

HUNSLEY TRUST (A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2013

Company Registration No. 7542211 (England)

HUNSLEY TRUST

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HUNSLEY TRUST

REFERENCE AND ADMINISTRATIVE INFORMATION OF THE ACADEMY – MEMBERS, GOVERNORS AND ADVISORS

Members	Mr D Gilmour Mr R Swain Mrs T Beasley
Trustees (*members of the Management (including Finance) Committee)	Miss C Abbott* (Executive Principal and Accounting Officer) Mr D Gilmour* Mr R Swain* Mr P Bird – resigned 4 July 2013 Mr P Ness Mr C Hatfield* Mr D Starr* Mr P Hall* Miss N Hornsby* Mr T Walker Mr P Nicholson Mrs N Wicks* Mrs R D’Arcy* Miss S Derry* Revd. J R Walker – resigned 4 July 2013 Mr P Wong* Mr N Gill Mrs K Dow
Company Secretary	Mrs H Giddings
Senior Management Team (which also includes the Company Secretary above):	
- Head of School	Mr J Uttley
- Finance Director	Mrs J Jewitt
- Human Resources Director	Mrs L Pipes
Principal and Registered Office	East Dale Road, Melton North Ferriby, HU14 3HS
Company Registration Number	7542211 (England and Wales)
Independent Auditor	Forrester Boyd 26 South Saint Mary’s Gate Grimsby DN31 1LW
Bankers	HSBC Bank plc Merit House Priory Park West Saxon Way Hessle HU13 9PB
Solicitors	Eversheds Solicitors LLP Bridgewater Place WaterLane Leeds LS11 5DR

HUNSLEY TRUST

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2013.

Structure, Governance and Management

Constitution

Hunsley Trust is an Academy Trust being a private 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 Academy Trust is governed by its Members who delegate their responsibilities to the Trustees, in accordance with Article 94 of the Articles of Association of the company. This states that "... the business of the Academy Trust shall be managed by the Trustees who may exercise all the powers of the Academy Trust." Therefore the Members and Trustees jointly present their report together with the financial statements of the charitable company for the year ended 31 August 2013.

The Charitable Company is known as Hunsley Trust.

The Members role is more of a compliance role with less involvement in the management of the company, as day-to-day management decisions are made collectively through the Trustees Governing Body, appointed by the Members and the Trustees.

Details of the Members and Trustees who served throughout the year are included in the Reference and Administrative Information details on page 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 whilst 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 cease to be a member.

Trustees' Indemnity

During the year the Academy Trust had in place third party indemnity provisions for the benefit of the Academy Trust's Members and Trustees.

Principal Activities

The Academy Trust's principal objectives are specifically restricted for the public benefit to:-

- (a) Advancing education in the United Kingdom, 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; and
- (b) Promoting for the benefit of the inhabitants of Melton, North Ferriby and 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 or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

HUNSLEY TRUST

TRUSTEES' REPORT (continued)

Method of Recruitment and Appointment or Election of Trustees

As stated above all new Trustees are appointed by the Members and current Trustees and are responsible for the day to day management of the Academy, exercising all the powers of the Members as stated in Article 94. Any changes to Governors are listed on page 2.

Full details relating to the appointment and removal of Trustees are contained in the Articles of Association with a brief summary given below.

The Members may appoint up to 18 Trustees with their term of office being 4 years (except for the Principal Headteacher). Subject to remaining eligible any Trustee may be re-appointed or re-elected. Up to 5 Staff Trustees (including the Executive Principal) may be appointed by such processes as the Members may determine providing that the number of Staff Trustees does not exceed one third of the total number of Trustees (including the Executive Principal). The Executive Principal is treated as an ex officio Trustee.

A minimum of 2 Parent Trustees shall, if necessary, be elected by parents of registered pupils at the Academy and the Parent Trustees must be a parent of a pupil at the Academy when they were elected. The LA can appoint 1 LA Trustee. The Trustees may appoint up to 3 Co-opted Trustees including employees of the Academy providing that the number of Staff Trustees does not exceed one third of the total number of Trustees (including the Executive Principal).

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

During the year under review the Governors held 6 formal meetings in November 2012, December 2012, January 2013, March 2013, June 2013 and July 2013.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees are inducted into their role by the Chair of Governors and the Executive Principal along with the support of the Clerk to the Governing Body to ensure that they understand their trustee responsibilities and duties as a Director.

Trustee training is provided as required either on request by the governors or on the recommendation of the Executive Principal. Training this year has covered admissions, exclusions, corporate manslaughter and roles and responsibilities of academy trustee.

Organisational Structure

The Trustee Body has established four committees to carry out its work effectively. These are the Personnel Committee, Curriculum Committee, Premises and Health and Safety Committee, and Management Committee (covering finance and audit committee). In addition a number of ad-hoc Committees and Panels meet to deliver specific tasks as set out in the Academy's Scheme of Delegation. The four main Committees each met at least twice during this year.

