

HOPE VALLEY COLLEGE
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

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HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Members

B Hunter
A J Critchlow
K H Checkland
M M Browes

Governors

A J Critchlow, Chair¹
D Willis, Principal and Accounting Officer (appointed 7 September 2015)
M E Glover, Chair of Finance & Personnel Committee
P J Bacon¹
A Bolt (resigned 3 November 2015)
K H Checkland
J W Collins
S Dawson
J Dunk (resigned 22 January 2016)¹
P Dearden, Principal and Accounting Officer (resigned 7 September 2015)¹
D Holden
S E Gillott¹
S M Perry (resigned 21 October 2015)¹
R A Price¹
C Poulson
M J Spencer
D E Shimwell
A Shenton (resigned 19 September 2016)
I C Thomas
J H Ellicock (appointed 10 May 2016)
K C James (appointed 10 May 2016)

¹ Members of Finance and Personnel Committee

Company registered number

07697177

Company name

Hope Valley College

Principal and registered office

Hope Valley College, Castleton Road, Hope, Derbyshire, S33 6SD

Company secretary

J A Wain (resigned 31 August 2016)
J Waller (appointed 1 September 2016)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016

Advisers (continued)

Accounting officer

D Willis (from 1 September 2015)

College Management Team

David Willis, Principal

Paul Dearden, Deputy Principal

Alison Scorer, Assistant Principal

Adrian Rolfe, Assistant Principal (resigned 31 August 2016)

Debbie Petts, Assistant Principal

Richard Beeden, Assistant Principal

Jenny Doyle, Principal Finance & HR Officer (resigned 31 August 2016)

Independent auditors

BHP, Chartered Accountants, 2 Rutland Park, Sheffield, S10 2PD

Bankers

Lloyds Bank Plc, PO Box 1000, Nottingham, BX1 1LT

Solicitors

Hill Dickinson, The Balance, Pinfold Street, Sheffield, S1 2GU

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in the High Peak and Derbyshire Dales. It has a pupil capacity of 660 and a roll of 612 in the school census on 15 May 2015.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Governors of Hope Valley College are also the directors of the charitable company for the purpose of company law.

Details of the Governors who served during the are included in the Reference and administrative details on page 1.

b. 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.

c. Governors' indemnities

There is provision within the trust's Zurich Municipal policy no KSC2420461573 for £2 million cover for trustee's liability.

d. Method of recruitment and appointment or election of Governors

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Academy's Board of Trustees comprises the Principal, a minimum of two and a maximum of 6 parent trustees, up to four Staff Trustees (providing that the total number of Trustees, including the Principal, who are employees of the Academy Trust does not exceed one third of the total number of Trustees) and up to seven other Trustees. The Articles of Association require there to be a minimum of three trustees.

Parent Trustees are elected by the parents of current pupils of the Academy Trust.

Staff Trustees are elected by the staff currently employed by the Academy Trust. The Members appointed the current Staff Trustees on this basis.

e. Policies and procedures adopted for the induction and training of Governors

An induction programme is in place for new Directors which enable them to gain an understanding of the ethos, values and strategic direction of the Academy as well as the role of Directors and Charity Trustees (Where appropriate). Directors are encouraged to make pre-arranged visits to the Academy and many of the Directors also act as mentors for new trustees. The training will be bespoke according to their experience. Where appropriate induction will provide training on educational, legal and financial matters. Training requirements are subject to annual review.

f. Organisational structure

The management structure adopted by the Academy Trust is relatively flat allowing clear lines of sight from the strategic management level of the Board of Trustees to the day to day business of teaching and learning. The formal organisational structure comprises a Board of Trustees (See above). This group forms the Academy's senior decision making body. The Board of Trustees then feeds into the main management structure of the Main Board of Directors with sub committees reporting into and having devolved powers from the Board: Teaching and Learning; Finance and Personnel; and Premises and Facilities.

Daily Operational management of the Academy is duly delegated to the College Management Team of the Academy under the leadership and guidance of the Principal. The Principal also acts as the Accounting Officer.

The Directors are responsible for making major decisions about the strategic directions of the Academy ensuring that its aims and objectives are met and its ethos maintained. Specifically, this includes settling general policy, adopting an annual plan and budget, monitoring the company's financial performance and educational outcomes, making senior staff appointments and approving major investment programmes.

g. Pay policy for key management personnel

Our CMT staff are paid in accordance with the Group sizing for our school as detailed in the 'School Teachers Pay and Conditions' information released by the DfE.

h. Connected organisations, including related party relationships

The Academy Trust is part of the Peak 11 Learning Federation and currently works with Sheffield Teaching School Alliance working out of Silverdale Multi-Academy Trust. The Academy Trust also runs a specialist Post-16 provision for Derbyshire Local Authority.

Objectives and Activities

a. Objects and aims

The Academy's objectives are formally laid out in its Articles of Association. The Academy Trust's object ("the Object") is specifically restricted to the following:

- a) to advance for the public benefit education in the UK in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and
- b) to promote for the benefit of individuals living in Hope Valley and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

In summary the main objectives of the Academy are:

- To raise the standard of educational achievements of all students and pupils;
- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links to local industry, commerce and the local learning community outside the strict environs of the Academy;
- To conduct its business in accordance with the highest standards of integrity, probity and openness.

