

Registered number: 07398941 ()

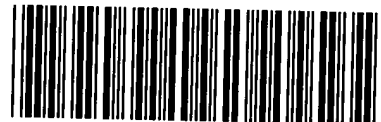
HIGHDOWN SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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HIGHDOWN SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

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

Members

Trustees

Ms R Cave, Headteacher
Mr N Butcher, Parent Governor
Mrs L Gannon, Staff Governor
Mr G Haskins, Staff Governor
Ms S Kitson, Parent Governor
Ms C Lamsdale, Local Authority
Ms D Mander, Appointed Governor
Mr A Ranjantie, Parent Governor
Mrs S Sadler, Staff Governor
Mr J Taylor, Parent Governor
Mr T Taylor, Appointed Governor
Ms N Truman, Appointed Governor
Mr D White, Appointed Governor
Mr S Woodhull, Appointed Governor
Mrs A McFarlane, Parent Governor (resigned 7 June 2016)

Company registered number

07398941

Company name

Highdown School and Sixth Form Centre

Principal and registered office

Highdown School and Sixth Form Centre, Surley Row, Emmer Green, Reading, RG4 8LR

Company secretary

Mrs A Martin

Senior management team

Ms R Cave, Headteacher
Mr I Wright, Deputy Headteacher
Mr M Grantham, Deputy Headteacher
Mr J Reid, Associate Deputy Headteacher

Independent auditors

Crowe Clark Whitehill LLP, 49 - 51 Blagrove Street, Reading, Berkshire, RG1 1PL

Bankers

HSBC Bank Plc, Harry Weston Road, Binley, West Midlands, CV3 2TQ

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Highdown School is an academy for pupils aged 11 to 18 serving a catchment area in Caversham, North Reading. It has a pupil capacity of 1540 and had a roll of 1252 in the school census on 1/10/2016.

Objectives and Activities

OBJECTIVES, STRATEGIES AND ACTIVITIES

The principal object and activity of the charitable company is to establish and maintain an independent state school to be known as Highdown School and Sixth Form Centre whose curriculum has an emphasis on mathematics and computing.

The characteristics of an Academy are a school that:

- Has a broad curriculum with an emphasis on particular subject areas;
- Provides education for students of different abilities who are drawn wholly or mainly from the area where the school is situated.

The objectives of the Academy are:

- To promote the well-being of students at the Academy
- To promote community cohesion
- To work with other institutions in training the next generation of teachers

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Children, Schools and Families. The Scheme of Government specifies, amongst other things, the basis for admitting students to The Academy and the catchment area from which the students are drawn.

The Academy opened as an academy on 1 November 2010.

EQUAL OPPORTUNITIES POLICY

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy promotes equal opportunities in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued. Our Equal Opportunities Policy is published on our website.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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REPORT OF THE GOVERNORS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PUBLIC BENEFIT

The Academy exists for the educational benefit of those students in the community of Emmer Green and Caversham to the north of Reading. The Academy promotes community cohesion at four levels. These are (1) The Academy community; (2) The Local Community; (3) The United Kingdom Community and (4) the Global Community. The School is proud to have been awarded International School Status for 2015-18.

The academy has strong links with HE providers including Reading University, Oxford University and others to support Initial Teacher Training (ITT). The academy works with Reading School to train teachers via the Schools Direct Scheme. The Headteacher is on the steering group for ITT at Reading University and other institutions to provide training for its own and other ITTs.

The Governors, acting as Trustees, confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit.

DISABLED PERSONS

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the new Academy building. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by making reasonable adaptations to the physical environment; by making support resources available and through training and career development.

Achievements and performance

KEY FINANCIAL PERFORMANCE INDICATORS

For a school the key performance indicators are around achievement and wellbeing of the students. There have been significant improvements against national standards in the last year. The School is now recognised as a Good School with outstanding features. The Ofsted report of 2015 details achievements against National Standards.

REVIEW OF ACTIVITIES

The academy has worked hard to improve performance over the last 12 months and has continued to have considerable success.

Further details of activities are detailed in the value for money section later in this report.

GOING CONCERN

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

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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REPORT OF THE GOVERNORS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have implemented a number of systems to assess risk including operational areas, (e.g. in relation to teaching, health and safety, bullying and school trips) and the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement:

The academy has prepared a corporate Risk Register in line with appropriate guidance. This is to be considered annually by the governing body and ongoing review as detailed for each item.

RESERVES POLICY

The Governors have plans to agree a formal reserves policy during the year ended 31 August 2016. At the current time, the level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. This applies particularly to the funds earmarked for future capital projects. The level of reserves will be kept under review by the Governors.

