors.

The term of office for any Director shall be four years, save that this time limit shall not apply to the Executive Principal or any post held ex officio. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Directors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Directors are given a tour of the academy and the chance to meet with staff and students. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only one or two Directors a year, induction tends to be done informally and is tailored specifically to the individual.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

During the year the Academy Trust continued to operate a unified management structure. The Structure consists of 4 levels: the Directors, the Executive Group, the Senior Leadership team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, approving the overall budget and budgets set by each Local Governing Body, appointment, dismissal, suspension and performance management of Headteachers/Principals in each academy, approving capital projects and significant contracts, oversight of Hummersknott Active and Hummersknott Services, HR, Pay and other Trust policies. They also closely monitor performance and hold Headteachers/Principals and Local Governing Bodies to account for the standards in each academy.

Each academy within the Academy Trust has its own Local Governing Body and Sub Committees. The Local Governing Body is responsible for setting a budget, agreeing staffing levels and making appointments, maintaining a safe learning environment, and the standards of achievement, teaching and learning, behaviour and safety, and leadership and management. They monitor academic performance, staff performance, standards of behaviour, attendance, student and parent views. They also adopt an annual improvement plan to address areas of underperformance and ensure the Values and Vision of the Trust are realised.

The Senior Leadership Team of each academy is responsible for ensuring the budget is used effectively to ensure high quality provision for students and staff. They focus on the quality of teaching and learning, ensuring high expectations of all staff, and that they receive the necessary support and training to achieve these.

The middle management of each academy is centred around Faculty/Subject Leaders. The Headteacher/Principal of each academy is responsible for authorising spending within agreed budgets.

The Leadership Team, together with the Subject Leaders are responsible for the day to day operation of each academy, in particular, organising the teaching staff and students.

Connected organisations, including related party relationships

Hummersknott Active Limited

Hummersknott Active Ltd is a wholly owned subsidiary company which was established to carry on trading activities complementing the work of the Hummersknott Academy Trust as detailed in the Trading Company Licence Agreement dated 21 June 2012. This permits the use of the land, buildings and equipment for community use subject to the Lettings Policy. Hummersknott Active Ltd pay Hummersknott Academy Trust amounts set out in the Licence Agreement.

The company has developed a wide range of activities which take place after school, at weekends and during the holidays covering an age range from 3 to more than 80 years old. The facilities now cater for more than 3,500 users per week.

Hummersknott Services Limited

Hummersknott Services Ltd is a wholly owned subsidiary company which was established to carry on trading activities complementing the work of the Hummersknott Academy Trust as detailed in the Trading Company Licence Agreement dated 11 June 2013.

Further details are stated in Note 27 to the Financial Statements.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal objective and activity of the charitable company is the operation of Hummersknott Academy Trust to provide education for students of all abilities between the ages of 3 and 16, with an emphasis on languages.

The Academy Trust provides education through two academies. Skerne Park Academy is a 3-11 non-selective Primary School, and Hummersknott Academy is an 11-16 non-selective Secondary School.

Objectives, strategies and activities

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with emphasis on languages and their practical applications

The Academy Trust was set up on 1 July 2011 to advance, for the public benefit, education in the Borough of Darlington, by maintaining, operating and developing Hummersknott and Skerne Park Academies. Academies in the trust provide a broad curriculum with a particular emphasis on languages.

Their main objective is to maximise the outcomes for young people in terms of academic and personal development, within a child centred environment which provides a wide range of learning activities in and out of the classroom.

The ethos of the Academy Trust is based on high expectations, mutual respect and every member of the community making a positive contribution. There is a heavy emphasis on personal development through the taught curriculum, guidance and welfare systems, and a wide range of extra-curricular activities.

The Directors of the Academy Trust have adopted the following Vision and Values for all its academies:

Hummersknott Academy Trust Vision and Values

Hummersknott Academy Trust is committed to providing outstanding, inclusive learning for all students regardless of their ability. Our success is built upon partnership between parents, students, staff, local community groups and global link schools. We believe in developing every aspect of the people within our communities so that they can live successful and fulfilled lives. To achieve this each academy must adopt our values which are:

- **Academic Excellence.** Every student achieves the best qualifications they can, enabling them to progress to relevant education or training and fulfil their career ambitions.
- **Outstanding Provision.** Outstanding teaching and learning and a curriculum which meets all students' individual learning and developmental needs.
- **Nothing but the best for all.** Ensure all are ambitious and focused on achieving the very best for themselves and others, and that underperformance is challenged through support and personal development.
- **Taking responsibility.** Developing a culture in which all recognise that success depends upon personal responsibility as well as the support and challenge of others.

HUMMERSKNOTT ACADEMY TRUST
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DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

OBJECTIVES AND ACTIVITIES (continued)

Hummersknott Academy Trust Vision and Values (continued)

- **Foundations for future success.** Enable each member of the learning community to develop a full knowledge of the opportunities open to them and to develop the skills of self-confidence, resilience, imagination, enterprise, creativity and enquiry required to succeed now, when they leave Hummersknott Academy, and in later life.
- **The Human Spirit.** Promoting spiritual development which enables all students to understand themselves and experience the best that has been thought, written, invented and created as an expression of the human spirit.
- **Healthy Lives.** Equipping students with the knowledge and skills to maintain both physical and mental wellbeing for themselves and their families.
- **Moral Compass.** Each Student understands a range of different viewpoints, values and cultures in order to give context for their own moral compass, thus developing respect for diversity and an understanding of their obligations and responsibilities to others.
- **At the heart of the community.** Form strong links with their local community including community organisations, other educational establishments, local authority agencies, the voluntary sector, faith groups and employers.
- **Global citizens.** Ensure all students recognise the interdependence of different cultures and countries across the globe in the past, now, and in the future, developing respect for others and being able to seize the opportunities this provides.