The Academy believes that education is about developing individual strengths, both academic and in the broader sense; great emphasis is placed on building relationships with each child and of finding a way for each to discover his or her talents and abilities.

b. Objectives, strategies and activities

Following a wide stakeholder consultation, in December 2015, governors approved a new reaffirmation of the College's main aims and objectives as follows:

At Hope Valley College...

We want our students to be:

- Happy, confident with high expectations
- Resilient, independent and resourceful
- Caring, friendly and compassionate
- Open-minded and adventurous with broad horizons
- Ambitious, successful leaders and team players, ready for future challenges

In a school that:

- Provides excellent teaching and a wide range of challenging learning opportunities – academically, physically and emotionally
- Values every student as an individual and is ambitious for every student regardless of their background, previous achievements, talents or individual barriers to learning
- Is nurturing, caring and welcoming
- Is reflective and always striving to improve
- Develops student and adult leadership and participation at every level
- Is a community that students, staff and parents are proud of

Objectives for 2016-17

Aim 1. To ensure all teaching is good or better

- 1.1 Maximise the use of data to inform wave 1 teaching and intervention
- 1.2 Embed the effective use of assessment, feedback and directed student response time
- 1.3 Review the provision and impact of support for students with SEN
- 1.4 Improve progress outcomes in maths, science and PE
- 1.5 Review the College "good behaviour policy" to help the impact of good or better teaching

Aim 2. Achieve a balanced budget

- 2.1 Use strategies to maximise College income, in particular through the recruitment of new students
- 2.2 Restructure admin, technician and library support staff to reduce staffing costs in response to reduced pupil numbers
- 2.3 Restructure teaching staff in response to any curriculum changes and reduced pupil numbers
- 2.4 Restructure Leadership costs (CMT and TLRs) in order to reduce costs in response to reduced pupil numbers
- 2.5 Restructure caretaking, catering and SEN staff in order to reduce costs in response to reduced pupil numbers

Aim 3. Increase attendance and reduce persistent absence

- 3.1 Revise and implement new attendance policy to reflect changes to national legislation and LA support
- 3.2 Evaluate the impact of new policy on students

Aim 4. Accelerate learning in Years 7, 8 and 9

- 4.1 Review the curriculum for students in Years 7, 8 and 9 in terms of allocated subject teaching time and staff for Sept 2016
- 4.2 Review and develop a new system of assessing, recording and reporting progress in learning for students in Years 7, 8 and 9
- 4.3 Review and develop a plan to increase the level of challenge for students in Year 7, 8 and 9 to prepare them for new GCSEs

The Academy Trust is a Community Comprehensive School serving the High Peak and Derbyshire Dales. It is subject to the current statutory arrangements as laid down in the national Admissions Code.

c. Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commissions general guidelines in public benefit.

The Trust looks to promote for the benefit of the inhabitants of the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances of for the public at large in the interests of social welfare and with the object of improving the life of said inhabitants. The trust works in partnership with Derbyshire Adult & Community Education Service through an annually reviewed service level agreement. Public hiring and use of the facilities are actively promoted.

Strategic report

Achievements and performance

a. Review of activities

The college recognises the importance of performance indicators, to ensure that it delivers educational and financial excellence.

The college's financial performance is monitored by the governors and the college management team through periodic internal financial reports.

Achievements and performance

During 2015-16 the College has:

- Achieved excellent examination results, in particular, 77% students achieved grades A*-C in both English and maths, (up 8% from previous year), 43% of students achieved at least three A/A* grades. See below for more details.
- Continued to be successful in recruiting 114 Year 7 students (over and above a local demographic of only 76 pupils) demonstrating the College's continued success in appealing to parents/carers with children living outside of the catchment.
- Secured excellent progress for all Post 16 students with their academic and social learning aims and is now nearing full capacity.
- Continued to improve its facilities thanks to Condition Improvement Funds from the EFA to refurbish and replace all internal doors to meet current fire safety and DDA requirements, replace old boilers at high risk of failure with new, more energy efficient boilers. The College has also used its own financial reserves to fund the refurbishment of two science laboratories, the main front office and reception area.
- Staffing has been reduced in response to reduced pupil numbers, rising staff costs and reduction in real income. This has been achieved largely through the non-replacement of staff, a restructure of the admin team, voluntary redundancy, voluntary reduction in hours, a leadership restructure and only very limited compulsory redundancy. As a result of the cost of redundancy, severance payments, pension shortfall payments and teachers' payment safeguarding, the full staffing cost reductions will not be appreciated by the College until January 2020.
- Utilised Pupil Premium funds to provide additional support for vulnerable youngsters, using a range of strategies incorporating additional staffing and the outside agencies.
- Taken part in a range of activities to promote the understanding of and celebrate the existence of fundamental British Values
- Provided a range of activities to support our Primary Cluster through the Opportunities Programme.

b. Key performance indicators

Hope Valley College GCSE results were impressive in 2016, above Derbyshire and National averages and a further improvement on 2015.

