

Hodgson Academy
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2017

Hodgson Academy

Annual Report and Financial Statements

Year Ended 31st August 2017

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Hodgson Academy

Reference and Administrative Details

Year Ended 31st August 2017

Members

Mr C McConnachie
Mrs S Molloy
Mr A Walker
Mr C Jackson

Trustees

Mr C McConnachie - Member
Mrs S Molloy - Member/Chair
Mr A Walker - Member/Parent
Mr C Jackson - Member/Parent
Mrs S Benson - Co-opted
Mrs N Galloway - Member appointed/Vice Chair
Mrs J Vila - Member appointed
Mrs S Khan - Staff
Mrs S Fox - Staff (end of term of office 16th September 2016)
Mr A Nicholson - Accounting Officer/Member
Mrs A Preston - Parent
Mrs H Benwell - Parent (appointed 19th September 2017)
Mr R Pendlebury-Jones - Parent (resigned 7th June 2017)
Mr D Yarwood - Principal/Ex officio (appointed to Board of Trustees effective from 1st September 2016)
Mrs J Glynn - Staff (appointed 19th September 2016)

Secretary

Mr M Pickles

Strategic Leadership Team

Mr A Nicholson - Executive Principal
Mr D Yarwood - Acting Principal (appointed permanent Principal 13th December 2016)
Mr I Siddall - Acting Deputy Principal (appointed permanent Deputy Principal 3rd April 2017)
Mr P Lamoury - Senior Assistant Principal (resigned 20th April 2017)
Mr P Marsden - Senior Assistant Principal (appointed 29th August 2017)
Ms S Hetherington - Senior Assistant Principal
Ms J Aionesei - Senior Assistant Principal (appointed permanent senior assistant principal from 1st March 2017)
Mrs J Bristow - Acting Senior Assistant Principal
Mr A Day - Assistant Principal (Acting member of SLT with effect from 1st March 2017)
Mr C Malone - Acting Assistant Principal (appointed 1st March 2017)
Mr M Pickles - Finance Director

Hodgson Academy

Reference and Administrative Details

Year Ended 31st August 2017

Principal and Registered Office

Moorland Road
Poulton-le-Fylde
Blackpool
FY6 7EU

Company Registration Number

07604183

Independent Auditor

CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Bankers

Lloyds Bank PLC
Corporation Street
Blackpool
FY1 1EY

Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

The Trustees present their annual report together with the financial statements and auditor's report of Hodgson Academy for the period from the 1st September 2016 to 31st August 2017. 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 mainly in the Wyre and Blackpool districts. It has a pupil capacity of 1125 and had a roll of 1093 on the May 2017 school census.

1. Structure, Governance and Management

1.1 Constitution:

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees act as the Trustees for the charitable activities of the Academy Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Hodgson Academy, Company Number 07604183.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability:

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

1.3 Trustees' Indemnities:

Since the incorporation of the Charitable Company on 14th April, 2011 the Trustees (Directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 11 to the Financial Statements the limit of this indemnity is £10,000,000.

1.4 Method of Recruitment and Appointment or Election of Trustees:

The processes for appointing or electing the various types of Trustee at Hodgson Academy are as follows:

1) *Member Trustees* – The Members (Trustees) of Hodgson Academy have the right to appoint up to SEVENTEEN Trustees.

2) *Parent Trustees* – The Articles of Association require that there shall be a minimum of FOUR Parent Trustees. Parents, including carers, of registered pupils at the School are eligible to stand as individuals for election as a Parent Trustee. They are elected by other parents at the School as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Trustee elections.

If insufficient parents stand for election, the Board of Trustees must appoint Parent Trustees to bring their number up to that required by the Articles of Association. Such appointed Parent Trustees would preferentially be parents or carers of registered pupils at the School. If, however, no such parents are willing to undertake the role then the Board of Trustees can appoint any person who is the parent or carer of one or more school-age children.

3) *Staff Trustees* – Up to THREE Staff Trustees are elected by the School staff as individuals, representative of the staff of the School. Both teaching and support staff paid to work at the School are eligible for Staff Trusteeship.

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

At Hodgson Academy the first and third Staff Trustee places are reserved for teachers of the School. If, however, no teacher stands for election a member(s) of the support staff can be elected to take one or both of these places.

Additionally, the second Staff Trustee place is reserved for a member of the School's support staff, but if no member of the support staff stands for election then a teacher can be elected to take that place.

Suitable procedures have been put in place for the conduct of Staff Trustee elections.

4) *Co-opted Trustees* – Up to THREE Co-opted Trustees can be appointed by the Board of Trustees because they have experience and/or expertise of particular benefit to the school. Following an identification of specific needs suitable candidates are identified by the Board of Trustees and approached accordingly.

A "Co-opted Trustee" means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed.

The Trustees may not appoint an employee of Hodgson Academy as a Co-opted Trustee if the number of Trustees who are employed by the School (including the Principal) would thereby exceed one third of the total number of Trustees.

5) The Principal is an ex-officio Trustee.

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees:

Following their appointment/election all new Trustees receive an introduction to their role from the Chairman and Principal. This introduction includes the opportunity to tour the school site and to meet other members of the Academy's Leadership Teams. An Induction Pack of information relevant to their role is issued by the Local Authority Governor Services Team who provide support to the Governing Body.

The Board of Trustees at Hodgson Academy is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively.

To this end the Board of Trustees maintains a Service Level Agreement with the Local Authority's (Lancashire County Council) Governor Services Department. This Agreement allows for any or all of the members of the Board of Trustees to attend any of the training courses provided by the Local Authority. Training is also sourced from other external providers including Fylde Coast Academy Trust.

All new Trustees are actively encouraged to take advantage of this agreement so as to gain a better understanding of the role and responsibilities of being a School Trustee. Additionally, Trustees with specific roles within the Board of Trustees are strongly encouraged to undertake specific training.

There is a nominated Link Trustee who acts as liaison between Governor Services and the Board of Trustees.

1.6 Organisational Structure:

Before conversion to Academy status on 1st May 2011 Hodgson Academy was a maintained school as defined in the School Standards and Framework Act 1998.

The majority of the roles and responsibilities of the Board of Trustees were delegated to a small number of committees. The full Board of Trustees retained full responsibility for certain actions.

Upon conversion the Academy restructured its governing committees to reflect the roles and responsibilities of the Trustees. Three main committees, Business and Resources, Standards and Effectiveness and Audit and Risk Management met on a regular basis throughout the school year with all of them reporting back to the full Board of Trustees. The Committees had specific Terms of Reference which were reviewed and renewed on an annual basis.

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

This structure was ended during the financial year to 31st August, 2016 with the Board of Trustees determining that it would meet on a more regular basis throughout the school year and that all business would be conducted through the Board rather than through sub committees. It was agreed that if Trustees attended all Board meetings there would be greater focus and greater awareness across all Trustees rather than duties / responsibilities being shared across Trustees via a committee based structure. This remains the current organisational structure.

Members of the Strategic Leadership Team (SLT), in addition to the Executive Principal and Principal, attend the Trustees meetings as appropriate.

The role of the Board of Trustees is a strategic one with three key functions:

- Overseeing the financial performance of the school and making sure its money is well spent.
- Holding the head teacher to account for the educational performance of the school and its pupils .
- Ensuring clarity of vision, ethos and strategic direction.

Operational management is the responsibility of the Executive Principal, Principal and staff. The latter is carried out at a number of levels i.e. by the Strategic Leadership Team, the Extended Leadership Team, the Operational Leadership Team, Lead Teachers and Heads of Houses.

The Academy policies are developed by senior members of the Academy's staff, consulting as appropriate, to reflect both the strategic direction agreed by the Trustees and also statutory requirements. These policies are approved and adopted by Strategic Leadership Team or by the Board of Trustees where appropriate. They are then implemented as procedures and systems by the Strategic Leadership Team and other designated members of staff.

During the period 1st September 2016 to 31st August 2017 the full Board of Trustees has met 6 times.