The Academy Trust believes that these values should allow all stakeholders to excel and believe that there are no limits on individual achievements. Our success will be measured against the values set out above. The Academy Trust recognises its responsibility to the development and welfare of staff, and where appropriate these values apply equally to them as well as students. At all stages we will respect the wishes of parents in making decisions about their child's education.

Development plan objectives

The Leadership Team in each academy is focused upon improving student progress and attainment through:-

1. To improve the quality of teaching and learning to a level that Ofsted would judge to be outstanding
2. To improve achievement to a level which would be judged to be outstanding
3. To secure an Ofsted judgement of Behaviour and Safety as Outstanding
4. To secure an Ofsted judgement of Outstanding for Leadership and Management

This work is supported through individual development plans for each academy adopted by the Local Governing Body. Progress is monitored through Governing Body meetings and by the Board of Directors. Each academy employs an Improvement Partner who assesses progress in implementing these plans as well as providing an objective report on standards measured against the Ofsted framework.

Public benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy should undertake.

HUMMERSKNOTT ACADEMY TRUST
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DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

GROUP STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Achievements and performance

Ofsted Inspections

Hummersknott Academy was inspected by Ofsted in October 2013.

Overall Effectiveness	2	(Good)
Achievement	2	(Good)
Teaching and Learning	2	(Good)
Behaviour and Safety	1	(Outstanding)
Leadership and Management	1	(Outstanding)

Skerne Park Academy was inspected in October 2014. For the first time ever it was judged to be providing a Good education.

Overall Effectiveness	2	(Good)
Achievement	2	(Good)
Teaching and Learning	2	(Good)
Behaviour and Safety	2	(Good)
Leadership and Management	2	(Good)

Hummersknott Academy

Key Stage 3

	% level 5+		% level 6+		% making 2 levels progress	
	2014	2015	2014	2015	2014	2015
English	98	97	78	83	73	76
Maths	95	96	89	83	93	81
Science	95	98	66	89	52	88

Key Stage 4

			Nat ave (where available)
	2014	2015	2015
% 5A*-C inc English and Maths	72	71	55
% 5A*-G inc English and Maths	95	96	92
% English Baccalaureate	40	39	24
% A*-C English	84	82	
% 3 Levels progress in English	84	84	70
% A*-C Maths	77	74	
% 3 Levels progress in Maths	69	69	65

HUMMERSKNOTT ACADEMY TRUST
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DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

ACHIEVEMENTS AND PERFORMANCE (continued)

Skerne Park Academy

EFYS

	% of children working within 'expected' stage of development
	2015
Reading	75
Writing	75
Numbers	81.7
Shape, Space and Measures	78.3

Year on year comparison	2014	2015
% of pupils at expected level of development	62	75

Key Stage 1

	2013		2014		2015		National Expectations	
	All		All		All		All	
	% 2B+	% 3+	% 2B+	% 3+	% 2B+	% 3+	% 2B+	% 3+
Reading	78	14	76	9	72	12	79	29
Writing	49	4	60	2	60	4	67	15
Maths	71	14	71	5	74	20	78	23

Key Stage 2

	2013		2014		2015		National Expectations	
	All		All		All		All	
	% L4+	% L5	% L4+	% L5	% L4+	% L5	% L4+	% L5
Reading (R)	76	33	64	14	73	22	85	44
Writing (W)	60	15	70	26	71	27	86	30
Maths (M)	71	33	60	21	85	27	83	41
SPAG	55	33	60	26	73	39	74	47
Combined (R+W+M)	53	16	53	12	68	15	75	21
2 levels progress R	79		81		83		91	
2 levels progress W	92		95		95		94	
2 levels progress M	95		83		93		90	
3 levels progress R	29		19		22		33	
3 levels progress W	46		43		39		36	
3 levels progress M	49		24		31		34	

Achievement at both Hummersknott Academy and Skerne Park Academy is good.

Hummersknott Academy achieved above national average figures for attainment performance indicators. Progress in English was above national averages and progress in Maths was in line with national averages.

Skerne Park Academy's standards last year were above floor in all areas in KS2 and are showing an improving picture in KS1. Early Years Foundation Stage (EYFS) Good Level of Development (GDL) was above average as was the Y1 reading by 6 assessments. Progress from KS1-2 was outstanding in all subjects and in year progress of all year groups was also outstanding. This is an improvement in all areas on previous years.

HUMMERSKNOTT ACADEMY TRUST
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DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

Going concern

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

FINANCIAL REVIEW

Financial report

Most of the academies income is obtained from the Department for education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2015, total expenditure of £9,795,000 was exceeded by recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed assets funds) was £329,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Academy Trust's objectives.

At 31 August 2015 the net book value of fixed assets was £15,927,000 and movements in tangible fixed assets are shown in note 14 to the Financial Statements. The assets were used exclusively for providing education and the associated support to the students of the Academy Trust.

The provisions of Financial Reporting Standard No. 17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £2,140,000 recognised on the balance sheet.

The Academy Trust consolidated fund balances at 31 August 2015 of £14,556,000 comprising of £13,683,000 of restricted funds and £873,000 of unrestricted funds.

Financial and risk management objectives and policies

The Academy Trust is subject to a number of risks and uncertainties in common with other academies. The Academy Trust has in place procedures to identify and mitigate financial risks. These are discussed further in the Risk Management section of this report, and in the Governance Statement.

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the Academy Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the Academy Trust balance sheet.

HUMMERSKNOTT ACADEMY TRUST
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DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

FINANCIAL REVIEW (continued)

Principal risks and uncertainties (continued)

The increased employer contributions to NIC and teachers' pension will put increased pressure on budgets and if no further action is taken to reduce costs and there is no additional funding received the academy is projecting a shortfall in budgets moving forward. In addition the building project has not been completed yet and whilst an estimated cost has been received from the new contractors this could still have some financial risks.