Sadly for the second year in a row, but for the last time, the main DfE key performance indicators are meaningless for parents, Ofsted and the Regional Schools Commissioners Office. For the last two academic years, HVC has provided students the opportunity to study and sit an iGCSE in English Literature (an academically rigorous qualification favoured by Independent and International schools because it prepares students well for "A" level study) in addition to their GCSE in English. Despite Academy schools being "free" to choose their own curriculum for their students, this combination is not the government's preferred choice and so consequently the College have been disadvantaged as a school in the DfE performance measures. In particular, no GCSE English grades where a student has also sat the iGCSE English Literature has been recognised in the new DfE key performance indicators Attainment 8. In addition, English grade score have also not been double weighted in the calculation of the DfE key performance indicator Progress 8.

77% achieved the basics (A*-C in both English and maths), up 8%. 43% of students achieved 3+ A*/A grades, up 6%. However in the DfE School Performance measure, Progress 8, our draft score is recorded publicly as being -0.44. If our students last year had not been entered for the additional English Literature qualification (where 56% of our students achieved A/A*), then we have estimated that our Progress 8 score would have gone up to 0.01. The College requested the DfE to at least ignore its fantastic English Literature results in order to help make the DfE key performance indicators more meaningful, but like last year, this request was turned down and the DfE recommended that we publish our own performance indicators.

Thankfully, this is the final time this will happen because of the introduction of new GCSE specifications being examined for the first time in May 2017. For full details, see the College website under Our College / Student Performance tabs.

Key performance indicator	Hope Valley College score recognising all grades achieved by students.	DfE draft performance table results for HVC on DfE rules where English grades are not recognised and not double counted.	HVC if English lit grades are simply "ignored" and all other DfE rules apply.
Progress 8	+0.09 (LA -0.21, National 0.0)	-0.44	-0.01
Attainment 8	56.4 (LA 48.9, National 48.2)	51	55.7
Achieving EBacc	33% (LA 18.8%, National 22.8%)	3%	33%
Basics (A*-C in both English and maths)	77%	74%	77%

c. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy 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 Accounting Policies.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

The Statement of Financial Activities for the year ended 31 August 2016 shows a surplus before pension adjustments of £60,409 on unrestricted funds and a deficit on restricted general funds of £201,268 i.e. a total deficit on revenue activities of £140,859.

Hope Valley College annual income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of a General Annual Grant (GAG), the use of which is restricted for particular purposes. Such grants and all associated expenditure are shown as restricted funds in the statement of financial activities for the year ended 31 August 2016.

a. Reserves policy

The college's free reserves are its income funds which are freely available for the general purposes of the school and the Governors consider that these are made up of unrestricted reserves and the balance in the General Annual Grant restricted fund. At 31 August 2016, the college's free reserves were £885,765. These reserves will be needed to fund projected budget deficits over the next 3 years whilst staff restructuring and reduction takes place in response to lower pupil numbers and higher costs per member of staff in the future. In addition, reserves will fund a range of one off capital projects if grants or alternative funding cannot be secured including: refurbishments to the kitchen floor to address health and safety risks, new solar panels to reduce further energy costs, refurbishment of the library and the installation of a new 3G pitch to improve PE use, recreation use and lettings potential. In addition, reserves are also required to meet cash flow requirements and cover increases in fixed costs.

At a joint meeting of the Trust's strategic board and Finance and Personnel Committee on 19 October 2015, governors agreed to maintain a reserve of at least 1 months running costs (currently £275,000) plus £50,000 (contingency for boiler renewal). Governors continue to regularly monitor the reserve levels of the Academy. This encompasses the nature of income and expenditure streams, the need to match income with existing commitments and also to ensure the future financial stability of the College. In light of the current budgetary provision which has seen a dramatic reduction in funding to the College the reserves were drawn upon this year to support the College budget.

b. Principal risks and uncertainties

The Directors have assessed the major risks to which the Academy is exposed, in particular those related to teaching, provision of facilities and other operational areas of the Academy, and its associated finances. The Directors have implemented a consistent methodology for identifying measuring these risks and an agreed process of risk control, elimination and mitigation. Where significant risk is still present the Directors have ensured an adequate level of insurance cover is in place.

The Academy has undertaken a financial risk assessment based on potential key risks identified as:

- Not operating within its budget and running a deficit
- Changes in funding
- Inappropriate or insufficient financial controls and systems
- Fraudulent activity
- Financial commitments made without adequate authorisation

The key controls used by the academy to reduce risk include:

- Detailed terms of reference for all committees
- Formal agendas for the academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels

The school is not generally exposed to significant uncertainty in relation to financial instruments. The key issue is the pension scheme liability which is included in the accounts on the basis of actuarial advice and inevitably will be subject to fluctuations in the future.

The Academy manages its risks appropriately. We consider that risks such as the uncertainty over the LPGA deficit and future changes to GAG funding due to the introduction of a national funding formula will feature in the financial risk register as areas of concern.