Since 2005 the Strategic Leadership Team at Hodgson has been regarded as 'outstanding' by Ofsted. To the very clear benefit of our students and their life chances in the modern world, our track record of strong and effective strategic leadership and governance has been a cornerstone of the continued improvements made at Hodgson Academy. The Board of Trustees remain extremely proud of these achievements and the Board will continue to work closely with the Strategic Leadership Team to plan for a future where Hodgson Academy remains one of England's very best and most highly achieving schools.

Reflecting this history of effective collaborative work with other schools, Hodgson in partnership with Blackpool Sixth Form College was, six years ago, designated one of the country's first 100 National Teaching Schools, Mr Nicholson was already at that time a National Leader of Education (NLE). Since our designation as The Fylde Coast Teaching School we have built up a national profile for excellence in 'school to school support', leadership development and teacher training. In line with the continued excellent achievements of Hodgson Academy and our Teaching School, the Department of Education approached us to consider the sponsorship of a small number of local academies in the Fylde Coast area. After long and detailed discussions at all levels within the governing bodies and the leadership teams of both Hodgson and Blackpool Sixth Form College the academy agreed to this request. The Teaching School, via a newly created Trust, Fylde Coast Academy Trust, took over the sponsorship of Unity Academy on 1st September 2013 and similar sponsorships of Aspire Academy and Montgomery School came into effect on 1st September 2014 and 1st October 2014 respectively. Subsequently a number of other primary and secondary schools have joined Fylde Coast Academy Trust. The Trust will be opening a new free school, Armfield Academy, in September 2018.

Underpinning all the above negotiations and plans has been the governing body's determination to secure the very best on-going and future provision for Hodgson Academy students. It was agreed by the Board of Trustees at the time to adjust the leadership structure at Hodgson to ensure the very best school leadership for Hodgson and the structures have subsequently undergone a number of changes to reflect the needs of the Academy. During the financial year it was agreed that:

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Trustees' Report

Year Ended 31st August 2017

- Executive Principal, Mr Tony Nicholson, remains as Executive Principal of Hodgson Academy and will oversee Hodgson for two days per week. With the full support of the Board of Trustees he devotes his remaining time to the support of other schools through the Fylde Coast Academy Trust who employ him in a Chief Executive capacity for three days per week.
- Mr Derek Yarwood was appointed to the role of Principal.
- Mr Iain Siddall was appointed to the role of Deputy Principal.

The Board of Trustees will continue to review leadership structures to ensure that Hodgson's leadership continues to have the necessary skills and leadership capacity to drive the academy forward in its pursuit of ongoing excellence.

The leadership structure is designed to provide the necessary strong and continued commitment to Hodgson Academy students and to deliver the capacity to facilitate our wider responsibility for the improvement of opportunities of a greater number of Fylde Coast learners.

Whilst the Board of Trustees have opted to remain a stand-alone academy and not be part of the Multi Academy Trust that is Fylde Coast Academy Trust, the Academy remains a committed and enthusiastic sponsor along with Blackpool Sixth Form College and is dedicated to helping to improve the life chances of students across the Fylde Coast.

1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel:

The Board of Trustees determines the pay scales / ranges for key management personnel upon their appointment or if there is a change in responsibilities that warrant a review of such scales / ranges.

The Board take into account the guidance in the School Teachers Pay and Conditions Document and any local factors or issues in relation to recruitment to ensure that the role attracts the calibre of staff required.

The Board of Trustees is satisfied that the pay scales set in respect of key management personnel are fair and reasonable and would compare favourably with other maintained schools and academies.

Key management personnel in 2016/17 were deemed to be:-

Mr A Nicholson, Executive Principal and Trustee
Mr D Yarwood, Principal
Mr I Siddall, Deputy Principal
Mr M Pickles, Finance Director
Mr P Lamoury, Senior Assistant Principal
Mr P Marsden, Senior Assistant Principal
Ms S Hetherington, Senior Assistant Principal
Ms J Aionesei – Senior Assistant Principal
Mrs J Bristow – Acting Senior Assistant Principal
Mr A Day – Assistant Principal
Mr C Malone – Acting Assistant Principal

The following staff were Trustees, having been duly elected as staff Trustees.

Mrs S Khan, Staff Trustee
Mrs J Glynn, Staff Trustee
Mrs S Fox, Staff Trustee (retired as Trustee September 2016)
They are paid only in respect of their staff role.

All Trustees are unpaid in respect of their role as Trustee. No expenses were paid to Trustees in 2016/17 in respect of their role as Trustee.

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

The Board of Trustees have established an Appraisal Committee that undertakes the objective setting and review of the Executive Principal and the Principal. The Appraisal Committee then make recommendations to the Trustees' Pay Committee as to any Pay Progression in respect of these post-holders. No staff member is a member of these committees.

The Principal ensures that in line with the Academy's Appraisal Policy objective setting and review processes are undertaken for staff and that recommendations are made by reviewers as to whether Pay Progression should take place.

The Trustees' Pay Committee meets annually to listen to the recommendations for Pay Progression and determines as to whether any such progression takes place (an Appeals Committee will hear any Appeals to their decisions).

Performance Management is rigorous and staff are held fully accountable for their role within the Academy.

1.8 Related Parties and Other Connected Charities and Organisations:

Hodgson Academy Parent, Teachers and Friends Association
Hodgson Uniform Shop Limited

Hodgson is a Teaching School in partnership with Blackpool Sixth Form College. The Teaching School is established via a separate organisation, Fylde Coast Teaching School Limited. The Teaching School in turn has created Fylde Coast Academy Trust.

2. Objectives and Activities

2.1 Objects and Aims:

The principal object and activity of the Charitable Company is the operation of Hodgson Academy to provide education for pupils between the ages of 11 and 16. The Academy provides an education for pupils who are drawn from the area in which the School is situated.

2.2 Objectives, Strategies and Activities:

The Academy Trust was set up on 14th April 2011 to advance, for the public benefit, education in the Wyre, Blackpool and Fylde area of the County of Lancashire by maintaining, operating and developing Hodgson Academy; a school with a history and tradition dating back to 1932. Hodgson Academy offers a broad-based curriculum. The Academy continues to review its curriculum offer on an annual basis to support the importance of pupils having a secure grounding to move forward with relevant and appropriate pathways into further and higher education, apprenticeships and training and of course gainful employment.

The Board of Trustees is determined to maintain the traditional ethos, values, standards and achievements of the School, whilst continuing to work to fulfil the academy's longer term development plans.

The academy's ethos is friendly, positive and well disciplined. We have high expectations for every single student here, to ensure they strive to achieve to the very best of their ability.

The academy actively promotes the fundamental British values of democracy, the rule of law, individual liberty, and mutual respect and tolerance for those with different faiths and beliefs; We are committed to delivering the acronyms PAUSE and CARE, our agreed moral code. PAUSE and CARE remind us all of the most important rules of Hodgson:

P = Punctuality to Hodgson and to lessons
A = Attendance at Hodgson
U = Uniform worn in the correct manner each day
S = Safe & Sensible Behaviour
E = Effort & Examination Success

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

Care and Respect for Everyone

By

- Promoting care and respect.
- Motivation and enjoyment.
- Inspiring a love of learning.
- Developing independence and creativity.
- Encouraging participation.
- Ensuring aspiration and achievement.
- Motivation and enjoyment.

we will achieve our School aims

- Through the Hodgson Experience, our students will grow into confident, resilient and respectful young people ready for the next stage of their lives.
- To release the full potential of all our learners, fostering a culture of life-long learning and enabling all to be successful.
- To provide a safe, supportive, health conscious and sustainable environment in which all learners can flourish, enjoy and achieve.
- Inspirational and ethical leadership ensures that the academy contributes to the raising of education standards both in and beyond Hodgson.