The Directors have assessed the major risks, to which the Academy Trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the Academy Trust, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Academy Trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The Academy Trust is subject to a number of risks and uncertainties in common with other academies. The Academy Trust has in place procedures to identify and mitigate financial risks.

Reserves policy

The Directors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to 4% to 6% of 'total incoming resources less restricted fixed asset income', and ideally 5% of this income (equivalent to 3 weeks' expenditure, approximately £565,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The level of reserves is reviewed by the Directors regularly throughout the year.

The Academy Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £873,000 (see note 18). Current reserves include £230K required to complete the current building project at Hummersknott Academy and £140k held as a sinking fund to replace the 3G pitch carpet, a requirement of the grant from the Football Foundation.

Investment policy

The Academy Trust invests surplus funds in a bank account with an automatic daily transfer system in place. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

PLANS FOR FUTURE PERIODS

Future developments

Having recently completed a building project to increase the number of teaching spaces and office spaces at Hummersknott Academy and Skerne Park Academy there are no future plans to expand the buildings any further. However at Skerne Park Academy we are seeking ways to add additional car parking space at the site and at Hummersknott Academy we are in discussions to develop an exterior community project to locate a poly tunnel and exterior garden area for use in the community and for students within a number of curriculum areas in school.

HUMMERSKNOTT ACADEMY TRUST
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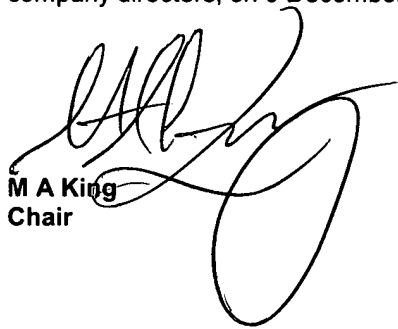
DIRECTORS' REPORT (continued)
For the year ended 31 August 2015

Disclosure of information to auditor

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable group's auditor is unaware, and
- that Directors have taken all the 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.

This report, incorporating the Group strategic report, was approved by order of the Board of Directors, as the company directors, on 9 December 2015 and signed on the board's behalf by:


M A King
Chair

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hummersknott Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Directors' responsibilities statement. The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
G F Edwards, Chair, until 8 September 2015	5	6
M A King, Chair, from 9 September 2015	3	6
M J Bayne, Vice Chair	4	6
R Armer	6	6
B E Baines	6	6
G P W Barker	0	1
C J Brown	2	3
A Coultas	0	1
K A Davies	4	4
J Flook	3	3
P N Howarth	5	6
S D Hunnisett	4	4
P S A Jones	5	6
M C Knowles	5	6
P W Taylor	4	6
B Watkinson	4	4
D Watt	3	6

Six Directors left the Trust during the financial year to 31 August 2015 including the Executive Principal, for a variety of reasons. The Chair of Directors also announced he would be leaving in September 2015, a replacement has been appointed from the board to take over this position. Four of the directors were replaced during the year bringing with them a variety of skills but the Trust had identified a need to recruit Directors with financial acumen. Two people with the right financial skills set have agreed to join the board in October 2015.

HUMMERSKNOTT ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

Governance (continued)

The Finance & Resources Committee is a sub-committee of the main Board of Directors.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
R Armer	3	5
B E Baines	5	5
M J Bayne	4	5
C J Brown	1	2
A Coultas	0	1
G F Edwards	4	5
J Flook	2	2
P N Howarth	5	5
S D Hunnisett	3	3
M A King	4	5
M C Knowles	3	5
P W Taylor	3	3

The Audit Committee is also a sub committee of the main Board of Directors. This was established following the conversion to a Multi Academy Trust in February 2013.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
M J Bayne	1	3
C J Brown	1	1
J Flook	1	1
P N Howarth	3	3
P S A Jones	3	3
M A King	2	2
P W Taylor	3	3

Review of Value for Money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors 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:

Improving educational results

Hummersknott

Overall the academy improved its academic performance in many areas in 2014/15. Key performance headline figures as printed by government area as follows:

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attainment

5A*-C inc English and Maths 71%
5A*-C 77%
5A*-G inc English and Maths 96%
1A*- G 99.6%
Ebacc 39%

Progress
Expected progress (3 plus levels) English 82%
Expected progress (3 plus levels) Maths 69%
More than expected progress (4 plus levels) English 37%
More than expected progress (4 plus levels) Maths 35%
Progress all subjects across the academy including English and Maths
Expected progress (3 plus levels) 77%
More than expected progress (4 plus levels) 49%
Progress and attainment of disadvantaged

Progress of the disadvantaged students is measured against progress of all other students in school and against the progress of all other students nationally. Within school our gaps between progress and attainment have widened slightly, however progress against all other students nationally has improved with gaps closing rapidly.

Attainment of disadvantaged
5 A* - C including English and Maths - 40% against all other students in school Ebacc -29% against others in school
5 A* - C including English and Maths - 15% against all other students nationally Ebacc -7% against all other students nationally

Progress of disadvantaged
Expected progress (3 plus levels) English -19% against all others in school
Expected progress (3 levels plus) Maths - 31% against all others in school
More than expected progress (4 levels plus) English -10% against all others in school
More than expected progress (4 levels plus) Maths - 30% against all others in school
Expected progress (3 levels plus) English - 2% against all others nationally
Expected progress (3 levels plus) Maths - 20% against all others nationally
More than expected progress (4 levels plus) English - 28% against 32% for all others nationally
More than expected progress (4 levels plus) Maths - 15% against 29% for all others nationally

Performance management is robust and ensures greater rigour in the process. This has enabled more targeted professional development for staff. It also enables Directors to ensure a strong link between pay and performance, to ensure the pay review process is effective and transparent.