Risk Management

The Trustees annually assess the major risks to which the Academy is exposed, in particular those relating to leadership and teaching, provision of facilities and other operational areas of the Academy and its finances. Trustees annually review the systems in place to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance.

HUNSLEY TRUST

TRUSTEES' REPORT (continued)

Risk management (continued)

This annual review, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) is completed in order to minimise risk.

During the year additional training has been delivered to all staff with management duties regarding risk management and the Academy's approach to assessing and dealing with risk. The Academy Trust has also had an external review of its risk policies and procedures and is making changes in response to this assessment.

Connected Organisations, including Related Party Relationships

The Academy Trust currently has no connected organisations or related party relationships.

Objectives and Activities

Objects and Aims

The Academy Trust's objectives are set to reflect the educational aims and ethos of the school. In setting the objectives and planning the activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

The main objects of the Academy Trust are

- (a) Advancing education in the United Kingdom, 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; and
- (b) Promoting for the benefit of the inhabitants of Melton, North Ferriby and 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 or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectivities, Strategies and Activities

The main objectives between 1 September 2012 and 31 August 2013 were:

- To develop a system of governance that ensures effective operation of all parts of the Academy Trust and builds capacity to bring other schools into the Trust.
- To develop structures and infrastructure to continue to provide high quality educational provision and ensure the long term financial sustainability of the Trust.
- To develop the site(s) to ensure that the Academy Trust is able to meet the educational needs of a growing population.

HUNSLEY TRUST

TRUSTEES' REPORT (continued)

Public Benefit

We have referred to the public benefit guidance contained in the Charity Commission general guidance when reviewing the Academy's aims and objectives and in planning future activities. The availability and access to the public of the Academy Trust's facilities is a key object within the Articles of Association.

Equal Opportunities Policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to maintain equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy supports this by adapting the physical environment wherever possible, by making support resources available and through training and career development. New buildings and improvements to existing buildings all recognise the need to be fully DDA compliant.

Achievements and Performance

At A-level, the 2013 results were the highest set of results achieved by the Sixth Form College and continued the high standards of achievement. The students taking A Levels achieved a 100% pass rate with all other indicators increasing from the previous year. The % A*-A grades increased by 5% to 27%, A*-B increased by 10% to 58% and A*-C increased by 7% to 83%. These were all above the national average and based on initial data provided, we were the highest scoring school across East Riding with our average point score per student. At 839.2 this represents our highest ever score.

The high standards at the school also extend to GCSE continuing the trend for outstanding academic achievement. 80% of students achieved 5 or more A*-C including English and Maths. This was an increase of 12% on 2012. Overall 94% of students achieved 5+ A*-C grades. The majority of subjects continue to outperform the national results at A*-C. Based on initial results, we are the highest performing school in East Riding at GCSE for both attainment and progress.

Going Concern

After making appropriate enquiries on the academy trust's ability to continue to operate as a going concern is required as best practice, the trustee body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Financial Performance Indicators

The academy produces monthly budget to actual reports to monitor its on-going progress against target. At the year ended 31 August 2013 income was 3% higher than expected, staff costs were 1% less than expected and overheads were 6% less than expected.

The academy understands that its biggest expense is staff costs and that this must be carefully monitored. The academy expects that staff costs should be less than 80% of income in order to remain efficient. In the year to 31 August 2013 staff costs were 67.9% (2012: 66.4%) of incoming resources.

HUNSLEY TRUST

TRUSTEES' REPORT (continued)

Financial Review

Financial report for the year

The financial results for the year were as expected. The formal lease agreements for the use of land and buildings have still not been completed which means that the Academy Trust currently only occupies them on a tenancy at will basis.

The Academy's main source of income (the General Annual Grant (GAG)) consists mainly of the funding for pupils aged between 11 and 16. This income is based on the "replication model" of the Local Authority's funding formula; the funding for post 16 pupils which is based on a formula administered by the EFA; and LACSEG (Local Authority Central Spend Equivalent Grant) which is a grant to cover responsibilities transferred from the Local Authority to the Academy Trust.

In addition to the educational operations of the Academy Trust, four other related operations have been performed, these are:

- Outreach work at other schools
- The Catering Service, which provides meals to students and staff as well as conference/venue hire for the public
- The Sports Centre and facilities, which when not used by the Academy, are made available to the public, and
- The Academy Trust acts as administrative agent for a number of schools for the Schools Sports Partnership.

Careful financial management had enabled South Hunsley School and Sixth Form to operate with a surplus balance. At 31 August 2013 balances on the restricted and unrestricted funds of £1,486,000 surplus and £2,026,000 surplus were carried forward.

The Academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme (LGPS). The balance at 31 August 2013 was a net liability of £1,727,000 this had decreased from the balance 31 August 2012 which was £1,759,000. The pension scheme as a whole has performed as expected and current market conditions has led to a small actuarial gain in the current financial year. We are currently reviewing our long term LGPS position and what safeguards, if any, we would be able to adopt to reduce the current market volatility is having on the financial results. The employers' contribution rate is currently 22.2% but a review on this is due to be conducted in 2014.

The Academy needs to increase classroom capacity due to residential developments within the catchment area and option appraisal work commenced in autumn 2012. Any expansion will utilise a large amount of the Academy's carried forward resources.

Financial and Risk Management Objectives and Policies

As noted in the 'Risk Management' section above, the Trustees are reviewing a number of systems to assess risks that the school faces and they have introduced systems and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

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TRUSTEES' REPORT (continued)

Financial and Risk Management Objectives and Policies (continued)

The Trustees have reviewed current examples of best practice and have:

- set policies on internal controls which cover the following:
 - the type of risks the Academy faces;
 - the level of risks which they regard as acceptable;
 - the likelihood of the risks materialising;
 - the Academy's ability to reduce the incidence and impact on the Academy's operations of risks that do materialise;
 - the costs of operating particular controls relative to the benefits obtained.
- clarified the responsibility of the Senior Leadership Team to implement the governors' policies and to identify and evaluate risks for the governors' consideration;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Academy's operations so that it becomes part of the culture of the Academy;
- developed systems to respond quickly to evolving risks arising from factors within the Academy and to changes in the external environment; and
- included procedures for reporting failings immediately to appropriate levels of management and the governors together with details of corrective action being undertaken.

Principal Risks and Uncertainties

The Academy has identified principal risks and uncertainties including:

- Income reduction as a result of changes to the national funding formula in September 2013 for students in both the Secondary School and Sixth Form College.
- On-going national curriculum changes and educational reforms.
- Future LGPS actuarial losses.
- Depreciation costs on the land and buildings once the lease is signed with the local authority (The trust is current a tenant at will in the buildings)
- Significant growth in projected student numbers over the next 10 years due to housing developments within the catchment area and potential effects on education provision.

Reserves policy

The Trustees review the reserve levels of the Academy Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the Academy Trust has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The Trustees need to ensure that the Academy Trust has sufficient working capital to cover delays between receipt of grants and spending, and are able to deal with unexpected emergencies that may arise such as emergency maintenance. The Academy Trust's current level of general reserves is £1,785,000 (2012: £952,000). Taking into account the nature of the Academy Trust's income streams, the Trustees are of the view that reserves at this level are sufficient to cover its working capital needs.

Investment policy

The Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the Academy Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

HUNSLEY TRUST

TRUSTEES' REPORT (continued)

Investment Policy (continued)

The main purpose of the Academy Trust's investment policy is to;

- ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- ensure there is no risk of loss in the capital value of any cash funds invested
- protect the capital value of any invested funds against inflation
- optimise returns on invested funds.

Plans for future periods

In order to continue to develop with consistency and coherence, we have agreed the following three key themes for school development planning over the next year:

- Distinction and high achievement
Securing outstanding outcomes for all our young people at all stages of their school career and continuing to create a culture that encourages and celebrates achievements of all kinds.
- Limitless potential
Continuing to create systems of support to ensure that all young people are able to aspire to greatness and thrive in all areas of their lives.
- Learning for its own sake
Working relentlessly to develop a love of learning in our young people through focusing on outstanding classroom practice, assessment, differentiation and challenge.

Key activities include:

- Reviewing pastoral and learning support structures for students to create smaller pastoral groups so that we can create the personalised support that is vital to successful outcomes.
- Establishing a long term strategy for estates management to ensure that we have the capacity to develop and extend as our school numbers grow.
- Implementation of a new leadership structure to secure the continuation of high attainment and achievement as the organisation expands.
- Reviewing curriculum provision.

Permission was received after the year end, but before the signing of these financial statements, for the Academy Trust to convert to a Multi Academy Trust. Steps towards this transfer are now being taken.

The Academy Trust is also working with the New Schools Network to present a bid to the Department for Education to open a Free School. The bid is due to be submitted by 31 December 2013.

Auditor

So far as the Trustees are aware:

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

HUNSLEY TRUST

TRUSTEES' REPORT (continued)

Appointment of Auditor

The independent auditors, Forrester Boyd, were reappointed during the year.