Our Development Plan Objectives for the Academic Year 2016/2017 were based around the following headings;

- All students make outstanding progress and the gap between disadvantaged students and their peers is eliminated over time.
- Cultivate a teaching repertoire that meets the needs of all learners.
- Develop resilience in all sectors of the academy community.
- Secure sustainable, impactful leadership and staffing.
- Narrow in-school gaps in attainment and progress between groups of students and subjects.
- Seamless transition from KS2 through to KS4.

We believe that we have made excellent progress with regards to our Development Plan objectives during the course of 2016/17.

Moving forward our Development plan objectives for 2017/18 are as follows:

- All students make outstanding progress.
- Teaching and Learning at Hodgson meets the needs of all learners and shows continuous improvement.
- Hodgson has sustainable, impactful leadership, staffing and governance.
- Students at Hodgson follow the rules and make every lesson count.
- The transition from KS2 to KS5 at Hodgson is impactful at all stages.

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

- Hodgson is an outstanding sponsor of Fylde Coast Academy Trust and a highly successful Teaching School.
- Hodgson ensures the new workforce reform agenda has impact on staff well-being and staff performance.

2.3 Public Benefit:

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Hodgson Academy is the maintenance and development of the high quality education provided by the Academy to the young people of Poulton le Fylde and the surrounding locality.

In doing this Hodgson Academy not only offers a broad-based academic education but aims to educate the whole child. The Academy is proud of the personalisation that takes place with its curriculum so that all students regardless of academic ability have the opportunity to succeed. Individual curriculum pathways are constructed that incorporate academic and appropriate vocational education that ensures the engagement of our pupils and provides the platform for their entry into further education and employment.

A very wide-range of extra-curricular activities and educational visits both locally, nationally and internationally are offered and undertaken which form part of the overall Hodgson Experience.

3. Strategic report

3.1 Achievements and Performance:

Hodgson Academy establishes challenging targets and monitors the progress of all students throughout their education. We ensure that intervention programmes are quickly established when there are signs that expected levels of progress are not being achieved and indeed when greater than expected levels of progress are not being achieved.

Examination results for the academic year 2016/17 (prior to formal validation in the DfE Performance Tables)

The Academy is proud to report the outstanding achievements of the year 11 class of 2017.

In the first year of the new and more challenging GCSEs in English and Maths, 82% of students achieved at least a Grade 4 or above in both of these subjects, and 55% of students achieved a Grade 5 or above in both subjects. These figures demonstrate that Hodgson students have achieved well in advance of both local and national averages in the new 'Basics' measures.

We were also delighted that 78% of students achieved at least 5 GCSEs at Grade 4 or above including English and Maths and that 77% of students entered for the full suite of 'EBacc' subjects passed all of these subjects at Grade 5 or above. 25% of grades achieved across all subjects were at A/7 or above.

These results produced an Attainment 8 score of 51.7, another performance significantly above local and national figures. Our provisional 'Progress 8' score for 2017 is 0.1, which indicates that students at Hodgson have once again outperformed students in other schools nationally based on their starting point.

Special recognition must go to the 18% of students who achieved at least 5 Grades at A/7 or above, a truly exceptional individual performance which reflects the immense commitment of these students to their studies.

Amid a climate of variable national trends, these results reflect strong achievement and progress across the curriculum. We will of course work tirelessly to further improve outcomes for 2018 and beyond.

Details of examination performance can also be found at;

<https://www.compare-school-performance.service.gov.uk/school/136717>

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

Achievement of identified groups

The Academy measures all performances in identified groups amongst our cohort of students. These groups are defined by amongst others, Sex, Race, Special Educational Need, Prior Attainment at Key Stage 2, Free School Meals (Pupil Premium) and Looked after Children.

We are committed to 'narrowing the gap' between all groups of students so that all students achieve as well as their peers and that they make outstanding progress relative to their starting points at the academy.

The school publishes a full report on the performance of its Pupil Premium students with reference to their performance against non-Pupil Premium students both at the school and nationally. This report is published on the school website;

<https://www.hodgson.lancs.sch.uk/>

Other Achievements

Teaching School

Hodgson Academy, in partnership with Blackpool Sixth Form College, is a designated National Teaching School. This prestigious designation was awarded in the first instance to only 100 schools / partnerships in the initial wave of designations.

The partnership continues to take a national and regional lead in both shaping and delivering the training and professional development of current and future generations of teachers. Hodgson Academy has a long tradition of supporting and mentoring other schools to raise their attainment, but our Teaching School status is enabling us to extend this work even further.

The Teaching School's Vision

Our moral imperative is to ensure outstanding learning opportunities for all students on the Fylde Coast, in order to enhance life chances. The alliance will narrow the gap in achievement ensuring continuous improvement in standards of attainment.

The Fylde Coast Teaching School Alliance is committed to facilitating the highest standards of teaching, learning and assessment in each phase of learning. The Alliance will ensure excellent professional development both for current practitioners and leaders and for future recruits to the profession and aspiring leaders. Through dynamic partnerships, the Alliance will make a significant contribution to raising standards in all associated schools. We embrace change and will seek to challenge complacency, revitalising learning and ensuring success for all; those learning, teaching and leading. At all times we recognise and embrace a learning culture, constantly seeking to improve practice and outcomes in home organisations and across our community.

Aims

- To generate and maintain momentum in educational innovation to secure outstanding practice in all phases of learning.
- To develop professional relationships based on Trust, Transparency and High Aspirations.
- To ensure a sustainable educational model by developing teachers and leaders of the future.

The Teaching School has formed the Fylde Coast Academy Trust (FCAT).

It should be noted that the financial arrangements for the Teaching School Alliance and Fylde Coast Academy Trust have been entirely separate from Hodgson Academy. The Teaching School is established as a Trust in its own right as is the Fylde Coast Academy Trust and academy funds have not been utilised to support these Trusts. Hodgson Academy is reimbursed by the Trusts for the support that it provides in ensuring that the Trusts' objectives can be achieved.

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Trustees' Report

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The Board of Trustees does believe that in order for the Academy to be genuinely outward facing, learn from good and outstanding practice elsewhere and to fulfil its moral obligation to support other schools it will need to purposefully commit to the provision of time and resources to achieve this in its role / capacity as a sponsor of the Fylde Coast Academy Trust.

3.2 Key Performance Indicators:

The Academy has focused on the following, in 2016/17:

- **Continuation of investment towards enhancing the facilities and environment of the school and to make best use of reserves that had built up above expected levels.**

The Academy continues to be pleased with the results of this on-going programme details of which are contained later within this report (Section 4.1)

- **Financial sustainability - Ensuring that effective budget planning over a three-year period is taking into account increasing staff costs (National Insurance and pension costs), new staffing structures and new curriculum structures as well as the capital investment planned for improvements to our school site and buildings.**

Budgets are in place for 2017/18, 2018/19 and 2019/20 and will continue to be reviewed moving forward.

- **Examination performance.**

The Academy is very pleased with the outcomes for 2016/17 which are summarised in section 3.1

- **Sustaining student numbers at optimum levels.**

The Academy was comfortably over-subscribed for the 2017 intake. Following the year 11 class of 2017 moving onto pastures new we are pleased to report that the Academy is now full. We are confident that the current picture remains a healthy one providing Hodgson continues to offer the educational experience and achievements that parents and their children aspire to.

- **Embedding leadership structures to ensure the capacity remains available within Hodgson to support the activities of the Teaching School and the support of other schools.**

We are confident that our leadership structures allied to changes in roles and responsibilities are continuing to provide the quality and capacity of leadership that is expected of an outstanding school.

- **Ensuring that the Academy Governance offers a breadth of skills and knowledge and strongly holds the Academy to account for its performance.**

Training has been completed with the Board of Trustees to continue to enhance their skills and knowledge, so that they can continue to provide the necessary level of challenge and strategic overview to our school leaders.

Changes to the Board structures have established a greater focus on the key performance areas of the Academy during 2016/17

3.3 Going Concern:

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that Hodgson 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 note of the financial statements (note 1).