In respect of any surplus or deficit recognised in relation to the Academy's share of the Local Government Pension Scheme, this would generally result in a cash flow effect for the Academy in the form of an increase or decrease in employers pension contributions over a number of years. This year a deficit of £2,662,000 has been recognised as a liability in the accounts; this does not represent an immediately repayable debt.

Structure, governance and management

CONSTITUTION

Higdown School and Sixth Form Centre (the Academy) is a company limited by guarantee with no share capital (registration number 07398941) and an exempt charity. The charitable company's memorandum and articles of association are the prime governing documents. The articles of association require members of the charitable company to appoint not less than 3 Governors to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

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.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Governors will be given a tour of the academy and the chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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REPORT OF THE GOVERNORS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The salary range for all staff paid on the leadership spine will take into consideration the provisions of the STPCD together with any broader responsibilities that may be attached to the role.

Headteacher

The Individual School Range (ISR) of 7 points for the headteacher will also be determined by reference to the school group size and the appropriate positioning of the pay range of any deputy or assistant head teacher at the school.

Deputy Headteachers and Assistant Headteachers

The 5 point salary range for deputy headteachers and assistant headteachers shall be determined taking into account the appropriate positioning of the pay range of the head teacher and any other member of the leadership group at the school.

GOVERNORS

The Governors are Directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of the charity legislation.

On 1st November 2010, all Governors also became Directors of the Academy. The term of office for any Governor shall be 4 years, including the Headteacher and Ex-Officio Governors. Subject to remaining eligible to be a particular type of Governor, any Governor may be reappointed or re-elected.

The Governors who were in office as at 31st August 2015 and subsequently, are listed on page 1.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

GOVERNORS, EXECUTIVES AND SPECIFIC RESPONSIBILITIES

Governors, Executives and specific responsibilities

Local Council representative:	Mrs C Lamsdale	(T&L)
Parent Governors:	Mr N Butcher	(FSP)
	Mrs D Evans	(T&L)
	Ms S Kitson	(T&L/FSP)
	Mrs A McFarlane	(T&L)
	Mr A Rajantie	(T&L)
	Mr J Taylor	(T&L/FSP)
Staff Governors:	Mrs L Gannon	(T&L/FSP)
	Mr G Haskins	(T&L/FSP)
	Mrs R Sadler	(T&L/FSP)
Headteacher:	Ms R Cave	(T&L/FSP)
Appointed Governors:	Mr T Taylor	(FSP)
	Ms N Truman	(T&L)
	Mr D White	(T&L/FSP)
	Mr S Woodhull	(T&L/FSP)
Clerk to the Governors:	Mrs A Martin	
Chair of Governors:	Mr J Taylor	
Vice Chairs:	Ms S Kitson	
	Mr D White	

COMMITTEE CHAIRS & OTHER ROLES:

- | | |
|---|--------------------|
| * Teaching and learning committee (T&L) | Chair: Mr D White |
| * Finance, Staffing & Premises (FSP) | Chair: Mr T Taylor |

Audit committee:

Chair: Mrs D Mander
Mr Nick Butcher

TRUSTEES' INDEMNITIES

For the year to 31 August 2016 the school held professional indemnity insurance for Governors to the value of £5,000,000.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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REPORT OF THE GOVERNORS (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FUTURE DEVELOPMENTS

The Academy's vision is to continue to be a creative, dynamic and exciting school where children value learning supported by a highly motivated, committed team of staff and fuelled by accommodation, resources and opportunities that fully meet their needs, dreams and aspirations. Future plans, which include provision of a specialist sixth form centre, a sports hall and additional classrooms are driven by this.

The Academy works with other schools and universities to provide quality Initial Teacher Training and further research opportunities thus supporting the next generation of teachers and endorsing a committee to academic excellence and lifelong learning.

FUNDS HELD AS CUSTODIAN

Neither Highdown School and Sixth Form Centre nor the Governing Body are acting as third party custodial trustees.

DISCLOSURE OF INFORMATION TO AUDITOR

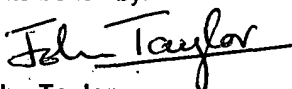
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors . Under company law the Trustees must not approve the financial statements unless they are satisfied that they unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors . Under company law the Trustees must not approve the financial statements unless they are satisfied that they aware of that information.