Approved by order of the board of Trustees on 12 December 2013 and signed on its behalf by:

Mr D Gilmour
Chair of Trustees

HUNSLEY TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 Hunsley Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of the Trustees' 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
D Gilmour (Chair of Governors)	6	6
R Swain	6	6
P Nicholson (Responsible Officer and Vice Chair of Governors)	4	6
P Bird	2	6
R D'Arcy (Associate Staff Governor)	5	6
S Derry (Teaching Staff Governor)	4	6
P Ness	5	6
C Hatfield	5	6
D Starr	2	6
P Hall	3	6
N Hornsby	5	6
T Walker	1	6
R Walker	3	6
N Wicks	3	6
P Wong	5	6
N Gill	3	6
K Dow	4	6
C Abbott (Executive Principal and accounting officer)	6	6

HUNSLEY TRUST

GOVERNANCE STATEMENT (continued)

The Management Committee is a sub-committee of the main Board of Trustees. Its purpose is to make recommendations to the Board of Trustees regarding statutory and non-statutory policies and financial matters. It also has Audit Committee responsibilities as delegated in the Scheme of Delegation. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
D Gilmour (Chair)	3	3
R Swain	2	3
D Starr	1	3
N Wicks	3	3
R D'Arcy	2	3
S Derry	1	3
C Abbott	3	3
P Hall	3	3
N Hornsby (Vice Chair)	2	3
P Wong	3	3
C Hatfield (Chair of Premises)	2	3

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Hunsley Trust for the year ended 31 August 2013 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 trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the 1 September 2012 to 31 August 2013 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Management Committee of reports which indicate financial performance against the forecasts;
- 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.

HUNSLEY TRUST

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed P Nicholson, a Governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The testing element of the RO work is carried out on behalf of the RO by a firm of chartered accountants and is delivered in line with the EFA requirements. On a termly basis, the RO works with the external accountants (who are independent from the external auditor) to produce a report to the Board of Trustees regarding the operation of the systems of control and on the discharge of the governing body's financial responsibilities. There have been no material control issues identified by the RO or the external accountants during the year. Any non-material recommendations have been addressed on a timely basis but the Academy Trust's finance director.

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 Responsible Officer and external accountants;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the senior leadership team and executive board 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 Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the governing body on 12 December 2013 and signed on its behalf by:

D Gilmour
Chair

C Abbott
Accounting officer

HUNSLEY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hunsley Academy Trust 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

C Abbott

Accounting officer

HUNSLEY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as governors Hunsley Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2013 and signed on its behalf by:

Mr D Gilmour
Chair

HUNSLEY TRUST

INDEPENDANT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HUNSLEY TRUST

We have audited the financial statements of Hunsley Trust for the year ended 31 August 2013, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Governors responsibilities (set out on page 14), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

HUNSLEY TRUST

INDEPENDANT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HUNSLEY TRUST (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Kevin Hopper ACA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd, Statutory Auditor

26 South St Mary's Gate
Grimsby
N E Lincolnshire
DN31 1LW

12 December 2013

HUNSLEY TRUST

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HUNSLEY TRUST AND THE EDUCATION FUNDING AGENCY

Independent Auditor's Assurance Report on Regularity to Hunsley Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 13 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hunsley Trust during the year ended 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 01 April 2011 and the Academies Financial Handbook extant from 1 September 2012, 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 2013. 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 ended 31 August 2013 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 issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

HUNSLEY TRUST

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HUNSLEY TRUST AND THE EDUCATION FUNDING AGENCY

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 ended 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Kevin Hopper ACA (Senior Statutory Auditor)
For and on behalf of Forrester Boyd, Chartered Accountants

26 South St Mary's Gate
Grimsby
N E Lincolnshire
DN31 1LW
12 December 2013

HUNSLEY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2013 £'000	Total 2012 £'000
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	3	18	-	-	18	22
Activities for generating funds	4	1,302	-	-	1,302	1,352
Investment income	5	7	-	-	7	-
Incoming resources from charitable activities:						
Funding for the Academy's educational operations	6	-	9,495	37	9,532	9,687
Total incoming resources		1,327	9,495	37	10,859	11,061
Resources expended						
Cost of generating funds:						
Costs of generating voluntary income		-	-	-	-	-
Costs of activities for generating funds		1,216	-	-	1,216	1,203
Charitable activities:						
Academy's educational operations	8	-	8,723	177	8,900	8,777
Governance costs	9	-	54	-	54	50
Other finance costs	27	-	53	-	53	56
Total resources expended	7	1,216	8,830	177	10,223	10,086
Net incoming resources before transfers						
		111	665	(140)	636	975
Gross transfers between funds		-	(49)	49	-	-
Net income for the year		111	616	(91)	636	975
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	27	-	106	-	106	(466)
Net movement in funds		111	722	(91)	742	509

HUNSLEY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2013 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) (continued)

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2013 £'000	Total 2012 £'000
Reconciliation of funds					
Funds brought forward at 1 September 2012	1,915	(963)	1,395	2,347	1,838
Net movement in funds during the period	111	722	(91)	742	509
Funds carried forward at 31 August 2013	2,026	(241)	1,304	3,089	2,347

All of the Academy's activities derive from continuing operations during the above financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