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Trustees' Report

Year Ended 31st August 2017

4. Financial Review

4.1 Operating and Financial Review:

The Academy remains in a strong financial position.

Most of the Academy's income is obtained from the Department for Education via the Education and Skills Funding Agency (ESFA) in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

On conversion to an Academy on the 1st May 2011, all of the fixed assets of the predecessor school were transferred to the new Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in note 1 to the Financial Statements.

Our Year 7 intake in September 2012 was well below the norm and has been running at approximately 30 students below the admission number. All other year groups were on or around the admission number. The year group in question have now left the Academy and have been replaced by a 'full' Year 7, hence the school is now fully subscribed. This will favourably impact upon our GAG from September 2018.

Our staffing position remains strong with all teaching positions filled for the start of the academic year. New leadership structures are in place and budgeted for. Staffing costs remain a clear focus moving forward as we address further our leadership capacity and our curriculum requirements for the coming years. Investment in our infrastructure has been made as follows:

- Investment has been made in improving our gas boiler plant.
- Our photocopying facilities have been completely upgraded.
- Roofing refurbishment over our B Block and Gymnasium areas has been underway since the summer of 2017 (supported by the Condition Improvement Fund). This project will be completed during the Autumn Term of 2017.
- CCTV facilities have been completely upgraded and security enhancements made to our Reception facilities.
- Further investment has taken place in renewing our ICT infrastructure.
- Ladies toilet facilities have been upgraded.
- Our Millennium Garden area has been fully re-surfaced and a Reading Garden area has begun to be established.
- The refurbishment of our Learning Centre has commenced during the summer holiday period.

4.2 Reserves Policy:

Under its Funding Agreement with the Secretary of State for Education, Hodgson Academy is allowed to hold reserves at the year end of 2% of its General Annual Grant (GAG) for expenditure of a recurrent nature and a further 10% for expenditure of a capital nature, including maintenance and refurbishment of the academy's buildings and facilities.

The Academies Financial Handbook has clarified that these limits have been removed in certain circumstances but if there is a substantial surplus in evidence there must be a clear plan for how it will be used to benefit all pupils.

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Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

The Trustees have reviewed these reserve levels and believes that they comfortably provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies such as urgent maintenance. Under normal circumstances the Governors would aim to maintain reserves of between 5% and 10% of GAG as an appropriate cushion.

The Academy had previously exercised a considerable degree of caution due to concerns over a possible reduction in student numbers due to historical falling birth rates. The Academy did not wish to commit to expenditure that would impact on reserve levels moving forward until we were satisfied that student numbers were sustainable and indeed improving. This resulted in higher GAG balances / reserves being held for a period of time pending the go ahead to embark on a capital investment programme for our school site / buildings.

It is pleasing to report that our GAG balance is still within the Funding Agreement (FA) limit.

4.3 Investment Policy:

Apart from the cash held for the operation of the Academy, Hodgson Academy has no realisable investments. With respect to its cash holdings the Board of Trustees has adopted a low risk strategy. In addition to the main current account the School maintains 'notice' money market accounts to generate additional interest.

4.4 Principal Risks and Uncertainties:

Hodgson Academy has, since incorporation, been undertaking a comprehensive assessment of possible risks to the future of the academy (Risk Register).

The chief risks currently identified are as follows:

1. The retention and recruitment of quality staff.
2. Failure to ensure there is sufficient staff or resources to deliver services to the appropriate level.
3. The capacity of leadership throughout the academy, reflecting the needs of new leaders and the necessary support to the Teaching School and Fylde Coast Academy Trust.
4. Failure to have procedures in place to cover absence of the academy principal or other SLT members.
5. Ensuring necessary succession planning is in place.
6. Performance Management and Pay Policies remaining rigorous, but fair, and reflecting the need to deliver the standards required of the academy as well as rewarding staff appropriately.
7. Examination results – the reputational risks if results are seen to be falling.
8. Examination results – the performance of separate cohorts and ensuring that gaps are narrowed on a year by year basis.
9. Risk of inaccurate student performance data.
10. Ofsted – the reputational risks if standards are seen to be falling as well as the impact on the Teaching School.
11. Failure to provide adequate safeguarding of pupils.
12. Leadership of Special Educational Needs and Disabilities (SEND) & Safeguarding following the retirement of the existing Special Educational Needs Co-ordinator (SENCO) on 31st August 2015 and the resignation of Deputy Principal on 31st August, 2016.
13. Risk of an inappropriate or unwanted individual entering the school or occupying part of the school.
14. Risk to safety of pupils and staff on overseas trips.
15. The Teaching School – the reputational risks if the academy's name is called into question by the appropriateness and success of our alliances.
16. The risks of remaining a stand-alone academy as opposed to the risks of joining a Multi Academy Trust (Fylde Coast Academy Trust).
17. Student Numbers – the risks of falling rolls as a result of a fall in our own standards / reputation or the increasing standards / reputation of competitor organisations.

(Continued)

Hodgson Academy

Trustees' Report

Year Ended 31st August 2017

18. The expertise / skill set of the Governing Body in overseeing the strategic direction of the academy, holding the academy to account and ensuring financial stability. Failure to recruit Governors who have the correct profile, skills and experience.
19. Failure to ensure that the academy has a robust organisational approach in place to deliver governance of the school.
20. Academy premises unavailable for a significant period of time. Robustness of contingency planning.
21. Inadequate insurance cover.
22. Loss of IT systems for a significant period of time.
23. Through negligence, a pupil, staff member or visitor is seriously injured whilst on academy premises or undertaking academy activity.
24. Failure of the school to have adequate financial management systems to prevent fraud.
25. Local Government Pension Scheme Deficit.
26. Data Protection.

This risk assessment is a dynamic, ongoing assessment. The Board of Trustees oversee the Risk Register and it is a standing item on all Board meetings. All risks are currently being managed satisfactorily and actions will be taken should it become necessary to do so.

5. Plans for Future Periods

Hodgson Academy will continue to work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to further and higher education and ultimately employment.

The Trustees recognise that through good financial management they have been able to invest in and improve significantly the quality of the built environment of the academy in recent years.

Since 2010 and prior to this year the Sports Hall has been fully redeveloped, four Science Laboratories have been refurbished, new Bus Bays have been built, a new Dance / Drama studio has been built, a new Training Centre (the Learning Pod) has been developed and a new All Weather pitch has been laid. Significant roofing works have taken place further improving the structure of our school buildings. A new ICT suite has been developed and significant investment continues to be made in upgrading our ICT infrastructure.

Section 4.1 contains details of expenditure in buildings and ICT for this financial year.

Further projects are being assessed to continue to invest wisely in maintaining and improving our facilities.

Careful financial management has placed the Academy in a strong position to meet the challenges that lie ahead in respect of possible reduced income streams from government. Full and detailed reviews of all expenditure will always remain necessary on an ongoing basis to ensure that our financial position remains sustainable and efficient over time and that the Academy can continue to invest and deliver an outstanding education to all of its students over the years to come.

Identification of additional funding streams through for example donations, successful funding bids and fundraising activities will further help to boost the Academy's financial resources.

6. Funds held as Custodian Trustee on behalf of others

During the year ending the 31st August 2017 Hodgson Academy did not hold any funds as a Custodian Trustee on behalf of any other charitable organisation.

(Continued)

Hodgson Academy

Trustees' Report

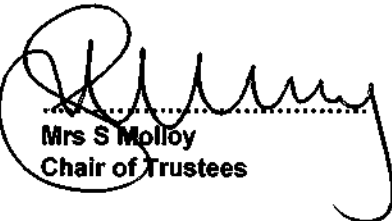
Year Ended 31st August 2017

7. Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on the 21/2/2017 and signed on the board's behalf by:



.....
Mrs S Molloy
Chair of Trustees

Hodgson Academy

Governance Statement

Year Ended 31st August 2017

1. Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, and the Principal 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 Hodgson Academy 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.

2. Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statements of Trustees' Responsibilities.