AUDITOR

The auditors, Crowe Clark Whitehill LLP, year indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by order of the Governing Body as the company directors, on 24/11/2016 and signed on its behalf by:



John Taylor
Chair of Governors

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Ms R Cave, Headteacher	5	5
Mr N Butcher, Parent Governor	3	5
Mrs L Gannon, Staff Governor	5	5
Mr G Haskins, Staff Governor	4	5
Ms S Kitson, Parent Governor	5	5
Ms C Lamsdale, Local Authority	4	5
Ms D Mander, Appointed Governor	1	5
Mr A Ranjantie, Parent Governor	4	5
Mrs S Sadler, Staff Governor	3	5
Mr J Taylor, Parent Governor	5	5
Mr T Taylor, Appointed Governor	4	5
Ms N Truman, Appointed Governor	5	5
Mr D White, Appointed Governor	3	5
Mr S Woodhull, Appointed Governor	2	5
Mrs A McFarlane, Parent Governor	2	4

The Finance and General Purposes Committee is a sub-committee of the main Governing Body.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ms R Cave, Headteacher	4	4
Mr G Haskins, Teaching Staff Governor	4	4
Mrs L Gannon, Support Staff Governor	3	4
Ms D Mander, Appointed Governor	0	4
Mr J Taylor, Parent Governor	4	4
Mr T Taylor, Appointed Governor	4	4
Mr N Butcher, Parent Governor	2	4
Mrs R Sadler, Teaching Staff Governor	4	4
Mr D White	4	4
Mr S Woodhull, Appointed Governor	3	4
Ms S Kitson, Parent Governor	3	4

The Teaching and Learning Committee is also a sub-committee of the main Governing Body.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Ms R Cave, Headteacher	4	4
Mr G Haskins, Teaching Staff Governor	4	4
Ms S Kitson, Parent Governor	4	4
Mr C Lamsdale, Local Authority	4	4
Mr J Taylor, Parent Governor	4	4
Ms N Truman, Appointed Governor	4	4
Mr D White, Appointed Governor	4	4
Ms A McFarlane, Parent Governor	2	3
Mr S Woodhull, Appointed Governor	0	4
Mrs L Gannon, Support Staff Governor	3	4
Mr A Rajantie, Parent Governor	4	4
Mrs R Sadler, Teaching Staff Governor	2	4

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Governing Body where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by delivering improved outcomes as verified by Ofsted, on reduced income.

Improving Educational Results:

Highdown School and Sixth form centre had the best set of results ever in 2016 at GCSE and A level. 76% of students achieved 5A*-C grades including English and Maths. Early indications are that these results are significantly positive in terms of value added achieved. As national reporting indicates a drop in achievement this represents a significant achievement and step forward. Again this has been achieved whilst cutting spend by 500K for a third successive year.

The GCSE results achieved in summer 2016 are personal success stories for year 11 and year 13 students. A2 results show a significant improvement in 2016: A* - B 50%, A* - E is 99% demonstrating an improvement in overall attainment and a very significant increase in attainment at the highest grades.

Ofsted in May 2015 commented on the appropriateness of the Academy curriculum in meeting the needs of the students. Our successful move to a 'Good' Ofsted grading verifies these improvements and the report notes that there are many aspects of outstanding provision, thereby endorsing the good value that the academy provides in education. With our further improvements in results, we are well placed to receive the 'outstanding' grading.

Targeted Improvement: The trust has reviewed its staffing structure and deployed staff efficiently to support an improved curriculum. Our School improvement plan details how planned spend on timetable allocation and study support will bring about sustained improvements at all Key Stages over the next period.

Individual Focus: The Academy works with a range of alternative providers to supplement the in house curriculum. This ensures that the challenge and provision for all students is in place. A continued focus on challenge at the top end has again resulted in increased A and A* attainment levels in A level in summer 2016. The academy has incorporated new software to track and monitor the expenditure on individual pupils and the impact on education of interventions.

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GOVERNANCE STATEMENT: (continued)

Quantifying improvements: the trust, again, realigned expenditure against income to achieve better value in the period to end August 2016. Staffing budget is tighter and expenditure on non-core purpose activities has been dramatically reduced.

Better Purchasing:

- Insurance contract has been renegotiated to give better value for money whilst maintaining the same or improved level of coverage for the Academy.
- All contracts are under continual review.
- Energy cost reduction by going to competitive auction and taking advantage for the academy of lower energy costs. Reduction in annual spend on energy of around £15k pa for the next three years.
- Best value practice is embedded in the school (Governors minutes verify/EFA audit visit say 'Clearly in place').
- Collaborative working between school senior leaders (SBM, Heads, PiXL reciprocal review and audit arrangements) allows sharing of good practice and adds capacity to the leadership team. Reading Secondary Heads work together to support our schools in the local area to make very best of our resources in straightened times.