A detailed review of the Hummersknott Academy budget was undertaken in April 2014 to identify additional sources of funding and areas for cost saving. This included a full review of staffing across the academy. This resulted in:

- A reduction of four members in the Senior Leadership team
- Reductions in support staff as vacancies were not filled
- Premises expenditure was reduced by £60k per annum
- All expenditure was scrutinised and justified

The Trust's budget has been used to good effect within Skerne Park Academy. Pupil progress and attainment at Key Stage 1 and Early Years Foundation Stage are improving rapidly. A recent Ofsted inspection judged all areas of the school's work to be Good having been judged Grade 3 in all areas at the last inspection.

Collaborative work between Skerne Park and Hummersknott enables us to achieve economies of scale in procurement and professional support. As part of the Behaviour and Attendance Partnership we continue to quality assure various providers of alternative education and we use the provision on offer to good effect.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Skerne Park

Financial governance and oversight

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

- the work of Davies Tracey Chartered Accountants who carried out planned termly internal audits;
- the work of the external auditor, Clive Owen LLP;
- the work of the Vice Principal Business & Finance appointed Principal Finance Officer who has responsibility for the oversight of financial transactions and the development and maintenance of the internal control framework.
- the work of the Directors' Finance & Resources Committee which met 5 times during the year and provides support and challenge.
- the work of the Audit Committee which met 3 times and monitors audit points raised by the independent internal & external auditors. This Committee is also responsible for monitoring the Academy's Risk Register, which it reviews at least termly, taking into account changes in the wider political and economic climate. This helps direct the Academy Trust's strategic planning to avoid waste of time, money and resources.
- make full use of benchmarking information to challenge expenditure.

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:

- finance procedure policy and scheme of delegation are approved annually and are kept under constant review;
- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors and Local Governing Body and associated committees
- half termly reviews by the Finance & Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- monthly financial and management reports covering all departmental expenditure, and revenue budgets.
- clearly defined purchasing guidelines

The Academy Trust is governed by a Body of Directors drawn from staff, parents, the Local Authority and those appointed by the sponsor, and meets at least four times. The Governing Body meets at least six times a year. It approves the budget and reviews it throughout the year. It considers the Annual report and Accounts, and monitors audit points raised by the independent auditors. The Local Governing Bodies take an active interest in teaching and learning across the trust, receiving updates on tracking data and holding the Senior Leadership Teams accountable for performance.

The Committees operate in accordance with their Terms of Reference, and are supported by an experienced Clerk.

Better purchasing – ensuring value for money

Contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. Where possible services have been shared across the Academy Trust thereby reducing overall costs. Individual budget holders are held accountable for the use of their budgets, and are helped by an experienced finance team in sourcing best value.

Maximising income generation

The Academy Trust explores every opportunity to generate income, including the hire of the Academy Trust facilities via Hummersknott Active Ltd including the provision of holiday clubs and by providing services to other local schools via Hummersknott Services Ltd, both wholly owned subsidiary Companies. These services are constantly reviewed with a view to enhancing them in pursuit of improved provision and financial gain.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Managing cash

The Academy Trust moves balances daily (via the sweep account) to a higher interest account to ensure maximum returns on surplus balances.

Areas for Development

We intend to look at curriculum budget spending and have established a small team of staff to work on income generation for specific projects to:

- improve monitoring of individual budget headings
- hold budget holders to account for over spend
- introduced measures to reduce carry forward to enhance the academy budget setting process
- continue to seek cost savings in staffing where appropriate

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 Hummersknott Academy Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors 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 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint Davies Tracey, Chartered Accountants and Business Advisers as internal auditor.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of purchase systems;
- Testing of cash/expenses procedures;
- Testing of income;
- Testing of the accounting systems and management information produced;
- Review of budgets
- Review of internal policies
- Review of complaint and resolution procedures

On a termly basis, the internal auditor reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The Academy Trust confirms the internal audit function has been fully delivered in line with the EFA's requirements and that no material control issues have arisen as a result of the internal auditor's work.

Review of Effectiveness

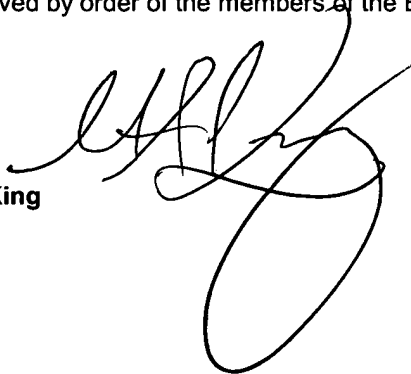
As Accounting Officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

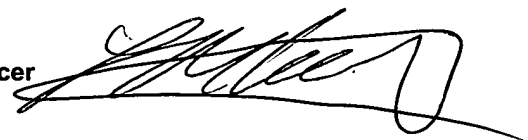
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 9 December 2015 and signed on its behalf, by:

M A King
Chair



J M Keating
Accounting Officer




HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hummersknott Academy Trust I have considered my responsibility to notify the Academy Trust Board of Directors 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the Academy Trust Board of Directors 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 (2014).