Plans for future periods

a. Plans for the future

The Academy is looking to continue to budget spending in order for it to continue to provide a high quality, wide ranging and inclusive education for all its students. Stringent monitoring of budgets and careful controls will enable us to achieve this goal, however the current funding position and fall in numbers on role will present significant difficulties in enabling us to maintain a balanced budget.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Disclosure of information to auditors

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

BHP, Chartered Accountants have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

This report, incorporating the strategic report, was approved by order of the board of trustees as the company directors, on 5 December 2016 and signed on its behalf by:

A J Critchlow
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
A J Critchlow, Chair	6	6
D Willis, Principal and Accounting Officer	6	6
M E Glover, Chair of Finance & Personnel Committee	5	6
P J Bacon	6	6
A Bolt	0	2
K H Checkland	4	6
J W Collins	3	6
S Dawson	5	6
J Dunk	1	3
P Dearden, Principal and Accounting Officer	0	0
D Holden	4	6
S E Gillott	4	6
S M Perry	1	1
R A Price	4	6
C Poulson	6	6
M J Spencer	6	6
D E Shimwell	6	6
A Shenton	4	6
I C Thomas	5	6
J H Ellicock	2	2
K C James	2	2

Governance reviews:

A Skills Audit is undertaken on an annual basis to ensure the distribution of duties is effective. Where areas are found to be under represented the Governing Body will look for members with the necessary skills to come onto the Board when appropriate. There will also be training offered if available.

The Finance and General Purposes Committee is a sub-committee of the main board of trustees. Its purpose is to:

GOVERNANCE STATEMENT (continued)

- To ensure a strategic approach to planning a budget that reflects the college’s educational objectives;
- To prepare and approve annual budget, Annex 1, for submission to the Trustees;
- To keep under review the college’s actual performance compared with the budget investigating differences where necessary;
- To take remedial action where necessary and/or report to the Board of Trustees;
- To decide on expenditure within its delegated powers, overseeing procurement and tendering, following County guidance to ensure “best value”;
- To advise the Board of Trustees on expenditure outside delegated powers;
- To agree charges for letting of college ground and premises;
- To authorise virements;
- To consider and give advice on any matter referred to it by the Board of Trustees;
- To ensure the college staffing complement supports the college aims and ethos and is affordable;
- To determine staffing levels and management structure;
- To provide support guidance and accountability for the Principal on all personnel matters;
- To consider the Principal’s recommendations on teachers’ salaries in line with the college pay policy;
- Strategic planning for internal promotions and permanent staffing posts;
- To review and monitor the Performance Management Policy;
- To oversee the recruitment and retention procedure for all staff;
- To establish and develop a supervision and personal development programme for non-teaching staff;
- To review work/life balance, working conditions and monitoring of absence;
- To ensure appeals procedures on pay related matters are in place;
- To consider and give advice on any matter referred to it by the Board of Trustees.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M E Glover	5	5
J Dunk	1	2
S E Gillott	4	5
R A Price	3	5
D Willis	5	5
I C Thomas	1	1
A J Critchlow	5	5
M J Spencer	4	5
P J Bacon	4	5
J H Ellicock	1	1
K C James	1	1
S Dawson	2	2
S Perry	0	1

Review of Value for money

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

The Accounting Officer considers how the academy’s use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money

GOVERNANCE STATEMENT (continued)

during the year by:

- The College undertook a restructure within the Teaching Assistants team to align the Terms and Conditions of these staff to other non teaching staff. This resulted in all staff in this department being put on a 39 week/year and 37hr week contract. This resulted in significant on going savings to the College.
- The IT department use a preferred supplier for the purchasing of IT equipment however at regular intervals it tests the market to ensure that the prices remain competitive and that best value is maintained within the College.
- The College reduced the number of hours which it used the external Cleaning Company in order to cut costs. It was felt that this could be achieved by rescheduling the cleaning rota.
- The College asked Derbyshire County Council to negotiate a price for Insurance on it's behalf, this was done following negotiations with other Academies in the County who also passed on this work to DCC. This resulted in an improved price from the Insurance Company for all concerned.

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 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 Hope Valley College for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint BHP, Chartered Accountants as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's

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GOVERNANCE STATEMENT (continued)

financial systems. On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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 include:

- Testing of purchases and petty cash
- Testing of payroll
- Testing of school trips and miscellaneous income
- Testing of capital funding expenditure
- Testing of registers of interest

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 5 December 2016 and signed on their behalf, by:

A J Critchlow
Chair of Trustees

D Willis
Accounting Officer

HOPE VALLEY COLLEGE

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

D Willis
Accounting Officer

Date: 5 December 2016

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STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The Governors (who act as trustees of Hope Valley College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report including the Strategic Report and the financial statements in accordance with applicable law, the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, of the charitable company for the year. In preparing these financial statements, the Governors are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 5 December 2016 and signed on its behalf by:

AJ Critchlow, Chair
Chair of Trustees

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOPE VALLEY COLLEGE

We have audited the financial statements of Hope Valley College for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOPE VALLEY COLLEGE