HUNSLEY TRUST

BALANCE SHEET AS AT 31 AUGUST 2013

Company Number 7542211

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	13		1,304		1,395
Current assets					
Stock	14	13		20	
Debtors	15	165		269	
Cash at bank and in hand		3,959		3,094	
		<u>4,137</u>		<u>3,383</u>	
Creditors: Amounts falling due within one year	16	625		672	
Net current assets			<u>3,512</u>		<u>2,711</u>
Total assets less current liabilities			4,816		4,106
Net assets excluding pension liability					
Pension scheme liability	27		<u>(1,727)</u>		<u>(1,759)</u>
Net assets including pension liability			<u>3,089</u>		<u>2,347</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	17		1,304		1,395
General funds	17		1,486		796
Pension reserve	17		<u>(1,727)</u>		<u>(1,759)</u>
Total restricted funds			<u>1,063</u>		<u>432</u>
Unrestricted funds					
General funds	17		<u>2,026</u>		<u>1,915</u>
Total unrestricted funds			<u>2,026</u>		<u>1,915</u>
Total funds			<u>3,089</u>		<u>2,347</u>

The financial statements on pages 20 to 39 were approved by the Trustees and authorised for issue on 12 December 2013 and are signed on their behalf by:

Mr D Gilmour
Chair of Trustees

HUNSLEY TRUST

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	21	903	1,606
Returns on investments and servicing of finance	22	7	-
Capital expenditure and financial investment	23	(45)	(66)
Increase in cash in the period	24	865	1,540
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		3,094	1,554
Net funds at 31 August 2013		3,959	3,094

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historic cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission "Statement of Recommended Practice: Accounting and Reporting by Charities" (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The trustees have considered material events and conditions that may impact upon the ability of the Company to continue as a going concern and conclude that there are none that have a material impact on their view that the Company has a long term viable future. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

Incoming resources are recognised when the Academy Trust has confirmed its entitlement to the funds, is certain of receipt, and the amount can be measured with reasonable reliability.

- **Grants receivable**

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 it is recognised as deferred and included in creditors as deferred. Where entitlement occurs before income is received, the income is accrued.

- **Sponsorship income**

Sponsorship income provided to the Academy is recognised in the Statement of Financial Activities in the period in which it is received, where there is certainty of receipt.

- **Donations**

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

- **Other income**

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

- **Donated services and Gifts in kind**

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, 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 its useful economic life in accordance with the Academy Trust's policies.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

All 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 assets use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

These are incurred in attracting voluntary income trading activities that raise funds

- **Charitable activities**

These are incurred on the Academy Trust's educational activities

- **Governance costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meeting and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are shown at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible assets, other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:-

Long leasehold buildings	40 years
Fixtures, fittings and equipment	Between 3 and 10 years
ICT equipment	Between 3 and 6 years
Motor vehicles	Between 3 and 6 years

Assets in the course of construction are included at cost but depreciation is not charged on them until they are brought into use. Charges for impairment may be made if an event or change in circumstances indicates that the net value of the fixed asset may not be recoverable. Any shortfall between the net value and their recoverable value is recognised as an impairment and included in the Statement of Financial Activities.

Leased Assets

Rentals under operating leases are charges to the Statements of Financial Activities on a straight line basis over the lease term.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

1. Statement of Accounting Policies (continued)

Stock

Stock is valued at the lower of cost and net realisable value.

Taxation

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

Pension Benefits

Retirement benefits to employees of the Academy Trust are provided by either the Teachers' Pension Scheme (TPS) or 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 the pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll costs. The levels of contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, 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.

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 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 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 until vesting occurs. The expected return on assets and the interest cost are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied for specific capital purposes as defined by the EFA/DfE etc. where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other funds received and include grants from the EFA/DfE.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy has exceeded these limited during the year ended 31 August 2013 because planning permission has been sought for approximately 1500 new homes within our catchment area. The part of the GAG carried forward (including the breach value) will be used in 2013/14 to ascertain the most appropriate way to expand our site to cater for the additional students that the developments will bring. It is expected that the first phase of new homes will be completed in 2014.

It should also be noted that the Trust has permission to become a Multi Academy Trust and steps are being taken to that this transfer happens as soon as possible. The transfer to a Multi Academy Trust will include entering into a new funding agreement with the Secretary of State. This new funding agreement will not have a carry forward restriction.