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



J M Keating
Accounting Officer

Date: 9 December 2015

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' RESPONSIBILITIES STATEMENT
For the year ended 31 August 2015

The Directors are responsible for preparing the Directors' report (including the Group strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company and the group 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 EFA/DfE have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable group'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 of Directors on 9 December 2015 and signed on its behalf by:


M A King
Chair

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUMMERSKNOTT ACADEMY TRUST

We have audited the financial statements of Hummersknott Academy Trust for the year ended 31 August 2015 which comprise the group Statement of financial activities, the group and Academy Trust Balance sheets, the group Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable Academy Trust's affairs as at 31 August 2015 and of the group's 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
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report, incorporating the Group strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

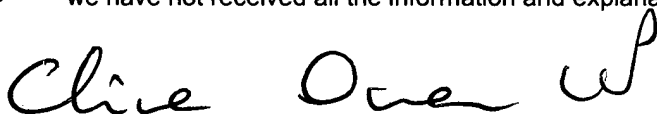
HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUMMERSKNOTT ACADEMY TRUST

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:

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



Christopher Beaumont BA(Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
9 December 2015

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HUMMERSKNOTT ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hummersknott Academy Trust during the year 1 September 2014 to 31 August 2015 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 Hummersknott Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hummersknott Academy Trust and 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 Hummersknott Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Hummersknott Academy Trust's funding agreement with the Secretary of State for Education dated 1 February 2013, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 1 September 2014 to 31 August 2015 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 2014 to 2015 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.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HUMMERSKNOTT ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

Approach (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Christopher Beaumont BA(Hons) FCA DChA

Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

9 December 2015

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
For the year ended 31 August 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
INCOMING RESOURCES						
Incoming resources from generated funds:						
Activities for generating funds	2	956	-	-	956	942
Investment income	3	2	-	-	2	1
Incoming resources from charitable activities	4	-	8,803	822	9,625	9,050
TOTAL INCOMING RESOURCES		958	8,803	822	10,583	9,993
RESOURCES EXPENDED						
Charitable activities	7	911	8,362	363	9,636	9,527
Governance costs	6	-	159	-	159	159
TOTAL RESOURCES EXPENDED	8	911	8,521	363	9,795	9,686
NET INCOMING RESOURCES BEFORE TRANSFERS		47	282	459	788	307
Transfers between Funds	18	-	(332)	332	-	-
NET INCOME FOR THE YEAR		47	(50)	791	788	307
Actuarial gains and losses on defined benefit pension schemes		-	(40)	-	(40)	210
NET MOVEMENT IN FUNDS FOR THE YEAR		47	(90)	791	748	517
Total funds at 1 September 2014		826	(2,154)	15,136	13,808	13,291
TOTAL FUNDS AT 31 AUGUST 2015		873	(2,244)	15,927	14,556	13,808

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

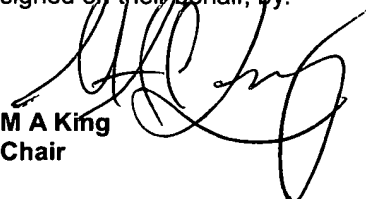
The notes on pages 29 to 49 form part of these financial statements.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)
Registered number: 07664322

CONSOLIDATED BALANCE SHEET
As at 31 August 2015

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	14		15,927	14,820
CURRENT ASSETS				
Debtors	15	349		392
Cash at bank		1,162		1,335
		<u>1,511</u>		<u>1,727</u>
CREDITORS: amounts falling due within one year	16	<u>(688)</u>		<u>(635)</u>
NET CURRENT ASSETS			823	1,092
TOTAL ASSETS LESS CURRENT LIABILITIES			16,750	15,912
CREDITORS: amounts falling due after more than one year	17		<u>(54)</u>	<u>(104)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			16,696	15,808
Defined benefit pension scheme liability	24		<u>(2,140)</u>	<u>(2,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>14,556</u>	<u>13,808</u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	(104)		(154)
Restricted fixed asset funds	18	15,927		15,136
		<u>15,823</u>		<u>14,982</u>
Restricted funds excluding pension liability				
Pension reserve		<u>(2,140)</u>		<u>(2,000)</u>
Total restricted funds			13,683	12,982
Unrestricted funds	18		873	826
TOTAL FUNDS			<u>14,556</u>	<u>13,808</u>

The financial statements were approved by the Directors, and authorised for issue, on 9 December 2015 and are signed on their behalf, by:


M A King
Chair

The notes on pages 29 to 49 form part of these financial statements.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)
Registered number: 07664322

ACADEMY TRUST BALANCE SHEET
As at 31 August 2015

	Note	£000	2015 £000	2014 £000
FIXED ASSETS				
Tangible assets	14		15,927	14,820
Investments			-	-
			<u>15,927</u>	<u>14,820</u>
CURRENT ASSETS				
Debtors	15	449		453
Cash at bank		1,056		1,270
		<u>1,505</u>		<u>1,723</u>
CREDITORS: amounts falling due within one year	16	(682)		(631)
			<u>823</u>	<u>1,092</u>
NET CURRENT ASSETS				
TOTAL ASSETS LESS CURRENT LIABILITIES				
			<u>16,750</u>	<u>15,912</u>
CREDITORS: amounts falling due after more than one year	17		(54)	(104)
			<u>16,696</u>	<u>15,808</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY				
Defined benefit pension scheme liability	24		(2,140)	(2,000)
			<u>14,556</u>	<u>13,808</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY				
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted funds	18	(104)		(154)
Restricted fixed asset funds	18	15,927		15,136
		<u>15,823</u>		<u>14,982</u>
Restricted funds excluding pension asset				
Pension reserve		(2,140)		(2,000)
			<u>13,683</u>	<u>12,982</u>
Total restricted funds				
Unrestricted funds	18		873	826
			<u>14,556</u>	<u>13,808</u>
TOTAL FUNDS				

The financial statements were approved by the Directors, and authorised for issue, on 9 December 2015 and are signed on their behalf, by:


M A King
Chair

The notes on pages 29 to 49 form part of these financial statements.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 August 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	20	523	279
Returns on investments and servicing of finance	21	2	1
Capital expenditure and financial investment	21	(648)	271
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(123)	551
Financing	21	(50)	(50)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(173)	501

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
For the year ended 31 August 2015

	2015 £000	2014 £000
(Decrease)/Increase in cash in the year	(173)	501
Cash inflow from increase in debt and lease financing	50	50
MOVEMENT IN NET FUNDS IN THE YEAR	(123)	551
Net funds at 1 September 2014	1,181	630
NET FUNDS AT 31 AUGUST 2015	1,058	1,181

The notes on pages 29 to 49 form part of these financial statements.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Academy Trust and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

No separate SOFA has been presented for the Academy Trust alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

1.2 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 Directors.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of financial activities when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

HUMMERSKNOTT ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

1. ACCOUNTING POLICIES (continued)

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 RESOURCES EXPENDED

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the Academy Trust's educational operations.