Income Generation: Rental of the Lodge and other letting of facilities continue to bring reliable income. Highdown School Sport and Leisure Ltd opened its doors in September 2014 as a wholly owned subsidiary of the Academy with a view to maximising potential income as well as community access to sporting facilities. Increased access in the last 12 months for local clubs has been successful with more clubs using HSL and so providing better value to the local community. Highdown School has increased rental of facilities to other local clubs such as drama schools. We are hopeful of a positive bid submission to Sports England to meet community activity agenda by renovating the showering facilities and making them more accessible.

Reviewing Controls and managing risks – The academy produces regular budget reports and cash flow reports for leadership consideration. Effective purchase requisitioning processes are in place for all budget holders. The process has integral checks and balances in place to ensure that best value is sought at every turn. Year-end audit demonstrates excellent practice (Governors' Committee reports verify).

Streamlining of systems has occurred to target impact of spend on education. Systems are under continual review. Technology has been maximised to reduce costs – further streamlining of information management packages will improve provision and value.

The academy faces many challenges over the next 12 months.

- Increasing numbers of school places in the local area has affected our roll for year 7 2016, despite maximum number of students holding places after allocation. The academy will be well placed to meet the needs of the increasing local demographic come 2017.
- We will need to work with the EFA to provide additional support to staff and run the curriculum until the number of students locally increases our AWPU.
- Our 2016 grants to restore the Manor house will need to be matched again to ensure that we continue to be excellent custodians of this listed building.

Despite these challenges, the academy is confident that the good financial controls demonstrated in previous years will be successful again in managing cash flow appropriately.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT (continued)

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 Highdown School and Sixth Form Centre for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr Nick Butcher, a Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The Audit committee and RO have a role in resolving any concerns that are raised with the headteacher and/or the FSP and are not resolved by these routes.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Governing Body on 24/11/2016 and signed on their behalf, by:



John Taylor
Chair of Trustees



Rachel Cave
Accounting Officer

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Accounting Officer

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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STATEMENT OF GOVERNORS RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Highdown School and Sixth Form Centre and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

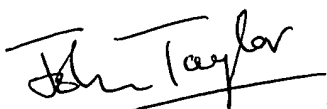
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Governing Body on 24/11/2016 and signed on its behalf by:



Mr J Taylor
Chair of Governors

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**

We have audited the financial statements of Highdown School and Sixth Form Centre for the year ended 31 August 2016 which comprise the group Statement of financial activities, the group and academy Balance sheets, the group Cashflow statement, the group Statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy'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's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

Handwritten signature

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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


OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the parent charitable academy has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable academy 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.



Alastair Lyon (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Chartered Accountants
Statutory Auditor

49 - 51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date:

6 December 2016

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HIGHDOWN
SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Highdown School and Sixth Form Centre during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF HIGHDOWN SCHOOL AND SIXTH FORM CENTRE'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The Accounting Officer is responsible, under the requirements of Highdown School and Sixth Form Centre's funding agreement with the Secretary of State for Education dated 29 October 2010, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HIGHDOWN
SCHOOL AND SIXTH FORM CENTRE AND THE EDUCATION FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alastair Lyon (Senior statutory auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Chartered Accountants

Statutory Auditor

49 - 51 Blagrove Street

Reading

Berkshire

RG1 1PL

Date:

6 December 2016

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	3	50	-	-	50	3,110
Charitable activities	6	164,482	6,490,184	871,647	7,526,313	7,284,163
Other trading activities	4	446,556	-	-	446,556	494,063
Investments	5	1,474	-	-	1,474	1,808
TOTAL INCOME AND ENDOWMENTS		612,562	6,490,184	871,647	7,974,393	7,783,144
EXPENDITURE ON:						
Raising funds		266,755	-	-	266,755	310,610
Charitable activities		298,995	7,017,132	590,671	7,906,798	8,123,001
TOTAL EXPENDITURE	9	565,750	7,017,132	590,671	8,173,553	8,433,611
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		46,812	(526,948)	280,976	(199,160)	(650,467)
Transfers between Funds	20	(83,243)	(50,000)	133,243	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES		(36,431)	(576,948)	414,219	(199,160)	(650,467)
Actuarial losses on defined benefit pension schemes	25	-	(1,083,000)	-	(1,083,000)	(19,000)
NET MOVEMENT IN FUNDS		(36,431)	(1,659,948)	414,219	(1,282,160)	(669,467)
RECONCILIATION OF FUNDS:						
Total funds brought forward		426,266	(1,327,284)	15,269,561	14,368,543	15,038,010
TOTAL FUNDS CARRIED FORWARD		389,835	(2,987,232)	15,683,780	13,086,383	14,368,543