Full Board of Trustees

The Board of Trustees has met formally six times during the period ended the 31st August 2017. Attendance at meetings of the Full Board of Trustees in the period was as follows: (63 out of 77 possible attendances – 81.8%).

TRUSTEE	MEETINGS ATTENDED	OUT OF POSSIBLE
Mr C McConnachie	5	6
Mrs S Molloy	6	6
Mr A Walker	6	6
Mr C Jackson	4	6
Mrs S Benson	2	6
Mrs N Galloway	6	6
Mrs J Villa	5	6
Mrs S Khan	3	6
Mrs S Fox (term of office ended 16 th September 2016)	0	0
Mr A Nicholson	6	6
Mrs A Preston	6	6
Mr R Pendlebury-Jones (resigned 7 th June 2017)	3	5
Mr D Yarwood (appointed 1 st September 2016)	6	6
Mrs J Glynn (appointed 19 th September 2016)	5	6

3. Review of Value for Money

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

(Continued)

Hodgson Academy

Governance Statement

Year Ended 31st August 2017

- Staff at Hodgson are fully accountable for student progress and achievement as well as delivering our Academy Plan. Rigorous performance management is the key driver. Investment in effective professional development and effective collaboration with others drives forward a culture of continuous improvement. As a Teaching School we strive, in conjunction with our strategic partners to provide quality Continuous Professional Development (CPD) and Joint Practice Development (JPD).
- Distributed leadership is a feature of our organisational structures. Hodgson is a designated Teaching School in partnership with Blackpool Sixth Form College. Leadership capacity at Hodgson has been organised to meet the demands placed upon us and remains under constant review to ensure that we have the necessary capacity in place.
- Our curriculum is monitored and reviewed annually to ensure that it provides the necessary pathways for all of our student population. The school has a three-year Key Stage 4 with effect from September 2015 to reflect student and curriculum needs. Our staffing profile is structured to ensure that it meets the curriculum demand and maximises efficiency. Structures will continue to adapt accordingly to meet future needs. Investment in staffing has previously taken place in key subject areas such as Mathematics and English, supported by the Pupil Premium, to enhance provision and further improve the student's opportunities to succeed. Further investment has also been targeted at Science.
- In School variation across subject areas is identified annually and acted upon with increased support put in place as necessary.
- Support staffing structures are continually reviewed to ensure that they reflect the needs of the Academy.
- Substantial resources are allocated to improving and maintaining our ICT infrastructure to support the demands of the curriculum and the tracking and monitoring of student progress. The availability of appropriately specified PC's, Laptops, Notebooks and iPad's has been crucial to supporting students as well as the necessary back office infrastructure. Further significant investment went into upgrading such equipment during 2016/17 following the necessary tender processes.
- The Academy has had a Lead Teacher of Cohorts (Pupil Premium, Gifted & Talented and Key Stage 3 Catch Up) to co-ordinate and drive forward the necessary interventions to ensure these students achieve all that can be expected from them. Further restructuring of the strategic leadership team has now allowed for one member to focus their energies on these crucial cohorts.
- The vast majority of students are targeted to make better than expected progress. Strong & effective intervention programmes and extensive revision and additional support programmes are budgeted for, and provided to meet the demands of identified students and student groups.
- The Academy Plan identifies, where necessary, those specific cohorts that are identified as needing additional focus.
- All Cohorts are rigorously tracked. Line Management meetings throughout the organisation are focused on student progress.
- Hodgson is a designated Teaching School in partnership with Blackpool Sixth Form College. The Teaching School, in collaboration with the Sixth Form and in conjunction with its strategic partners is at the forefront of CPD / Joint Practice Development (JPD) provision and the sharing of best practice for both ourselves and other schools.
- Training is delivered across the Teaching School with its partners utilising the skills of staff from across all of the establishments.
- The Executive Principal is a National Leader of Education (NLE) and the Academy has a number of Specialist Leaders of Education (SLE's).

(Continued)

Hodgson Academy

Governance Statement

Year Ended 31st August 2017

- The Teaching School has formed Fylde Coast Academy Trust which has sponsored schools in Blackpool, Unity Academy, Aspire Academy and Montgomery School. The Trust also encompasses a number of other schools (primary & secondary) and will open a new 'all-through' free school in September 2018.
- The Academy has continued to allocate resources to continue its work with feeder primary schools. Facing potential falling rolls within the locality the importance of recruiting new students every year has been crucial to maintaining our income at the levels we expect. Although income was a crucial factor in this decision the increased activities have further enhanced our knowledge of students coming to Hodgson and improved their transition to us thus helping to get them off to a 'flying start'. Additional outlay within such transition work will pay for itself if student numbers are secured. This work will continue even though admission numbers are now stable and building developments within the locality are further helping to secure population growth in the area.
- The Trust has been undergoing a significant period of refurbishment / redevelopment detailed elsewhere in this report. Tendering processes are utilised to ensure Value for Money.
- Examination results for the academic year 2016/17 confirm that the Academy has achieved some excellent outcomes.
- Our Progress 8 Score of 0.1 (a score above zero means pupils made more progress, on average, than pupils across England who got similar results) is well above the Local Authority score of -0.13 and the National score for state funded schools of -0.03.
- 55% of our students achieved the basics measure of at least a grade 5 in English and mathematics. (Local Authority 42.2% National re State Funded Schools 39.1%).
- 82% of our students achieved the basics measure of at least a grade 4 in English and mathematics. (Local Authority 64.2% National re State Funded Schools 63.3%).
- 77.2% of our students gained 5 A*-C including English and Maths which was the highest result of any state funded school on the Fylde Coast.
- Our Attainment 8 Score of 51.7 points is well above the Local Authority score of 45.4 points and the National score for state funded schools of 44.2 points.
- Attendance rates for students and staff are excellent.
- The Academy's financial performance during this period has been strong with controlled day to day expenditure augmented by a programme of buildings refurbishment and redevelopment.
- The Board of Trustees holds the school to account. Regular monitoring of the Academy's financial performance takes place and governors take a full interest in the Academy's expenditure plans.
- The Academy Plan drives forward the key priorities for the academic year and Trustees take responsibility for the monitoring of our progress towards achieving the relevant objectives.
- Our financial outcomes have been met in that the academy remains in a healthy financial position, with funding available to support capital reinvestment in the school as well as provide further support and intervention to those cohorts of students that need it.
- The Academy continues a regular program of review of all Service Level Agreements / Contracts to achieve best value. Our Catering Services have been tendered in 2016/17 and new contractors have been appointed for the new academic year.
- The Academy has accessed the academies financial benchmarking site. The financial benchmarking site utilised by the majority of secondary schools (not academies) has also been utilised.

(Continued)

- Our major focus has been ensuring that our total staffing costs measure favourably against similar organisations and that all staffing decisions taken have reflected thoroughly on both the short term and the long term implications of any such appointments. As such, careful monitoring of such expenditure continues to be needed to ensure that our staffing cost ratios do not begin to rise and remain under control. Appropriate targets will be established to ensure this takes place.
- Internal Financial Regulations are in place to ensure that tendering is undertaken where it is necessary to do so. The academy will not choose the cheapest option if it is not appropriate to do so, but if it is to choose a more expensive route then such decisions will be appropriately recorded and explained. Cheapest is not always best and other factors such as quality of service provision play an important role in decision making.
- All significant spending decisions are channelled through Governors to discuss and debate the most appropriate way forward considering all the options available to us.
- The Academy has continued to utilise Local Authority support functions where 'economies of scale' determine that we can receive a better price.
- We are registered with a number of consortiums e.g. Crescent Purchasing and Yorkshire Purchasing to take advantage where appropriate of purchasing frameworks. We utilise Crown Commercial service for energy procurement.
- Lancashire Academies have created a Finance Directors Forum which has started to look at how we can work together to generate the best deals for us all as a group. The Academy is a member of the Lancashire Association of School Business Managers which similarly looks at 'group' purchasing options. The Academy works with Fylde Coast Academy Trust in generating economies of scale and working together to share resources effectively.
- The Academy has a formal 'lettings' programme which generates a steady income through the hire of the academy premises for sport, music, drama and adult education.
- Funding bids are investigated and submitted where there is a reasonable anticipation of success.
- The Board of Trustees monitors the Academy's financial performance. Internal Financial Regulations are in place and expenditure above agreed limits has to be ratified by Trustees.
- The Board of Trustees monitors the Academy Risk Register and identifies the most serious risks to the academy. The Board ensures that the risks identified are suitably eradicated, treated and / or controlled.
- An investment policy is in place and the Academy accesses fixed interest money market accounts through its bankers to increase investment income. No share based investments are held.
- Insurance is in place to meet all Department for Education (Dfe) requirements.
- The Academy continues to reflect on all decisions made in light of the outcomes that it can measure.