Governance costs include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Directors 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 Academy Trust to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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 are 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's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	2% straight line
Long leasehold land	-	Over 125 years
Fixtures and fittings	-	20% straight line
Computer equipment	-	33.3% straight line

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 TAXATION

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

1.9 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Academy Trust.

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 quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

1. ACCOUNTING POLICIES (continued)

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Sundry Income	175	-	175	185
Catering	335	-	335	356
School fund	253	-	253	212
Trading subsidiary	193	-	193	189
	<u>956</u>	<u>-</u>	<u>956</u>	<u>942</u>

3. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Investment income	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
DfE/EFA grants				
Devolved Formula Capital	-	32	32	32
Academies Capital Maintenance Fund	-	790	790	88
General Annual Grant (GAG)	-	7,789	7,789	7,803
Pupil Premium	-	592	592	547
Universal free school meals	-	31	31	-
PE Teacher Grant	-	9	9	9
	-	9,243	9,243	8,479
Other Government grants				
SEN	-	156	156	11
Other Government Grants	-	226	226	211
Basic needs expansion project	-	-	-	349
	-	382	382	571
	-	9,625	9,625	9,050

5. GRANTS TO INSTITUTIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Academy's educational operations	-	-	-	33

The above grant relates to an endowment policy passed to a third party to administer. The benefits of this endowment remain solely for the use of Hummersknott Academy.

6. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Internal audit fees	-	5	5	5
Auditors' remuneration	-	8	8	8
Auditors' non audit costs	-	4	4	6
Professional fees	-	100	100	86
Wages and salaries	-	42	42	54
	-	159	159	159

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

7. CHARITABLE ACTIVITIES

	Total funds 2015 £000	Total funds 2014 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,863	4,736
National insurance	328	330
Pension cost	681	702
Educational supplies	215	187
Examination fees	88	85
Staff development	44	65
Educational consultancy	261	225
Other direct costs	253	212
	<hr/> 6,733	<hr/> 6,542
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	953	962
National insurance	40	39
Pension cost	147	157
Depreciation	363	360
Net finance cost on pension	30	60
Staff development	12	11
Technology costs	110	179
Maintenance of premises and equipment	322	293
Cleaning	34	32
Rates	100	104
Energy	155	160
Insurance	87	104
Security	7	1
Transport	35	35
Catering	196	187
Occupancy costs	24	17
Other support costs	269	228
	<hr/> 2,884	<hr/> 2,929
	<hr/> 9,617	<hr/> 9,471
OTHER ACTIVITIES		
Direct costs	19	23
	<hr/> 9,636	<hr/> 9,494

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

8. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total	Total
	2015	Premises	Other costs	2015	2014
	£000	2015	2015	£000	£000
		£000	£000		
Direct costs	5,872	-	861	6,733	6,575
Trading subsidiary	-	-	19	19	23
Allocated support costs	1,140	916	828	2,884	2,929
CHARITABLE ACTIVITIES	7,012	916	1,708	9,636	9,527
GOVERNANCE	42	-	117	159	159
	7,054	916	1,825	9,795	9,686

There were no individual transactions exceeding £5,000 for:

- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

9. NET INCOMING RESOURCES

This is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charitable group	363	360
Auditors' remuneration	8	8
Internal audit fees	5	5
Operating lease rentals:		
- other operating leases	91	80
Auditors's non audit costs	4	6

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

10. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	5,575	5,531
Social security costs	368	369
Other pension costs (Note 24)	828	859
	<hr/> 6,771	<hr/> 6,759
Supply teacher costs	195	186
Staff restructuring costs	88	35
	<hr/> 7,054	<hr/> 6,980

Included in other pension costs is a debit of £70,000 relating to the pension deficit actuarial adjustment.

b. Staff severance payments

All of the staff restructuring costs were under contractual terms.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	81	79
Administration and support	86	92
Management	19	18
	<hr/> 186	<hr/> 189

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	1	0
In the band £110,001 - £120,000	1	1

Four of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

11. CENTRAL SERVICES

Hummersknott Academy has provided the following central services to Skerne Park Academy during the year:

- Catering
- IT services
- Professional fees
- Governance costs

Hummersknott Academy charges for these services on the following basis:

Charges are made on the basis of pupil numbers.

The actual amounts charged during the year were as follows:

	2015
	£000
Skerne Park	111
	<hr/>

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

12. DIRECTORS' REMUNERATION AND EXPENSES

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

P N Howarth (Executive Principal and Director)

Remuneration £115,000 - £120,000 (2014: £110,000 - £115,000)

Employer's pension contributions £15,000 - £20,000 (2014: £15,000 - £20,000)

R Armer (staff Director)

Remuneration £35,000 - £40,000 (2014: £30,000 - £35,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

B E Baines (staff Director)

Remuneration £25,000 - £30,000 (2014: £25,000 - £30,000)

Employer's pension contributions £Nil - £5,000 (2014: £Nil - £5,000)

During the year, no Directors received any benefits in kind (2014 - £NIL).