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE

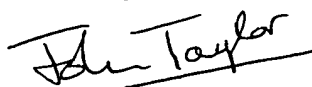
(A company limited by guarantee)
REGISTERED NUMBER: 07398941

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	15		15,490,199		15,769,561
CURRENT ASSETS					
Debtors	17	737,877		141,317	
Cash at bank and in hand		526,299		631,599	
		<u>1,264,176</u>		<u>772,916</u>	
CREDITORS: amounts falling due within one year	18	<u>(605,992)</u>		<u>(270,934)</u>	
NET CURRENT ASSETS			<u>658,184</u>		<u>501,982</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,148,383</u>		<u>16,271,543</u>
CREDITORS: amounts falling due after more than one year	19		<u>(400,000)</u>		<u>(450,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>15,748,383</u>		<u>15,821,543</u>
Defined benefit pension scheme liability	25		<u>(2,662,000)</u>		<u>(1,453,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>13,086,383</u>		<u>14,368,543</u>
FUNDS OF THE ACADEMY					
Restricted fixed asset funds	20		15,683,780		15,269,561
Restricted funds:					
Restricted funds excluding pension liability		(325,232)		125,716	
Pension reserve		<u>(2,662,000)</u>		<u>(1,453,000)</u>	
Total restricted funds			<u>(2,987,232)</u>		<u>(1,327,284)</u>
Unrestricted funds	20		<u>389,835</u>		<u>426,266</u>
TOTAL FUNDS			<u>13,086,383</u>		<u>14,368,543</u>

The financial statements were approved by the Trustees, and authorised for issue, on 24/11/2016 and are signed on their behalf, by:

Mr J Taylor
Chair of Governors



The notes on pages 24 to 46 form part of these financial statements.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)
REGISTERED NUMBER: 07398941

**ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	15	15,490,199	15,769,561
Investments	16	1	1
		<u>15,490,200</u>	<u>15,769,562</u>
CURRENT ASSETS			
Debtors	17	824,801	250,127
Cash at bank		439,365	522,788
		<u>1,264,166</u>	<u>772,915</u>
CREDITORS: amounts falling due within one year	18	<u>(605,983)</u>	<u>(270,934)</u>
NET CURRENT ASSETS		<u>658,183</u>	<u>501,981</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,148,383</u>	<u>16,271,543</u>
CREDITORS: amounts falling due after more than one year	19	<u>(400,000)</u>	<u>(450,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES		<u>15,748,383</u>	<u>15,821,543</u>
Defined benefit pension scheme liability	25	<u>(2,662,000)</u>	<u>(1,453,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES		<u>13,086,383</u>	<u>14,368,543</u>
FUNDS OF THE ACADEMY			
Restricted fixed asset funds	20	15,683,780	15,269,561
Restricted funds:			
Restricted funds excluding pension asset		(325,232)	125,719
Pension reserve		<u>(2,662,000)</u>	<u>(1,453,000)</u>
Total restricted funds		<u>(2,987,232)</u>	<u>(1,327,281)</u>
Unrestricted funds	20	<u>389,835</u>	<u>426,263</u>
TOTAL FUNDS		<u>13,086,383</u>	<u>14,368,543</u>

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

ACADEMY BALANCE SHEET (continued)
AS AT 31 AUGUST 2016

The financial statements were approved by the Trustees, and authorised for issue, on
24th November 2016 and are signed on their behalf, by:

Mr J Taylor
Chair of Governors



The notes on pages 24 to 46 form part of these financial statements.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash used in operating activities	22	(201,069)	(129,456)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,474	1,808
Purchase of tangible fixed assets		(83,243)	(57,857)
Capital grants from DfE/EFA		227,538	27,507
Net cash provided by/(used in) investing activities		145,769	(28,542)
Cash flows from financing activities:			
Repayments of borrowings		(50,000)	(50,000)
Net cash used in financing activities		(50,000)	(50,000)
Change in cash and cash equivalents in the year		(105,300)	(207,998)
Cash and cash equivalents brought forward		631,599	839,597
Cash and cash equivalents carried forward	23	526,299	631,599

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

Highdown School and Sixth Form Centre constitutes a public benefit entity as defined by FRS 102.

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

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 31.

1.2 Going concern

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

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

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

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Fund accounting

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

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

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

1.6 Basis of consolidation

The financial statements consolidate the accounts of Highdown School and Sixth Form Centre and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The academy has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the academy was £1,282,160 (2015 - £(669,464)).

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets

All assets costing £1,000 or more which have been acquired since the academy was established, are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Freehold Land and Buildings that were acquired when the Academy was established are now valued at depreciated replacement cost. The Governors are not expected to revalue the property in the future.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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.