Matters on which we are required to report by exception

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

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

Philip Allsop (Senior Statutory Auditor)

for and on behalf of

BHP, Chartered Accountants

Statutory Auditors

2 Rutland Park

Sheffield

S10 2PD

15 December 2016

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HOPE VALLEY COLLEGE AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 July 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hope Valley College during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Hope Valley College's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Hope Valley College's funding agreement with the Secretary of State for Education dated 1 September 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes:

- Detailed testing on a sample basis to assess the nature of expenditure and whether funds have been used appropriately;
- Review of the academy's internal financial procedures to ensure that controls are in place to prevent or identify regularity issues;
- Ensure that EFA approval has been obtained for relevant transactions;

- Discussions with Governors, Senior Leadership Team and the Accounting Officer throughout the audit process to ensure that all regularity threats have been addressed.

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

Philip Allsop (Senior Statutory Auditor)

for and on behalf of

BHP, Chartered Accountants

Chartered Accountants
Statutory Auditors

2 Rutland Park
Sheffield
S10 2PD

15 December 2016

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
	Note					
Income from:						
Donations and capital grants	2	-	-	257,689	257,689	208,801
Charitable activities	5	22,432	3,307,270	-	3,329,702	3,298,368
Other trading activities	3	357,804	17,048	-	374,852	428,684
Investments	4	1,275	-	-	1,275	3,192
Total income		381,511	3,324,318	257,689	3,963,518	3,939,045
Expenditure on:						
Raising funds		321,102	-	-	321,102	336,816
Charitable activities		-	3,525,586	247,512	3,773,098	3,829,995
Total expenditure	6	321,102	3,525,586	247,512	4,094,200	4,166,811
Net income / (expenditure) before transfers		60,409	(201,268)	10,177	(130,682)	(227,766)
Transfers between Funds	18	(151,545)	-	151,545	-	-
Net income / (expenditure) before other recognised gains and losses		(91,136)	(201,268)	161,722	(130,682)	(227,766)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(750,000)	-	(750,000)	29,000
Net movement in funds		(91,136)	(951,268)	161,722	(880,682)	(198,766)
Reconciliation of funds:						
Total funds brought forward		882,907	(1,346,471)	3,761,742	3,298,178	3,496,944
Total funds carried forward		791,771	(2,297,739)	3,923,464	2,417,496	3,298,178

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

REGISTERED NUMBER: 07697177

BALANCE SHEET

AS AT 31 AUGUST 2016

	Note	£	2016 £	£	As restated 2015 £
Fixed assets					
Tangible assets	15		3,923,464		3,761,742
Current assets					
Debtors	16	134,116		137,850	
Cash at bank and in hand		1,240,834		1,134,425	
			1,374,950		1,272,275
Creditors: amounts falling due within one year	17	(440,918)		(179,839)	
Net current assets			934,032		1,092,436
Total assets less current liabilities			4,857,496		4,854,178
Defined benefit pension scheme liability	23		(2,440,000)		(1,556,000)
Net assets including pension scheme liabilities			2,417,496		3,298,178
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	142,261		209,529	
Restricted fixed asset funds	18	3,923,464		3,761,742	
Restricted income funds excluding pension liability		4,065,725		3,971,271	
Pension reserve		(2,440,000)		(1,556,000)	
Total restricted income funds			1,625,725		2,415,271
Unrestricted income funds	18		791,771		882,907
Total funds			2,417,496		3,298,178

The financial statements were approved by the Governors, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:

AJ Critchlow
Chair of Trustees

The notes on pages 26 to 47 form part of these financial statements.

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>256,678</u>	<u>(163,153)</u>
Cash flows from investing activities:			
Interest received		1,275	3,192
Purchase of tangible fixed assets		(409,234)	(262,632)
Capital grants from DfE/EFA		257,689	207,933
Net cash used in investing activities		<u>(150,270)</u>	<u>(51,507)</u>
Change in cash and cash equivalents in the year		106,408	(214,660)
Cash and cash equivalents brought forward		<u>1,134,425</u>	<u>1,349,085</u>
Cash and cash equivalents carried forward		<u><u>1,240,833</u></u>	<u><u>1,134,425</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Hope Valley College constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Governors have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Governors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

1.2 Fund accounting

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account 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 Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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 Expenditure

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

Costs of raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. Accounting Policies (continued)

1.5 Going concern

The Governors 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 to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

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

Included within land and buildings is long leasehold land at valuation of £362,570 which is not depreciation.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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 Term Leasehold Property	-	15 - 30 years
Motor vehicles	-	4 years
Fixtures and fittings	-	4 years
Computer equipment	-	4 years

1.7 Taxation

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. Accounting Policies (continued)

1.8 Pensions

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

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.9 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust does not utilise any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 11.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. Accounting Policies (continued)**1.10 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Capital Grants	-	-	257,689	257,689	208,801