4. 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 the Academy Trust's 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 Hodgson Academy for the period from the 1st September 2016 to the 31st August 2017 and up to the date of approval of the annual report and financial statements.

(Continued)

Hodgson Academy

Governance Statement

Year Ended 31st August 2017

5. 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 year ended 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

6. 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:

- 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 Board of Trustees of reports which indicate as appropriate 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, and;
- Identification and management of risks.

The Trustees have appointed a Responsible Officer (RO) through our auditors following the cessation of this role by the Local Authority's Internal Audit team due to financial constraints on the part of the LA. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO 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 RO function has been fully delivered in line with the EFA's requirements and no material control issues arose as a result of the RO's work.

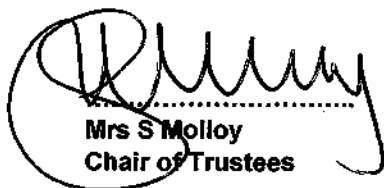
7. Review of Effectiveness


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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 the 12/12/2017 and signed on its behalf by:


Mrs S Molloy
Chair of Trustees


Mr A Nicholson
Accounting Officer

Hodgson Academy

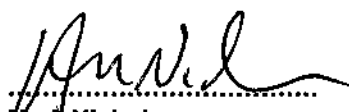
Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2017

As Accounting Officer of Hodgson Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2016.

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 ESFA.



Mr A Nicholson
Accounting Officer

Date: 12/12/2017

Hodgson Academy

Statement of Trustees' Responsibilities

Year Ended 31st August 2017

The Trustees (who act as governors of Hodgson Academy and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and 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 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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education 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 the 12/12/2017 and signed on its behalf by:



Mrs S Molloy
Chair of Trustees

Hodgson Academy

Independent Auditor's Report to the Members of Hodgson Academy

Year Ended 31st August 2017

We have audited the financial statements of Hodgson Academy (the 'Academy Trust') for the year ended 31st August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's Members those matters we are required to state to them in an 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 Academy Trust and the Academy Trust's Members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at the 31st August 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

(Continued)

Hodgson Academy

Independent Auditor's Report to the Members of Hodgson Academy

Year Ended 31st August 2017

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 23, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

(Continued)

Hodgson Academy

Independent Auditor's Report to the Members of Hodgson Academy

Year Ended 31st August 2017

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 18-12-17

Hodgson Academy

Independent Reporting Accountant's Assurance Report on Regularity to Hodgson Academy and the Education and Skills Funding Agency

Year Ended 31st August 2017

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

This report is made solely to Hodgson Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hodgson Academy and ESFA 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 Hodgson Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hodgson Academy's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Hodgson Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1st September 2016 to the 31st August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2016 to 2017 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

Hodgson Academy

Independent Reporting Accountant's Assurance Report on Regularity to Hodgson Academy and the Education and Skills Funding Agency

Year Ended 31st August 2017

Conclusion

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



.....
Mr Jeffrey Bellamy FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 18-12-17

Hodgson Academy

Statement of Financial Activities (including Income and Expenditure Account)

Year Ended 31st August 2017

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	3	-	181	201	382	293
Charitable activities:						
Funding for the Academy Trust's educational operations	6	3	5,310	-	5,313	5,260
Other trading activities	4	235	45	-	280	386
Investments	5	5	-	-	5	8
Total		243	5,536	201	5,980	5,947
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
Academy trust's educational operations	7,8	199	5,809	338	6,346	5,967
Other		-	-	-	-	-
Total		199	5,809	338	6,346	5,967
Net income/(expenditure)		44	(273)	(137)	(366)	(20)
Transfers between funds	16	-	74	(74)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	16, 26	-	323	-	323	(773)
Net movement in funds		44	124	(211)	(43)	(793)
Reconciliation of funds:						
Total funds brought forward	16	565	(1,833)	7,392	6,124	6,917
Total funds carried forward	16	609	(1,709)	7,181	6,081	6,124

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

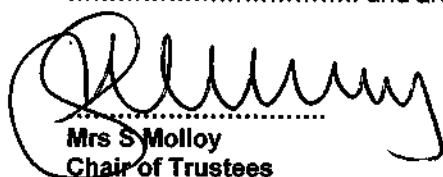
Hodgson Academy

Balance Sheet

Year Ended 31st August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	12		6,989		7,205
Current assets					
Debtors	13	126		157	
Cash at bank and in hand		<u>1,190</u>		<u>1,096</u>	
		1,316		1,253	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(423)</u>		<u>(368)</u>	
Net current assets			<u>893</u>		<u>885</u>
Total assets less current liabilities			7,882		8,090
Creditors: Amounts falling due after more than one year	15		(21)		-
Net assets excluding pension liability			<u>7,861</u>		<u>8,090</u>
Defined benefit pension scheme liability	26		(1,780)		(1,966)
Net assets including pension liability			<u>6,081</u>		<u>6,124</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	16	7,181		7,392	
General fund	16	71		133	
Pension reserve	16	<u>(1,780)</u>		<u>(1,966)</u>	
Total restricted funds			5,472		5,559
Unrestricted income funds	16		609		565
Total funds			<u>6,081</u>		<u>6,124</u>

The financial statements on pages 29 to 51 were approved by the trustees, and authorised for issue on the 12/20/17 and are signed on their behalf by:


 Mrs S Molloy
 Chair of Trustees

Company Limited by Guarantee
 Registration Number: 07604183

Hodgson Academy

Statement of Cash Flows

Year Ended 31st August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(11)	198
Cash flows from investing activities	22	84	(670)
Cash flows from financing activities	21	21	-
Change in cash and cash equivalents in the reporting period		<u>94</u>	<u>(472)</u>
Cash and cash equivalents at 1st September 2016		1,096	1,568
Cash and cash equivalents at 31st August 2017	23	<u>1,190</u>	<u>1,096</u>

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies

General information and basis of preparation

Hodgson Academy is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 3 of these financial statements and the principal place of business is Moorland Road, Poulton-le-Fylde, Blackpool, FY6 7EU. The nature of the Academy Trust's operations and principal activities are set out in the Trustees' Report on page 4.

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• Grants 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 of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the period 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 an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

1 Statement of accounting policies (continued)

Income (continued)

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

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

Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. As an exception to this the Trustees have agreed to capitalise ICT equipment costing in excess of £200.

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

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

Long leasehold buildings	Over 125 years' straight line
Building refurbishments	Over 10 years' straight line
Fixtures, fittings and equipment	Over 8 years' straight line
ICT equipment	Over 3 years' straight line
Motor Vehicles	Over 4 years' straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

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

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

Leased assets

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

Notes to the Financial Statements

Year Ended 31st August 2017

1 Statement of accounting policies (continued)

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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 Part 11, Chapter 3 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.

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1 Statement of accounting policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at the 31st August 2017 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 Trust has not exceeded these limits during the year ended 31st August 2017.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
ESFA capital grants	-	200	200	22
Trips and other non-public funds	-	177	177	192
Other donations	-	5	5	79
	<u>-</u>	<u>382</u>	<u>382</u>	<u>293</u>

Income from donations and capital grants was £382,000 (2016 - £293,000) of which £nil (2016 - £nil) was attributable to unrestricted funds, £181,000 (2016 - £201,000) was attributable to restricted general funds and £201,000 (2016 - £92,000) was attributable to restricted fixed asset funds.