3. Voluntary Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Private sponsorship	-	-	-	21
Other donations	18	-	18	1
	18	-	18	22

4. Activities for Generating Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Sports Centre	695	-	695	676
Catering income	474	-	474	467
Other income	133	-	133	209
	1,302	-	1,302	1,352

5. Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Interest on short term deposits	7	-	7	-
	7	-	7	-

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

6. Funding for Academy's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
DfE/EFA capital grant				
Capital grants	-	37	37	37
	-	37	37	37
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	9,256	9,256	9,434
Other DFE grants	-	-	-	32
	-	9,256	9,256	9,466
Other Government grants				
Special educational projects	-	129	129	144
Statemented pupils	-	110	110	40
	-	239	239	184
	-	9,532	9,532	9,687

7. Resources Expended

	Staff costs £'000	Non Pay Expenditure		Total 2013 £'000	Total 2012 £'000
		Premises £'000	Other Costs £'000		
Costs of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	719	31	466	1,216	1,203
Academy's educational operations					
Direct costs	5,603	23	964	6,590	6,652
Allocated support costs	1,014	598	698	2,310	2,125
	7,336	652	2,128	10,116	9,980
Governance costs including allocated support costs	42	-	12	54	50
Other finance costs	-	-	53	53	56
	7,378	652	2,193	10,223	10,086

Incoming/outgoing resources for the year include:

	2013 £'000	2012 £'000
Operating leases	32	23
Fees payable to auditor – audit fees	8	8
Profit/(loss) on disposal of fixed assets	4	-

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

8. Charitable Activities – Academy’s educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2013 £'000	Total 2012 £'000
Direct costs				
Teaching and educational support staff costs	-	5,603	5,603	5,634
Depreciation	-	23	23	23
Educational supplies	-	622	622	596
Examination fees	-	195	195	240
Staff development	-	46	46	53
Educational consultancy	-	38	38	38
Other direct costs	-	63	63	68
	-	6,590	6,590	6,652
Allocated support costs				
Support staff costs	-	1,014	1,014	996
Depreciation/ profit on sale of fixed assets	-	150	150	129
Recruitment and support	-	51	51	46
Maintenance of premises and equipment	-	206	206	363
Cleaning	-	14	14	16
Rent and rates	-	64	64	46
Energy costs	-	255	255	249
Insurance	-	35	35	6
Security and transport	-	66	66	77
Bank interest and charges	-	6	6	6
Expect return on pension assets	-	21	21	(96)
Other support costs	-	428	428	287
	-	2,310	2,310	2,125
	-	8,900	8,900	8,777

9. Governance costs

	Unrestricted Funds £'000	Restricted Funds £'000	Year total 2013 £'000	Year total 2012 £'000
Legal and professional fees	-	4	4	-
Auditor’s remuneration – audit of financial statements	-	8	8	8
Support staff costs	-	42	42	42
Governors’ reimbursed expenses	-	-	-	-
	-	54	54	50

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

10. Staff costs

Staff costs during the period were:

	2013 £'000	2012 £'000
Wages and salaries	6,103	6,069
Social security costs	409	363
Pension costs	865	860
	<hr/>	<hr/>
	7,377	7,292
Supply teacher costs	38	49
Compensation payments	1	-
	<hr/>	<hr/>
	7,416	7,341

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

	2013 No.	2012 No.
Teachers	114	108
Administration and support	127	123
Management	8	7

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

	2013 No.	2012 No.
£60,001 - £70,000	1	-
£70,001 - £80,000	-	1
£120,001 - £130,000	1	-
£130,001 - £139,000	-	1

All of the employees included in the table directly above participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £27,590 (2012: £30,080).

11. Related Party Transactions - Trustees' remuneration and expenses

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of executive principal and staff and not in respect of their role as trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of the trustee's remuneration was as follows;

C Abbott (executive principal)	£110,001 - £120,000	(2012: £110,001 - £120,000)
S Derry (staff trustee)	£25,001 - £30,000	(2012: £25,001 - £30,000)
R D'Arcy (staff trustee)	£20,001 - £25,000	(2012: £20,001 - £25,000)
K Dow (employment ceased on 31/03/2013)	£10,001 - £15,000	(2012: £70,001 - £75,000)

In addition to their remuneration noted above the executive principal received payment for the Executive Headship of a special measure school and executive support to a number of category schools. This additional remuneration totalled £11,710 (2012 £24,590)

During the period ended 31 August 2013, travel, subsistence and training fess paid on behalf of or reimbursed to Governors amounted to £nil (2012: £144). Other related party transactions involving trustees are set out in note 28.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

12. Trustee' and Officers' Insurance

The Academy has purchased insurance to protect governors and employees from claims arising from negligent acts, errors or omissions occurring whilst they are undertaking Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2013 was £2,450.