HOPE VALLEY COLLEGE

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

3. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Hire of Facilities	16,059	-	16,059	24,836
Catering Income	193,413	-	193,413	184,895
Other Income	148,332	17,048	165,380	218,953
	<u>357,804</u>	<u>17,048</u>	<u>374,852</u>	<u>428,684</u>

4. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Bank interest	<u>1,275</u>	<u>-</u>	<u>1,275</u>	<u>3,192</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
5. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	2,830,973	2,830,973	2,942,983
Other DfE/EFA grants	-	60,651	60,651	74,459
Other government grants non capital	-	273,443	273,443	175,255
	<u>-</u>	<u>3,165,067</u>	<u>3,165,067</u>	<u>3,192,697</u>
Other government grants				
SEN funding	-	142,203	142,203	105,108
	<u>-</u>	<u>142,203</u>	<u>142,203</u>	<u>105,108</u>
Other funding				
Student teacher and pastoral income	22,432	-	22,432	563
	<u>22,432</u>	<u>-</u>	<u>22,432</u>	<u>563</u>
	<u>22,432</u>	<u>3,307,270</u>	<u>3,329,702</u>	<u>3,298,368</u>

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Expenditure on raising funds	74,771	331	246,000	321,102	336,816
Education:					
Direct costs	2,233,859	187,245	285,225	2,706,329	2,680,597
Support costs	667,981	156,780	242,008	1,066,769	1,149,398
	<u>2,976,611</u>	<u>344,356</u>	<u>773,233</u>	<u>4,094,200</u>	<u>4,166,811</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
7. Charitable Activities

	2016 £	As restated 2015 £
<i>Direct costs - educational operations</i>		
Wages and salaries	1,811,387	1,887,117
National insurance	146,024	135,496
Pension costs	276,448	256,010
Staff development	9,108	15,765
Technology costs	47,018	51,925
Educational supplies	120,758	81,020
Examination fees	50,004	49,711
Depreciation	218,873	183,598
Maintenance of premises and equipment	24,709	18,455
Other costs	2,000	1,500
	<u>2,706,329</u>	<u>2,680,597</u>
<i>Support costs- educational operations</i>		
Wages and Salaries	457,530	504,333
National Insurance	24,189	23,210
Pension Costs	186,262	203,242
Pension finance costs (note 24)	60,000	55,000
Educational supplies	31,845	40,652
Recruitment and other staff costs	17,076	19,547
Staff Development	4,185	-
Maintenance of premises	41,030	26,635
Cleaning	43,415	55,962
Water and rates	29,072	27,373
Heat and light	43,263	47,268
Insurance	27,927	31,636
Travel and subsistence	9,846	10,100
Bank interest and charges	3,496	3,095
Depreciation	28,639	30,144
Technology costs	1,182	-
Other costs	22,869	43,769
Governance	34,943	27,432
	<u>1,066,769</u>	<u>1,149,398</u>
	<u>3,773,098</u>	<u>3,829,995</u>
Total direct and support costs		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

8. Governance costs

	2016	2015
	£	£
Auditors' remuneration - audit of financial statements	8,250	8,250
Auditors' non audit costs	3,333	9,525
Legal and professional	23,360	9,169
Other costs	-	488
	<hr/>	<hr/>
Total	34,943	27,432
	<hr/> <hr/>	<hr/> <hr/>

9. Net income/expenditure

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	247,512	213,741
Auditor's remuneration	8,250	8,250
Non-audit services	3,333	9,525
	<hr/> <hr/>	<hr/> <hr/>

HOPE VALLEY COLLEGE

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	2,175,098	2,353,471
Social security costs	171,800	159,886
Operating costs of defined benefit pension schemes	469,357	467,242
	<u>2,816,255</u>	<u>2,980,599</u>
Supply teacher costs	106,613	106,094
Staff restructuring costs	53,743	-
	<u>2,976,611</u>	<u>3,086,693</u>

Staff restructuring costs comprise:

Redundancy payments	38,743	-
Severance payments	15,000	-
	<u>53,743</u>	<u>-</u>

Included in staff restructuring costs are non-statutory severance payments totalling £53,743 (2015: £nil). Individually, the payments were : £5,182, £8,646, £1,949, £1,030, £22,096, £15,000.

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

	2016	2015
	No.	No.
Management	7	7
Teaching	41	43
Administration and support	67	81
	<u>115</u>	<u>131</u>

Average headcount expressed as a full time equivalent:

	2016	2015
	No.	No.
Management	7	7
Teaching	36	37
Administration and support	52	58
	<u>95</u>	<u>102</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
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	2016	2015
	No.	No.
In the band £ 60,001 - £ 70,000	2	1

The above employee participated in the Teachers' Pension Scheme, a defined benefit scheme.

The key management personnel of the academy trust comprise the Governors and the college management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £379,620 (2015: £444,937).

11. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £11,400 and disbursed £11,400 from the fund.