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:

Leased assets

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

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.

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

Freehold Buildings	- 2% straight line
Motor vehicles	- 20% straight line
Fixtures & fittings	- 20% straight line
Computer equipment	- 20% straight line

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.10 Taxation

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

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

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 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 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.

1.14 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Teacher's Pension Scheme

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
(A company limited by guarantee)

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

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2016.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	50	-	-	50	3,110

In 2015, of the total income from donations, £3,110 was to unrestricted funds and £ NIL was to restricted funds

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Facilities and Services	271,192	-	-	271,192	307,464
Lettings	30,297	-	-	30,297	24,917
Income from Sports Centre	145,067	-	-	145,067	161,682
	446,556	-	-	446,556	494,063

In 2015, of the total income from other trading activities, £494,063 was to unrestricted funds and £ NIL was to restricted funds.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	1,474	-	-	1,474	1,808

In 2015, of the total investment income, £1,808 was to unrestricted funds and £ NIL was to restricted funds.

6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants					
General Annual Grant (GAG)	-	6,119,282	-	6,119,282	6,624,605
Capital grants	-	-	871,647	871,647	27,507
Other DfE /EFA grants	-	169,231	-	169,231	173,213
Special Educational Projects	-	188,887	-	188,887	199,077
Other grant	-	12,784	-	12,784	14,951
Trip income	164,482	-	-	164,482	244,810
	<u>164,482</u>	<u>6,490,184</u>	<u>871,647</u>	<u>7,526,313</u>	<u>7,284,163</u>

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

7. DIRECT COSTS

	Total 2016 £	Total 2015 £
FRS 17 costs	56,000	54,000
Educational supplies	267,051	309,498
Examination fees	117,045	137,861
Staff development and agency staff	31,381	176,611
Other direct costs	28,136	22,887
Wages and salaries	3,714,890	3,738,797
National insurance	371,107	331,016
Pension cost	656,625	570,674
Depreciation	362,605	332,338
	<u>5,604,840</u>	<u>5,673,682</u>

8. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Recruitment and support	32,570	60,142
Maintenance of premises and equipment	576,250	803,672
Cleaning	7,188	7,724
Rent and rates	94,598	98,735
Insurance	51,994	34,822
Security and transport	32,414	35,952
Professional consulting costs	8,540	8,131
Catering	208,004	193,348
Other support costs	245,680	187,647
Other governance	18,430	16,782
Wages and salaries	861,950	840,588
National insurance	56,582	54,769
Pension cost	107,758	107,008
	<u>2,301,958</u>	<u>2,449,320</u>

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

9. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	64,094	-	202,661	266,755	310,610
Activities:					
Direct costs	4,742,621	-	862,219	5,604,840	5,652,681
Support costs	1,026,290	762,600	513,068	2,301,958	2,449,320
	<u>5,833,005</u>	<u>762,600</u>	<u>1,577,948</u>	<u>8,173,553</u>	<u>8,412,611</u>

The method used for the apportionment of support costs is disclosed in the accounting policies.

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	362,605	332,348
Auditors' remuneration - audit	16,930	15,282
Auditors' remuneration - other services	1,500	1,500
	<u>381,035</u>	<u>349,130</u>

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

11. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,637,280	4,618,908
Social security costs	431,342	387,527
Operating costs of defined benefit pension schemes	764,383	677,681
	<u>5,833,005</u>	<u>5,684,116</u>

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

	2016 No.	2015 No.
Teachers	85	92
Administration and support	49	80
Management	10	10
	<u>144</u>	<u>182</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	3	2
In the band £90,001 - £100,000	1	1

4 of the above employees participated in the TPS. During the year ended 31 August 2016, pension contributions for these members of staff amounted to £39,623 (2015: £31,249).

The key management personnel consist of the head teacher, deputy headteachers and associate deputy headteacher.

Total remuneration of key management personnel was £289,357 (2015 - £219,395).

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

12. GOVERNOR'S REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other 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:

		2016 £	2015 £
R Cave	Remuneration	90,000-95,000	90,000-95,000
R Sadler	Remuneration	40,000-45,000	15,000-20,000
I Wright	Remuneration	65,000-70,000	65,000-70,000
G Haskings	Remuneration	40,000-45,000	15,000-20,000
L Gannon	Remuneration	20,000-25,000	20,000-25,000
M Grantham	Remuneration	65,000-70,000	65,000-70,000
T Taylor (Spouse to Chair of Governors)	Remuneration	15,000-20,000	15,000-20,000
J Reid	Remuneration	60,000-65,000	

During the year, no Trustees received any reimbursement for travel and subsistence expenses. (2015 - £NIL).