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

13. Tangible fixed assets

	Land and buildings	Fixtures, fittings and equipment	ICT Equipment	Motor Vehicles	Total £'000
Cost					
At 1 September 2012	913	559	126	10	1,608
Additions	-	-	64	28	92
Disposals	-	-	-	(10)	(10)
At 31 August 2013	<u>913</u>	<u>559</u>	<u>190</u>	<u>28</u>	<u>1,690</u>
Depreciation					
At 1 September 2012	32	153	24	4	213
Charged in year	23	112	37	5	177
Disposals	-	-	-	(4)	(4)
At 31 August 2013	<u>55</u>	<u>265</u>	<u>61</u>	<u>5</u>	<u>386</u>
Net book values					
At 31 August 2013	<u>858</u>	<u>294</u>	<u>129</u>	<u>23</u>	<u>1,304</u>
At 31 August 2012	<u>881</u>	<u>406</u>	<u>102</u>	<u>6</u>	<u>1,395</u>

14. Stock

	2013 £'000	2012 £'000
Education supplies	10	17
Catering	3	3
	<u>13</u>	<u>20</u>

15. Debtors

	2013 £'000	2012 £'000
Trade debtors	28	78
Prepayments and accrued income	89	108
Other debtors	48	83
	<u>165</u>	<u>269</u>

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

16. Creditors: Amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	212	291
Other taxation and social security	122	125
Other creditors	115	112
Accruals and deferred income	176	144
	<u>625</u>	<u>672</u>

Deferred income

	2013 £'000	2012 £'000
Deferred income as 1 September 2012	71	299
Resources deferred in the period	82	71
Amounts released from previous periods	(71)	(299)
Deferred income at 31 August 2013	<u>82</u>	<u>71</u>

Deferred income includes amounts paid in advance by members of the sports centre £8,138 (2012: £58,825), SEN and other grants received in advance £nil (2012: £5,895), EFA grants received in advance for rates and insurance £62,432 (2012 £nil) and miscellaneous items £11,047 (2012: £5,988).

17. Funds

	Balance at 1 September 2012 £'000	Incoming Resources £'000	Resources Expensed £'000	Gains, Losses and transfers £'000	Balance at 31 August 2013 £'000
Restricted general funds					
General Annual Grant (GAG)	727	9,256	(8,448)	(49)	1,486
Other DfE/EFA Grants	69	239	(308)	-	-
Pension reserve	(1,759)	-	(74)	106	(1,727)
	<u>(963)</u>	<u>9,495</u>	<u>(8,830)</u>	<u>57</u>	<u>(241)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	536	37	-	-	573
Capital expenditure from GAG	859	-	(177)	49	731
	<u>1,395</u>	<u>37</u>	<u>(177)</u>	<u>49</u>	<u>1,304</u>
Total restricted funds	<u>432</u>	<u>9,532</u>	<u>(9,007)</u>	<u>106</u>	<u>1,063</u>
Unrestricted funds					
Unrestricted funds	1,915	1,327	(1,216)	-	2,026
Total unrestricted funds	<u>1,915</u>	<u>1,327</u>	<u>(1,216)</u>	<u>-</u>	<u>2,026</u>
Total funds	<u>2,347</u>	<u>10,859</u>	<u>(10,233)</u>	<u>106</u>	<u>3,089</u>

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

17. 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. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward as at 31 August 2013. Note 2 discloses whether the limit was exceeded.
- The Restricted Pension Fund relates to the deficit on the Local Government Pension Scheme.
- The Restricted Fixed Assets Fund represents fixed assets funded by capital grants and assets transferred on conversion to an Academy.

18. Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	2013 £'000	2012 £'000
Tangible fixed assets	-	-	1,304	1,304	1,395
Current assets	2,034	2,103	-	4,137	3,383
Current liabilities	(8)	(617)	-	(625)	(672)
Pension scheme liability	-	(1,727)	-	(1,727)	(1,759)
Total net assets	2,026	(241)	1,304	3,089	2,347

19. Capital commitments

	2013 £'000	2012 £'000
Contracted for, but not provided in the financial statements	-	-

20. Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £'000	2012 £'000
<u>Other</u>		
Expiring within one year	4	2
Expiring within two and five years inclusive	28	21
Expiring in over five years	-	-
	32	23

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

21. Reconciliation of net income to net cash inflow from operating activities

	2013 £'000	2012 £'000
Net income	636	975
Depreciation (note 13)	177	152
Profit on sale of fixed asset	(4)	-
Capital grants from DfE and other capital income	(37)	(37)
Interest receivable (note 5)	(7)	-
FRS 17 pension cost less contributions payable (note 27)	21	(92)
FRS 17 pension finance income (note 27)	53	56
Decrease/(increase) in stocks	7	(17)
Decrease/(increase) in debtors	104	533
(Decrease)/increase in creditors	(47)	36
Net cash flow from operating activities	903	1,606

22. Returns on investments and servicing of finance

	2013 £'000	2012 £'000
Interest received	7	-
Net cash inflow from returns on investments and servicing of finance	7	-

23. Capital expenditure and financial investment

	2013 £'000	2012 £'000
Purchase of tangible fixed assets	(92)	(103)
Capital grants from DfE/EFA	37	37
Receipts from the sale of tangible fixed assets	10	-
Net cash outflow from capital expenditures and financial investment	(45)	(66)

24. Analysis of changes in net funds

	At 1 September 2012 £'000	Cash flows £'000	At 31 August 2013 £'000
Cash in hand and at bank	3,094	865	3,959
	3,094	865	3,959

25. Contingent Liabilities

The Academy Trust does not consider itself to have any contingent liabilities.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

26. 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 required, but not exceeding £10, for the debts and liabilities contracted before he/she ceases to be a member.

27. Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding of Yorkshire 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 was 31 March 2004 and of the LGPS 31 August 2013.

Contributions amounting to £108,389 (2012: £105,272) were payable to the schemes at 31 August 2013 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Regulation (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

27. Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

This is the contribution, expressed as a percentage of the salaries of teachers and lectures in service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contributions rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and an employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the tax payer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on the reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based career average earnings; an accrual rate of $1/57^{\text{th}}$; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire.

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

Pension and similar obligations (continued)

Teachers' Pension Scheme Changes (continued)

There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection. In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the period ended 31 August 2013 was £459,000 (2012: £498,000), of which employer's contributions totalled £363,000 (2012: £399,000) and employees' contributions totalled £96,000 (2012 £99,000). The agreed contribution rates for future years are 22.2% for employers and between 5.5% and 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.

Principal Actuarial Assumptions

	31 August 2013	31 August 2012
Rate of increase in salaries	5.1%	4.5%
Rate of increase for pensions in payment/inflation	2.8%	2.2%
Discount rate for scheme liabilities	4.6%	4.1%
Inflation assumption (CPI)	1.0%	1.0%
Commutation of pensions to lump sums	65%	65%

Sensitivity analysis

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

	31 August 2013	31 August 2012
Retiring today		
Males	22.9	22.9
Females	25.7	25.7
Retiring in 20 years		
Males	24.9	24.9
Females	27.7	27.7

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

27. Pension and similar obligations (continued)

The Academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000	Expected return at 31 August 2012	Fair value at 31 August 2012 £'000
Equities	6.7%	2,282	5.5%	1,577
Bonds	3.8%	296	3.4%	259
Cash	4.7%	178	3.7%	173
Property	3.6%	207	2.8%	151
Total market value of assets		2,963		2,160
Present value of scheme liabilities – funded		(4,690)		(3,919)
Surplus/(deficit) in the scheme		(1,727)		(1,759)

The actual return on scheme assets was £344,000 (2012: £144,000)

Amounts recognised in the statement of financial activities

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	384	307
Past service cost	-	-
Total operating charge	384	307

Analysis of pension finance income/(costs)

	2013 £'000	2012 £'000
Expected return on pension scheme assets	(117)	(109)
Interest on pension liabilities	170	165
Pension finance income/(costs)	53	56

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £276,000 loss (2012: £382,000 loss).

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

27. Pension and similar obligations (continued)

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

	2013	2012
	£'000	£'000
At 1 September 2012	3,919	2,848
Current service cost	384	307
Interest cost	170	165
Employee contributions	96	99
Actuarial loss/(gain)	121	500
At 31 August 2013	4,690	3,919

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

	2013	2012
	£'000	£'000
At 1 September 2012	2,160	1,519
Expect return on assets	117	109
Contribution by members	96	99
Contributions by employer	363	399
Actuarial loss/(gain)	227	34
At 31 August 2013	2,963	2,160

The estimated value of employer contributions for the year ended 31 August 2014 is £370,000.

The history of experience adjustments is as follows:

	31 August	31 August
	2013	2012
	£'000	£'000
Present value of defined benefit obligations	(4,690)	(3,919)
Fair value of share of scheme assets	2,963	2,160
Deficit in the scheme	(1,727)	(1,759)
Experience adjustments on share of scheme assets		
Amount £'000	121	500
Experience adjustments on scheme liabilities		
Amount £'000	227	34

28. Related Party Transactions

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

HUNSLEY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013 (continued)

28. Related Party Transactions (continued)

The following related party transactions took place in the period of account:

K Dow, a trustee, completes educational consultancy work for the Academy Trust based on the knowledge and experience she gained from being the deputy head of the Academy Trust (K Dow ceased to be an employee of the Academy Trust on 31 March 2013 due to retirement). The total fees paid to K Dow during the period 1 April 2013 2012 to 31 August 2013 was £6,456 (2012:£nil).

P Hall, a trustee, completed some professional consultancy and training regarding the implementation of the new 'House System'. The total fees paid to P Hall during the period in respect of this work was £1,800 (2012 £nil).

A close family member of the Finance Director is a partner at Sadofskys Chartered Accountants, who provide payroll services and Responsible Officer support. The appointments were made directly by the trustees after receiving a minimum of three quotes and conducting interviews, the Finance Director was not involved in the decision to appoint. The total fees paid to Sadofskys Chartered Accountants during the year was £17,802.