12. Governors' remuneration and expenses

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

D Willis (principal and trustee):

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

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

P Dearden (deputy principal and trustee):

Remuneration £65,000 - £70,000 (2015: £25,000 - £30,000)

Employer's pension contributions £10,000 - £15,000 (2015: £0 - £5,000)

D Shimwell (staff trustee)

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

Employer's pension contributions £5,000 - £10,000 (2015: £0 - £5,000)

I Thomas (staff trustee)

Remuneration £40,000 - £45,000 (2015: £35,000 - £40,000)

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

M Spencer (staff trustee)

Remuneration £15,000 - £20,000 (2015: £15,000 - £20,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

During the year ended 31 August 2016 no travel and subsistence expenses were reimbursed to governors (2015: £nil).

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FOR THE YEAR ENDED 31 AUGUST 2016**
13. Governors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,000 (2015 - £1,000).

14. Net interest cost

	2016 £	2015 £
Interest income on pension scheme assets	41,000	33,000
Interest on pension scheme liabilities	(101,000)	(88,000)
	<u>(60,000)</u>	<u>(55,000)</u>

15. Tangible fixed assets

	L/Term Leasehold Property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	4,135,880	9,660	147,897	59,095	4,352,532
Additions	389,940	-	7,444	11,850	409,234
At 31 August 2016	<u>4,525,820</u>	<u>9,660</u>	<u>155,341</u>	<u>70,945</u>	<u>4,761,766</u>
Depreciation					
At 1 September 2015	479,747	6,305	78,516	26,222	590,790
Charge for the year	187,245	1,549	41,631	17,087	247,512
At 31 August 2016	<u>666,992</u>	<u>7,854</u>	<u>120,147</u>	<u>43,309</u>	<u>838,302</u>
Net book value					
At 31 August 2016	<u>3,858,828</u>	<u>1,806</u>	<u>35,194</u>	<u>27,636</u>	<u>3,923,464</u>
At 31 August 2015	<u>3,656,133</u>	<u>3,355</u>	<u>69,381</u>	<u>32,873</u>	<u>3,761,742</u>

Included in land and buildings is freehold land at cost of £362,570 (2015 - £362,570), which is not depreciated.

HOPE VALLEY COLLEGE

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NOTES TO THE FINANCIAL STATEMENTS
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16. Debtors

	2016 £	2015 £
Trade debtors	2,600	7,292
Prepayments and accrued income	98,196	75,430
Tax recoverable	33,320	55,128
	<u>134,116</u>	<u>137,850</u>

17. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	73,263	158,823
Other taxation and social security	51,057	-
Other creditors	95,254	2,400
Accruals and deferred income	221,344	18,616
	<u>440,918</u>	<u>179,839</u>

18. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	882,907	381,511	(321,102)	(151,545)	-	791,771
Restricted funds						
General Annual						
Grant (GAG)	205,614	2,830,973	(2,902,745)	-	-	133,842
Pupil premium	-	60,651	(60,651)	-	-	-
Post 16 income	3,386	273,443	(270,443)	-	-	6,386
PTFA fund	529	17,048	(15,544)	-	-	2,033
SEN	-	142,203	(142,203)	-	-	-
Pension reserve	(1,556,000)	-	(134,000)	-	(750,000)	(2,440,000)
	<u>(1,346,471)</u>	<u>3,324,318</u>	<u>(3,525,586)</u>	<u>-</u>	<u>(750,000)</u>	<u>(2,297,739)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
18. Statement of funds (continued)***Restricted fixed asset funds***

Restricted Fixed
Asset Funds - all
funds

	3,761,742	257,689	(247,512)	151,545	-	3,923,464
Total restricted funds	2,415,271	3,582,007	(3,773,098)	151,545	(750,000)	1,625,725
Total of funds	3,298,178	3,963,518	(4,094,200)	-	(750,000)	2,417,496

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

Restricted general funds

General Annual Grant (GAG) - The Academy's principal funding stream received from the Education Funding Agency. This must be used to fund the normal running costs of the Academy for the benefit of existing students.

Pupil Premium - DfE funding to address the current underlying inequalities between children eligible for free school meals (FSM) and their wealthier peers by ensuring that funding to tackle the disadvantage reaches the pupils who need it most.

Post 16 income - is funding for students aged 16+.

PTFA fund- represents monies raised by parents, teachers and friends of the college, from which teachers can apply for funds for school resources.

Defined benefit pension liability - The deficit on the Local Government Pension Scheme has been recognised against restricted funds in order to match it against GAG as recommended by the EFA Accounts Direction.

Restricted fixed asset funds

The restricted fixed asset funds relate predominantly to the assets acquired on conversion to an Academy trust, being the property.

Unrestricted funds

Unrestricted funds represent other incoming resources to the trust applied for the general purposes of the trust at the discretion of the trustees.