Related party transactions involving the trustees are set out in note 26.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,550 (2015 - £1,500).

14. OTHER FINANCE INCOME

	2016 £	2015 £
Interest on pension scheme liabilities	(56,000)	(54,000)

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

15. TANGIBLE FIXED ASSETS

Group and Academy	Freehold property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	17,012,449	4,860	177,595	227,660	17,422,564
Additions	-	-	-	83,243	83,243
At 31 August 2016	17,012,449	4,860	177,595	310,903	17,505,807
Depreciation					
At 1 September 2015	1,367,540	3,807	129,818	151,838	1,653,003
Charge for the year	287,359	972	29,426	44,848	362,605
At 31 August 2016	1,654,899	4,779	159,244	196,686	2,015,608
Net book value					
At 31 August 2016	15,357,550	81	18,351	114,217	15,490,199
At 31 August 2015	15,644,909	1,053	47,777	75,822	15,769,561

16. FIXED ASSET INVESTMENTS

Academy	Shares in group undertakings £
Market value	
At 1 September 2015 and 31 August 2016	1

17. DEBTORS

	Group		Academy	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	8,981	7,973	3,616	5,169
Amounts owed by group undertakings	-	-	92,298	111,614
Other debtors	36,087	7,525	36,078	7,525
Prepayments and accrued income	692,809	125,819	692,809	125,819
	737,877	141,317	824,801	250,127

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

18. CREDITORS:
Amounts falling due within one year

	Group		Academy	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	404,566	50,790	404,566	50,790
Other taxation and social security	115,906	98,356	115,906	98,356
Local authority loan (unsecured)	50,000	50,000	50,000	50,000
Accruals and deferred income	35,520	71,788	35,511	71,788
	605,992	270,934	605,983	270,934

19. CREDITORS:
Amounts falling due after more than one year

	Group		Academy	
	2016	2015	2016	2015
	£	£	£	£
Local Authority Loan (unsecured)	400,000	450,000	400,000	450,000

The Local Authority Loan represents continuance of the existing liability of the school to pay £50,000 per financial year in respect of the contribution towards borrowing costs for the School Assembly Hall building cost, for a period of 14 years with the first payment being made on 30 September 2011. All subsequent payments are to be made on 30 September in each year.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

20. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	426,266	612,562	(509,750)	(83,243)	-	445,835
Other General funds	-	-	(56,000)	-	-	(56,000)
	<u>426,266</u>	<u>612,562</u>	<u>(565,750)</u>	<u>(83,243)</u>	<u>-</u>	<u>389,835</u>
Restricted fixed asset funds						
DfE/EFA capital grants	-	871,647	(228,066)	-	-	643,581
Local government loan	(500,000)	-	-	50,000	-	(450,000)
In kind support - buildings	15,769,561	-	(362,605)	83,243	-	15,490,199
	<u>15,269,561</u>	<u>871,647</u>	<u>(590,671)</u>	<u>133,243</u>	<u>-</u>	<u>15,683,780</u>
Restricted funds						
General annual grant	125,716	6,119,280	(6,520,228)	(50,000)	-	(325,232)
Other DfE/EFA grants	-	370,904	(370,904)	-	-	-
Pension reserve	(1,453,000)	-	(126,000)	-	(1,083,000)	(2,662,000)
	<u>(1,327,284)</u>	<u>6,490,184</u>	<u>(7,017,132)</u>	<u>(50,000)</u>	<u>(1,083,000)</u>	<u>(2,987,232)</u>
Total of funds	<u><u>14,368,543</u></u>	<u><u>7,974,393</u></u>	<u><u>(8,173,553)</u></u>	<u><u>-</u></u>	<u><u>(1,083,000)</u></u>	<u><u>13,086,383</u></u>

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

Restricted General Funds - The EFA grants must be used to meet the cost of running Highdown School and Sixth Form Centre.

Under the funding the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward. Note 2 discusses whether it was exceeded.

Restricted Fixed Asset Funds - the Restricted Fixed Asset Funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

The transfer figure of £133,243 is comprised of is comprised of current year additions brought from unrestricted funds in 2016 of £83,243 and a loan repayment of £50,000 made from GAG income.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. STATEMENT OF FUNDS (continued)

In respect of fixed assets, the difference between the value of the fixed assets on the Balance Sheet and the value of the Fixed Asset Fund in the Statement of Financial Activities is attributable to an agreement between the Academy and Reading Borough Council, in which the Academy must contribute £650,000 towards the value of the School Hall building. This amount is repayable over 14 years at £50,000 per annum and has been included within creditors. As at 31 August 2016 £200,000 of this loan has been repaid. The remaining difference relates to accrued capital grant income of £643,581.