During the year, no Directors received any reimbursement of expenses (2014 - £NIL).

13. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £250,000 on any one claim and the cost for the year ended 31 August 2015 was £1,000 (2014 - £1,000). The cost of this insurance is included in the total insurance cost.

14. TANGIBLE FIXED ASSETS

GROUP	Long leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST				
At 1 September 2014	15,359	585	74	16,018
Additions	1,405	47	18	1,470
At 31 August 2015	16,764	632	92	17,488
DEPRECIATION				
At 1 September 2014	751	397	50	1,198
Charge for the year	287	61	15	363
At 31 August 2015	1,038	458	65	1,561
NET BOOK VALUE				
At 31 August 2015	15,726	174	27	15,927
At 31 August 2014	14,608	188	24	14,820

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

	Long leasehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
ACADEMY TRUST				
COST				
At 1 September 2014	15,359	585	74	16,018
Additions	1,405	47	18	1,470
At 31 August 2015	16,764	632	92	17,488
DEPRECIATION				
At 1 September 2014	751	397	50	1,198
Charge for the year	287	61	15	363
At 31 August 2015	1,038	458	65	1,561
NET BOOK VALUE				
At 31 August 2015	15,726	174	27	15,927
At 31 August 2014	14,608	188	24	14,820

15. DEBTORS

	GROUP		ACADEMY TRUST	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	16	64	13	60
Intercompany account	-	-	104	91
VAT repayable	125	31	125	24
Prepayments and accrued income	208	297	207	278
	349	392	449	453

**16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		ACADEMY TRUST	
	2015 £000	2014 £000	2015 £000	2014 £000
Other loans	50	50	50	50
Trade creditors	111	100	110	98
Other taxation and social security	2	117	-	117
Other creditors	50	163	50	163
Accruals and deferred income	475	205	472	203
	688	635	682	631

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

16. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	<u>GROUP</u>	<u>ACADEMY TRUST</u>
	£000	£000
DEFERRED INCOME		
Deferred income at 1 September 2014	112	112
Resources deferred during the year	116	116
Amounts released from previous years	(112)	(112)
Deferred income at 31 August 2015	<u>116</u>	<u>116</u>

At the balance sheet date the Academy Trust was carrying deferred income in relation to capital funding, nursery funding, rates relief and free school meals, which straddle the financial year end.

17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>GROUP</u>		<u>ACADEMY TRUST</u>	
	2015	2014	2015	2014
	£000	£000	£000	£000
Other loans	<u>54</u>	<u>104</u>	<u>54</u>	<u>104</u>

Included within other loans is a loan of £104,000 (2014: £154,000) from Darlington Borough Council which is interest free and being repaid monthly with the final installment due to be repaid in September 2017.

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

18. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
DESIGNATED FUNDS						
Sinking fund	120	-	-	20	-	140
GENERAL FUNDS						
Unrestricted fund	706	958	(911)	(20)	-	733
Total Unrestricted funds	826	958	(911)	-	-	873
RESTRICTED FUNDS						
	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
General Annual Grant (GAG)	-	7,789	(7,407)	(382)	-	-
Pupil Premium	-	592	(592)	-	-	-
SEN	-	156	(156)	-	-	-
PE Teacher Grant	-	9	(9)	-	-	-
Other Government Grants	-	226	(226)	-	-	-
Inherited on conversion	(154)	-	-	50	-	(104)
Universal Free School Meals	-	31	(31)	-	-	-
Pension reserve	(2,000)	-	(100)	-	(40)	(2,140)
	(2,154)	8,803	(8,521)	(332)	(40)	(2,244)
RESTRICTED FIXED ASSET FUNDS						
EFA capital grants	149	822	(13)	-	-	958
Other Government grants	360	-	(3)	-	-	357
GAG capital expenditure	157	-	(62)	332	-	427
Assets donated on conversion	14,470	-	(285)	-	-	14,185
	15,136	822	(363)	332	-	15,927
Total restricted funds	12,982	9,625	(8,884)	-	(40)	13,683
Total of funds	13,808	10,583	(9,795)	-	(40)	14,556

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

18. STATEMENT OF FUNDS (continued)

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 including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium is additional funding to be spent as the academy see fit to support deprived students.

SEN funding relates to special educational needs.

PE Teacher Grant is funding to develop the PE and sport activities offered.

Universal Free School Meals is funding to provide a free school lunch to all pupils in reception, year 1 and year 2 from September 2014.

Other Government Grants are received from Darlington Borough Council to cover nursery funding, growth funding, and teaching assistants.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 24.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

A transfer of £332,000 has been made to capital expenditure from GAG funding to reflect those items included within fixed assets which have been purchased using GAG monies.

The designated fund is for the 3G pitch sinking fund. During the year £20,000 was transferred from unrestricted funds to this designated fund as required under the agreement for these pitches.

A transfer of £50,000 was made from GAG to inherited on conversion to reflect the loan repayments made during the year.