Transfers between funds represent general funds used to acquire fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
19. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Tangible fixed assets	-	-	3,923,464	3,923,464	3,761,742
Current assets	791,771	583,179	-	1,374,950	1,272,275
Creditors due within one year	-	(440,918)	-	(440,918)	(179,839)
Provisions for liabilities and charges	-	(2,440,000)	-	(2,440,000)	(1,556,000)
	<u>791,771</u>	<u>(2,297,739)</u>	<u>3,923,464</u>	<u>2,417,496</u>	<u>3,298,178</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(130,682)	(227,766)
Adjustment for:		
Depreciation charges	247,512	213,741
Returns on investments and servicing of finance	(1,275)	(3,192)
Decrease in debtors	3,733	277,675
Increase/(decrease) in creditors	261,079	(360,678)
Capital grants from DfE and other capital income	(257,689)	(207,933)
Pension adjustment	134,000	145,000
Net cash provided by/(used in) operating activities	<u>256,678</u>	<u>(163,153)</u>

21. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	1,240,833	1,134,425
Total	<u>1,240,833</u>	<u>1,134,425</u>

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FOR THE YEAR ENDED 31 AUGUST 2016

22. Capital commitments

At 31 August 2016 the academy had capital commitments as follows:

	2016	2015
	£	£
Contracted for but not provided in these financial statements	<u>54,409</u>	<u>146,050</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. Pension commitments

The academy'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 Nottinghamshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £42,850 were payable to the schemes at 31 August 2016 (2015 - NIL) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. Pension commitments (continued)

The employer's pension costs paid to TPS in the period amounted to £238,610 (2015 - £207,933).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £192,000 (2015 - £197,000), of which employer's contributions totalled £155,000 (2015 - £152,000) and employees' contributions totalled £37,000 (2015 - £45,000). The agreed contribution rates for future years are 11.9% for employers and 7.4% 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Expected return on scheme assets at 31 August	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %

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

	2016	2015
Retiring today		
Males	22	22
Females	24.2	24.2
Retiring in 20 years		
Males	24.1	24.1
Females	26.6	26.6

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
23. Pension commitments (continued)

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	970	674
Debt instruments	260	198
Property	81	59
Cash	55	59
	<u>1,366</u>	<u>990</u>
Total market value of assets	<u><u>1,366</u></u>	<u><u>990</u></u>

The actual return on scheme assets was £-199000 (2015 - £-24000).

The overall expected return on assets is derived from a weighted average of the expected return from each of the main asset class (which is the best estimate of the future investment return for that asset class at the accounting date).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(229,000)	(242,000)
Net interest cost	(60,000)	(55,000)
Past service cost	(6,647)	(7,990)
	<u>(295,647)</u>	<u>(304,990)</u>
Total	<u>(295,647)</u>	<u>(304,990)</u>
Actual return on scheme assets	<u>(199,000)</u>	<u>(24,000)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
23. Pension commitments (continued)

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

	2016 £	2015 £
Opening defined benefit obligation	2,546,000	2,243,000
Current service cost	229,000	242,000
Interest cost	101,000	88,000
Contributions by employees	37,000	45,000
Actuarial losses/(gains)	908,000	(38,000)
Benefits paid	(15,000)	(34,000)
	<u>3,806,000</u>	<u>2,546,000</u>
Closing defined benefit obligation	<u>3,806,000</u>	<u>2,546,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	990,000	803,000
Return on plan assets (excluding net interest on the net defined pension liability)	41,000	33,000
Actuarial gains and (losses)	158,000	(9,000)
Contributions by employer	155,000	152,000
Contributions by employees	37,000	45,000
Benefits paid	(15,000)	(34,000)
	<u>1,366,000</u>	<u>990,000</u>
Closing fair value of scheme assets	<u>1,366,000</u>	<u>990,000</u>

24. Operating lease commitments

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

	2016 £	2015 £
Amounts payable:		
Within 1 year	20,066	-
Between 1 and 5 years	48,979	-
	<u>69,045</u>	<u>-</u>
Total	<u>69,045</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**
25. Related party transactions

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

No such transactions have taken place during the year.

26. SOFA prior year comparatives

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £
<i>Income from:</i>				
Donations and capital grants	868	-	-	868
Charitable activities	585	3,297,220	207,933	3,505,738
Other trading activities	420,059	9,188	-	429,247
Investments	3,192	-	-	3,192
Other income	-	-	-	-
Total income	424,704	3,306,408	207,933	3,939,045
<i>Expenditure on:</i>				
Raising funds	336,816	-	-	336,816
Charitable activities	-	3,616,253	213,742	3,829,995
Total expenditure	336,816	3,616,253	213,742	4,166,811
Net income before transfers	87,888	(309,845)	(5,809)	(227,766)
Transfer between funds	10,020	-	(10,020)	-
Net income before other gains and losses	97,908	(309,845)	(15,829)	(227,766)
Actuarial gains/(losses) on defined benefit pension schemes	-	29,000	-	29,000
Net movement in funds	97,908	(280,845)	(15,829)	(198,766)

**NOTES TO THE FINANCIAL STATEMENTS
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27. Members' liability

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

28. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

Reconciliation of total funds	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		3,496,944	3,298,178
Total funds reported under FRS 102		<u>3,496,944</u>	<u>3,298,178</u>
Reconciliation of net income	Notes		31 August 2015 £
Net income previously reported under UK GAAP			198,766
Changes in recognition of LPGS interest cost	A		15,000
Net movement in funds reported under FRS 102			<u>213,766</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined liability at either 1 September 2014 or 31 August 2015.
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