Unrestricted Funds - represents income generated by The School (such as lettings and hire of facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	15,490,200	15,490,200	15,769,561
Current assets	389,835	230,760	643,580	1,264,175	772,916
Creditors due within one year	-	(555,992)	(50,000)	(605,992)	(270,937)
Creditors due in more than one year	-	-	(400,000)	(400,000)	(450,000)
Provisions for liabilities and charges	-	(2,662,000)	-	(2,662,000)	(1,453,000)
	<u>389,835</u>	<u>(2,987,232)</u>	<u>15,683,780</u>	<u>13,086,383</u>	<u>14,368,543</u>

HIGHDOWN SCHOOL AND SIXTH-FORM CENTRE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(199,160)	(650,467)
Adjustment for:		
Depreciation charges	362,605	332,348
Losses on investments	(1,474)	(1,808)
Decrease in debtors	47,549	775,844
Increase/(decrease) in creditors	335,058	(694,866)
Capital grants from DfE and other capital income	(871,647)	(27,507)
Defined benefit pension scheme movements	126,000	137,000
Net cash used in operating activities	(201,069)	(129,456)

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	526,299	631,599
Total	526,299	631,599

24. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Academy is required either to reinvest the proceeds or to repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

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

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy.
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

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

25. PENSION COMMITMENTS

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £553,679 (2015 - £449,440).

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25. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £205,000 (2015 - £225,000), of which employer's contributions totalled £150,000 (2015 - £165,000) and employees' contributions totalled £55,000 (2015 - £60,000). The agreed contribution rates for future years are 17.2% for employers and from 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.5	28.4

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

25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	735,000	556,000
Gilts	24,000	17,000
Other bonds	206,000	156,000
Property	195,000	166,000
Cash	63,000	61,000
Target return portfolio	289,000	273,000
Total market value of assets	<u>1,512,000</u>	<u>1,229,000</u>

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(220,000)	(248,000)
Net interest cost	(56,000)	(54,000)
Total	<u>(276,000)</u>	<u>(302,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	2,682,000	2,281,000
Current service cost	220,000	248,000
Interest cost	108,000	98,000
Contributions by employees	55,000	60,000
Change in financial assumptions	1,190,000	-
Benefits paid	(80,000)	(5,000)
Closing defined benefit obligation	<u>4,175,000</u>	<u>2,682,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,229,000	984,000
Interest on assets	52,000	44,000
Return on assets less interest	107,000	(19,000)
Contributions by employer	150,000	165,000
Contributions by employees	55,000	60,000
Benefits paid	(80,000)	(5,000)
Administration expenses	(1,000)	-
	<u>1,512,000</u>	<u>1,229,000</u>
Closing fair value of scheme assets	<u>1,512,000</u>	<u>1,229,000</u>

26. OPERATING LEASE COMMITMENTS

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

Group	2016 £	2015 £
Amounts payable:		
Within 1 year	10,756	35,338
Between 1 and 5 years	28,972	2,928
After more than 5 years	5,633	-
Total	<u>45,361</u>	<u>38,266</u>

27. MEMBERS' LIABILITIES

Every member of the charitable company undertakes such amount as may be required (such amount not exceeding £10) to the assets of the company in the event of it being wound up while he or she is a member or within one period after he or she ceases to be a member, for the payment of the Trusts debts and liabilities before he or she ceases to be a member and of the costs charges and expenses of winding up and for the adjustment of the rights of contributions amongst themselves.

HIGHDOWN SCHOOL AND SIXTH FORM CENTRE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

28. RELATED PARTY TRANSACTIONS

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

Mrs T Taylor - spouse of J Taylor (Chair of Governors) is employed by the school and received remuneration of £18,607 (2015 - £17,974) in the period of account. No balance was owing to or from the related party at the year end. In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

FRS 102 does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

29. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Highdown Sport and Leisure Ltd	England and Wales	100	Leisure Centre operator

30. 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.

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**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016**

31. FIRST TIME ADOPTION OF FRS 102

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

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

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		15,038,010	14,368,546
Total funds reported under FRS 102		<u>15,038,010</u>	<u>14,368,546</u>

Reconciliation of net (expenditure)	Notes	31 August 2015
		£
Net (expenditure) previously reported under UK GAAP		(669,464)
Net movement in funds reported under FRS 102		<u>(669,464)</u>

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

A No changes on conversion to FRS 102