£200,000 (2016 - £22,000) of government grants were received for capital and maintenance works.

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	25	-	25	27
Catering income	122	-	122	105
Sale of educational goods and services	61	-	61	46
Supplies of staff	27	-	27	172
Insurance claim income	-	45	45	36
	<u>235</u>	<u>45</u>	<u>280</u>	<u>386</u>

Income from other trading activities was £280,000 (2016 - £386,000) of which £235,000 (2016 - £350,000) was attributable to unrestricted funds, £45,000 (2016 - £36,000) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	5	-	5	8
	<u>5</u>	<u>-</u>	<u>5</u>	<u>8</u>

Investment income was £5,000 (2016 - £8,000) of which £5,000 (2016 - £8,000) was attributable to unrestricted funds, £nil (2016 - £nil) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

6 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	5,091	5,091	5,044
Other DfE/ESFA grants	3	200	203	190
	<u>3</u>	<u>5,291</u>	<u>5,294</u>	<u>5,234</u>
Other Government grants				
Local Authority grants	-	19	19	26
	<u>-</u>	<u>19</u>	<u>19</u>	<u>26</u>
Other income from the Academy Trust's educational operations	-	-	-	-
	<u>3</u>	<u>5,310</u>	<u>5,313</u>	<u>5,260</u>

Funding for Academy Trust's educational operations was £5,313,000 (2016 - £5,260,000) of which £3,000 (2016 - £4,000) was attributable to unrestricted funds, £5,310,000 (2016 - £5,256,000) was attributable to restricted general funds and £nil (2016 - £nil) was attributable to restricted fixed asset funds.

£5,313,000 (2016 - £5,260,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

7 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds	-	-	-	-	-
Academy Trust's educational operations					
Direct costs	3,841	189	688	4,718	4,692
Allocated support costs	622	574	432	1,628	1,275
	<u>4,463</u>	<u>763</u>	<u>1,120</u>	<u>6,346</u>	<u>5,967</u>

£199,000 (2016 - £328,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £5,809,000 (2016 - £5,353,000) was attributable to restricted general funds and £338,000 (2016 - £286,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2017 £000	2016 £000
Operating lease rentals	1	1
Depreciation	338	285
(Gain)/loss on disposal of fixed assets	-	1
Amortisation of intangible fixed assets (included within Charitable Activities – Academy Trust educational operations)	-	-
Fees payable to the auditor for:		
Audit	3	3
Other services	7	7
	<u>349</u>	<u>297</u>

No transactions have taken place under Section 3.1.8 of the 2016 Academies Financial Handbook which require additional disclosure.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

8 Charitable activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	4,718	4,692
Support costs – educational operations	<u>1,628</u>	<u>1,275</u>
	6,346	5,967

Analysis of support costs	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	622	622	573
Depreciation	21	21	15
Premises costs	553	553	282
Other support costs	417	417	387
Governance costs	<u>15</u>	<u>15</u>	<u>18</u>
Total support costs	1,628	1,628	1,275

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the Trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

9 Staff

(a) Staff costs

	2017 £000	2016 £000
Staff costs during the period were:		
Wages and salaries	3,353	3,441
Social security costs	282	261
Operating costs of defined benefit pension schemes	700	618
	<u>4,335</u>	<u>4,320</u>
Apprenticeship Levy	1	-
	<u>4,336</u>	<u>4,320</u>
Supply staff costs	127	90
Staff restructuring costs	-	-
	<u>4,463</u>	<u>4,410</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

(b) Staff numbers

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

	2017 Number	2017 Full-time equivalent	2016 Number	2016 Full-time equivalent
Teachers	67	60	65	62
Administration and support	52	41	52	40
Strategic Leadership Team	9	9	9	9
	<u>128</u>	<u>110</u>	<u>126</u>	<u>111</u>

(c) Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£110,001 - £120,000	-	1
	<u>3</u>	<u>4</u>

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

9 Staff (continued)

(d) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Strategic Leadership Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £580,000 (2016: £624,000).

10 Related party transactions - Trustees' remuneration and expenses

One or more Trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head teacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head teacher 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:

A Nicholson (Executive Principal and Trustee):

Remuneration	£65,001 - £70,000 (2016: £110,001 - £115,000)
Employers' pension contributions	£10,001 - £15,000 (2016: £15,001 - £20,000)

T Roethling (Principal and Trustee): Retired 31st August 2016

Remuneration	Not a Staff Trustee (2016: £80,001 - £85,000)
Employers' pension contributions	Not a Staff Trustee (2016: £10,001 - £15,000)

L Brunskill (Staff Trustee): Resigned 15th January 2016

Remuneration	Not a Staff Trustee (2016: £15,001 - £20,000)
Employers' pension contributions	Not a Staff Trustee (2016: £1 - £5,000)

D Yarwood (Principal and Trustee): Appointed 1st September 2016

Remuneration	£75,001 - £80,000 (2016: Not a Staff Trustee)
Employers' pension contributions	£10,001 - £15,000 (2016: Not a Staff Trustee)

S Khan (Staff Trustee):

Remuneration	£40,001 - £45,000 (2016: £40,001 - £45,000)
Employers' pension contributions	£1 - £5,000 (2016: £nil - £nil)

S Fox (Staff Trustee): Resigned 16th September 2016

Remuneration	£1 - £5,000 (2016: £25,001 - £30,000)
Employers' pension contributions	£1 - £5,000 (2016: £1 - £5,000)

J Glynn (Staff Trustee): Appointed 19th September 2016

Remuneration	£25,001 - £00,000 (2016: Not a Staff Trustee)
Employers' pension contributions	£1 - £5,000 (2016: Not a Staff Trustee)

During the year ended 31st August 2017, travel and subsistence expenses totalling £243 were reimbursed or paid directly to 1 Trustee (2016: £103 to 1 trustee).

Other related party transactions involving the Trustees are set out in note 27.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

11 Trustees' and officers' insurance

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

12 Tangible fixed assets

	Leasehold Land and Buildings £000	Building Refurbishments £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost						
At 1 st September 2016	6,015	1,623	30	591	15	8,274
Additions	-	-	8	114	-	122
Disposals	-	-	-	(140)	-	(140)
At 31 st August 2017	6,015	1,623	38	565	15	8,256
Depreciation						
At 1 st September 2016	256	313	15	472	13	1,069
Charged in period	48	162	5	122	1	338
Disposals	-	-	-	(140)	-	(140)
At 31 st August 2017	304	475	20	454	14	1,267
Net book values						
At 31 st August 2016	5,759	1,310	15	119	2	7,205
At 31 st August 2017	5,711	1,148	18	111	1	6,989

13 Debtors

	2017 £000	2016 £000
Trade debtors	5	38
VAT recoverable	44	36
Other debtors	7	11
Prepayments and accrued income	70	72
	<u>126</u>	<u>157</u>

14 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	184	132
Taxation and social security	79	84
Other creditors	68	68
Accruals and deferred income	92	84
	<u>423</u>	<u>368</u>

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

15 Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Other creditors	21	-
	<u>21</u>	<u>-</u>

Other creditors relate to a loan received to fund roof repairs in the school funded via the ESFA Salix scheme with no interest charged on the balance outstanding. The term of the loan is 8 years with repayments made in September and March of each year for the life of the loan.

The total repayable after more than five years is £10,000 (2016 - £nil).