Unrestricted funds include the income from letting, catering and other sundry income streams with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Hummersknott Academy	538
Skerne Park Academy	231
	<hr/>
Total before fixed asset fund and pension reserve	769
Restricted fixed asset fund	15,927
Pension reserve	(2,140)
	<hr/>
Total	14,556
	<hr/>

HUMMERSKNOTT ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Other costs excluding depreciation £000	Total £000
Hummersknot Academy	4,660	932	1,786	7,378
Skerne Park Academy	1,254	208	573	2,035
Trading subsidiary	-	-	19	19
	<u>5,914</u>	<u>1,140</u>	<u>2,378</u>	<u>9,432</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	15,927	15,927	14,820
Current assets	935	576	-	1,511	1,727
Creditors due within one year	(62)	(626)	-	(688)	(635)
Creditors due in more than one year	-	(54)	-	(54)	(104)
Provisions for liabilities and charges	-	(2,140)	-	(2,140)	(2,000)
	<u>873</u>	<u>(2,244)</u>	<u>15,927</u>	<u>14,556</u>	<u>13,808</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £000	2014 £000
Net incoming resources before revaluations	788	307
Returns on investments and servicing of finance	(2)	(1)
Depreciation of tangible fixed assets	363	360
Transfer of gifted investment	-	33
Capital grants from DfE	(822)	(120)
Other capital grants	-	(349)
Decrease/(increase) in debtors	43	(99)
Increase in creditors	53	18
FRS 17 adjustments	100	130
NET CASH INFLOW FROM OPERATIONS	<u>523</u>	<u>279</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000	2014 £000
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	2	1
	2015 £000	2014 £000
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(1,470)	(198)
Capital grants from DfE	822	120
Other capital grants	-	349
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE	(648)	271
	2015 £000	2014 £000
FINANCING		
Repayment of other loans	(50)	(50)

22. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	1,335	(173)	-	1,162
DEBT:				
Debts due within one year	(50)	50	(50)	(50)
Debts falling due after more than one year	(104)	-	50	(54)
NET FUNDS	1,181	(123)	-	1,058

23. CAPITAL COMMITMENTS

At 31 August 2015 the group and Academy Trust had capital commitments as follows:

	GROUP		ACADEMY TRUST	
	2015 £000	2014 £000	2015 £000	2014 £000
Contracted for but not provided in these financial statements	238	1,601	238	1,601

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS

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

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

Contributions amounting to £Nil were payable to the scheme at 31 August 2015 (2014 - £73,000) 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £825,000 (2014: £842,000), of which employer's contributions totalled £488,000 (2014: £509,000) and employees' totalled £337,000 (2014: £333,000).

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24. PENSION COMMITMENTS (continued)

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The group has accounted for its contributions to the scheme as if it were a defined contribution scheme. The group has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £370,000, of which employer's contributions totalled £270,000 and employees' contributions totalled £100,000. The agreed contribution rates for future years are 13.7% for employers and 5.5 to 7.5% for employees.

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

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

	Fair value at 31 August 2015 £000	Fair value at 31 August 2014 £000
Equities	1,640	1,684
Property	204	201
Government bonds	945	790
Corporate bonds	297	262
Cash	254	103
Total market value of assets	<u>3,340</u>	<u>3,040</u>
Present value of scheme liabilities	<u>(5,480)</u>	<u>(5,040)</u>
(Deficit) in the scheme	<u><u>(2,140)</u></u>	<u><u>(2,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(5,480)	(5,040)
Fair value of scheme assets	<u>3,340</u>	<u>3,040</u>
Net liability	<u><u>(2,140)</u></u>	<u><u>(2,000)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	2015 £000	2014 £000
Current service cost	(340)	(350)
Interest on obligation	(200)	(210)
Expected return on scheme assets	170	150
	<u>(370)</u>	<u>(410)</u>
Total	<u>(370)</u>	<u>(410)</u>
Actual return on scheme assets	<u>-</u>	<u>320</u>

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

	2015 £000	2014 £000
Opening defined benefit obligation	5,040	4,550
Current service cost	340	350
Interest cost	200	210
Contributions by scheme participants	100	100
Actuarial gains	(130)	(40)
Benefits paid	(70)	(130)
	<u>5,480</u>	<u>5,040</u>
Closing defined benefit obligation	<u>5,480</u>	<u>5,040</u>

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

	2015 £000	2014 £000
Opening fair value of scheme assets	3,040	2,470
Expected return on assets	170	150
Actuarial (losses) and gains	(170)	170
Contributions by employer	270	280
Contributions by employees	100	100
Benefits paid	(70)	(130)
	<u>3,340</u>	<u>3,040</u>
	<u>3,340</u>	<u>3,040</u>

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of total recognised gains and losses was £190,000 loss (2014 - £150,000 loss).

The group expects to contribute £280,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

24. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	22.6	22.5
Females	25.1	25.0
Retiring in 20 years		
Males	24.8	24.7
Females	27.4	27.3

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(5,480)	(5,040)	(4,550)	(2,920)
Scheme assets	3,340	3,040	2,470	1,470
Deficit	<u>(2,140)</u>	<u>(2,000)</u>	<u>(2,080)</u>	<u>(1,450)</u>
Experience adjustments on scheme liabilities	130	40	70	(450)
Experience adjustments on scheme assets	<u>(170)</u>	<u>170</u>	<u>70</u>	<u>(50)</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
GROUP	2015 £000	2014 £000	2015 £000	2014 £000
EXPIRY DATE:				
Within 1 year	-	-	5	-
Between 2 and 5 years	<u>-</u>	<u>-</u>	<u>86</u>	<u>91</u>

At 31 August 2015 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
ACADEMY TRUST	2015 £000	2014 £000	2015 £000	2014 £000
EXPIRY DATE:				
Within 1 year	-	-	5	-
Between 2 and 5 years	<u>-</u>	<u>-</u>	<u>86</u>	<u>91</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2015

26. NET FINANCE COST ON PENSION

	2015 £000	2014 £000
Expected return on pension scheme assets	170	150
Interest on pension scheme liabilities	(200)	(210)
	<u>(30)</u>	<u>(60)</u>

27. RELATED PARTY TRANSACTIONS

The Academy Trust has taken advantage of exemptions under FRS8 Related Party Transactions, not to disclosure related party transactions with wholly owned subsidiaries.

No other related party transactions took place during the period of accounts

28. PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding
Hummersknott Active Limited	100
Hummersknott Services Limited	100