16 Funds

	Balance at 1 st September 2016 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	107	5091	(5,217)	81	62
ESFA Pupil premium	9	179	(182)	-	6
Other DfE/ESFA grants	7	21	(25)	-	3
Local Authority grants	3	19	(22)	-	-
Other restricted funds	7	226	(226)	(7)	-
Pension reserve	(1,966)	-	(137)	323	(1,780)
	<u>(1,833)</u>	<u>5,536</u>	<u>(5,809)</u>	<u>397</u>	<u>(1,709)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	-	200	-	(195)	5
Other capital grants	187	-	-	-	187
Capital assets post conversion	1,446	1	(290)	121	1,278
Assets on conversion	5,759	-	(48)	-	5,711
	<u>7,392</u>	<u>201</u>	<u>(338)</u>	<u>(74)</u>	<u>7,181</u>
Total restricted funds	<u>5,559</u>	<u>5,737</u>	<u>(6,147)</u>	<u>323</u>	<u>5,472</u>
Total unrestricted funds	<u>565</u>	<u>243</u>	<u>(199)</u>	<u>-</u>	<u>609</u>
Total funds	<u>6,124</u>	<u>5,980</u>	<u>(6,346)</u>	<u>323</u>	<u>6,081</u>

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

The 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 was subject to a limit on the amount of GAG that it could carry forward at 31st August 2017. Note 2 discloses whether the limit was exceeded. At the year end the carry forward of GAG funding was £62,000.

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

16 Funds (continued)

Other DfE/ESFA Grants including pupil premium includes monies received outside of GAG funding and these Grants are all related to the furtherance of education within the Academy. £9,000 of these funds remains unspent at the 31st August 2017.

Local Authority grants represent amounts payable to the Academy predominantly from Lancashire County Council. These funds relate to Special Educational Needs (SEN) funding and non ESFA pupil premium. As at the 31st August 2017 all funds had been spent.

Other restricted funds include monies from trips & non-public funds and donations. During the year the trips & non-public funds had no excess expenditure over income. A donation brought forward from the Parent Teacher Friends Association of £7,000 towards trampoline purchases was spent during the year.

The pension reserve represents the value of the Academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit had reduced to £1,780,000 at the 31st August 2017.

DfE/ESFA capital grants represent capital monies received during the year from the ESFA, predominantly from the Capital Improvement Fund for flat roof repairs. As at 31st August 2016, all of the Capital Improvement funding had been utilised, however £5,000 of other capital grant funding remained unspent and is carried forward to the next accounting period.

Other capital grants represent capital monies received from Lancashire County Council on conversion to Academy status. This balance of £187,000 remains unspent at the year end and the full amount is carried forward to the next accounting period.

Capitalised assets post conversion represents the value of assets purchased since conversion to Academy status. These assets will be depreciated in line with the accounting policies agreed by the Trustees as set out in note 1.

Assets on conversion represent the transfer of leasehold assets, valued at £6,015,000 per the ESFA building valuation carried out in 2012, into the Academy on conversion to Academy status depreciated over a 125 year period.

Unrestricted funds represents funds generated via activities such as from Teaching School activities, lettings, catering and bank interest receivable. This fund also includes the surplus on conversion to Academy status of £337,000. The surplus on this fund at the year end was £609,000 and these funds can be used at the discretion of the Trustees to meet the charitable objectives of the Academy.

17 Analysis of net assets between funds

Fund balances at the 31st August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	6,989	6,989
Current assets	609	515	192	1,316
Current liabilities	-	(423)	-	(423)
Non-current liabilities	-	(21)	-	(21)
Pension scheme liability	-	(1780)	-	(1,780)
Total net assets/(liabilities)	609	(1709)	7,181	6,081

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

18 Capital commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	<u>115</u>	<u>107</u>

19 Commitments under operating leases

Operating leases

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

	2017 £000	2016 £000
Amounts due within one year	-	1
Amounts due between one and five years	-	-
Amounts due after five years	-	-
	<u>-</u>	<u>1</u>

20 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2017 £000	2016 £000
Net (expenditure) for the reporting period (as per the Statement of Financial Activities)	(366)	(20)
Adjusted for:		
Depreciation (note 12)	338	285
Capital grants from DfE and other capital income	(201)	(92)
Interest receivable (note 5)	(5)	(8)
Defined benefit pension scheme cost less contributions payable (note 26)	99	12
Defined benefit pension scheme finance cost (note 26)	39	42
Decrease in debtors	31	44
Increase/(decrease) in creditors	76	(65)
Net cash (used in) /provided by operating activities	<u>(11)</u>	<u>198</u>

21 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	-	-
Cash inflows from borrowing	21	-
Net cash provided by financing activities	<u>21</u>	<u>-</u>

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

22 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	5	8
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(122)	(770)
Capital grants from DfE/ESFA	200	22
Capital funding received from others	1	70
Net cash provided by/(used in) Investing activities	84	(670)

23 Analysis of cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	1,190	1,096
Total cash and cash equivalents	1,190	1,096

24 Contingent Liabilities

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

25 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.

26 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31st March 2012 and of the LGPS 31st March 2013.

Contributions amounting to £19,368 (2016: £17,815) were payable to the schemes at 31st August 2017 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 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

26 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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 31st 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 9th 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);
- 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; and
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st April 2019.

The pension costs paid to TPS in the period amounted to £611,000 (2016: £637,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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 the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31st August 2017 was £221,000 (2016: £207,000), of which employer's contributions totalled £171,000 (2016: £159,000), and employees' contributions totalled £50,000 (2016: £48,000). The agreed contribution rates for future years are 17.5% for employers and the rate for employees remains dependent on the salary of the employee.

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

Notes to the Financial Statements

Year Ended 31st August 2017

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Principal Actuarial Assumptions	At 31 st August 2017	At 31 st August 2016
Rate of increase in salaries	3.7%	3.3%
Rate of increase for pensions in payment/inflation	2.2%	1.9%
Discount rate for scheme liabilities	2.4%	2.1%
Inflation assumption (CPI)	2.2%	1.8%

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

	At 31 st August 2017	At 31 st August 2016
<i>Retiring today</i>		
Males	22.6	23.0
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	24.9	25.2
Females	27.9	27.9

Sensitivity Analysis

		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	Central	+0.1% pa discount rate	+0.1% pa inflation	+0.1% pa pay growth	1 year inc in life expectancy
	£000	£000	£000	£000	£000
Liabilities	3,998	3,917	4,081	4,016	4,071
Assets	(2,218)	(2,218)	(2,218)	(2,218)	(2,218)
Deficit	1,780	1,699	1,863	1,798	1,853
Projected service cost	267	260	274	267	272
Projected net interest cost	41	40	43	41	42

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 st August 2017 £000	Fair value at 31 st August 2016 £000
Equity instruments	974	788
Government bonds	42	-
Other bonds	51	51
Property	231	194
Cash	102	72
Other	818	938
Total market value of assets	2,218	2,043

The actual return on scheme assets was £262,000 (2016: £390,000).

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	265	168
Interest income	-	-
Interest expense	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	265	168

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

	2017 £000	2016 £000
At 1st September	4,009	2,609
Current service cost	265	168
Past service cost	-	-
Interest cost	84	105
Employee contributions	50	48
Actuarial (gain)/loss	(345)	1100
Benefits paid	(65)	(21)
Losses or gains on curtailments	-	-
Unfunded pension payments	-	-
Effect of non-routine transactions	-	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31st August	3,998	4,009

Hodgson Academy

Notes to the Financial Statements

Year Ended 31st August 2017

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2017 £000	2016 £000
At 1 st September	2,043	1,470
Interest income	-	-
Return on plan assets (excluding interest income)	45	63
Assets distributed on settlements	-	-
Actuarial (loss)/gain	(22)	327
Employer contributions	171	159
Employee contributions	50	48
Benefits paid	(65)	(21)
Effect of non-routine settlements	-	-
Administration expenses	(4)	(3)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 st August	<u>2,218</u>	<u>2,043</u>

27 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 the trust has an interest. All transactions involving such organisations are conducted at cost and in accordance with the trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

No related party transactions with Trustees took place during the course of the year ended 31st August 2017.

The Hodgson Academy PTFA has a shop on the academy premises that sells Hodgson uniforms directly from the manufacturer. During the year, the Academy purchased uniforms amounting to £1,017 of which £nil was owing at the year end.