

# **HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**

(A company limited by guarantee)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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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**  
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**REFERENCE AND ADMINISTRATIVE DETAILS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

**Trustees**

Ms R Cave, Headteacher  
Mr N Butcher, Parent Governor (resigned 1 July 2017)  
Mrs L Gannon, Staff Governor  
Mr G Haskins, Staff Governor (resigned 14 September 2016)  
Ms S Kitson, Parent Governor (resigned 1 July 2017)  
Ms C Lamsdale, Local Authority  
Mrs D Evans, Parent Governor (resigned 6 September 2016)  
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 (resigned 28 February 2017)  
Mr D White, Appointed Governor (resigned 21 July 2017)  
Mr S Woodhull, Appointed Governor  
Ms A Chenery, Appointed Governor (appointed 6 September 2016)  
Ms Ginny Monro, Responsible Officer (appointed 19 December 2016)  
Ms Sarah Morris, Staff Governor (appointed 19 December 2016)  
Mr Brian Murphy, Appointed Governor (appointed 25 April 2017)

**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

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**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
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**REPORT OF THE GOVERNORS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. 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 1,540 and had a roll of 1,315 in the school census for the Summer 2017 term.

**Structure, governance and management**

**CONSTITUTION**

Highdown 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.

**TRUSTEES' INDEMNITIES**

For the year to 31 August 2017 the school held professional indemnity insurance for Governors to the value of £5,000,000.

**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.

**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 2017 and subsequently, are listed on page 1.

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**REPORT OF THE GOVERNORS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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, 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 G Monro	(T&L/FSP)
	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)
	Mrs S Morris	(T&L/FSP)
Headteacher:	Ms R Cave	(T&L/FSP)
Appointed Governors:	Mr T Taylor	(FSP)
	Mr S Woodhull	(T&L/FSP)
	Ms A Chenery	(FSP)
	Mr B Murphy	(T&L/FSP)
	Ms G Monro	(T&L/FSP)
Clerk to the Governors:	Mrs A Martin	
Chair of Governors:	Mr J Taylor	
Vice Chairs:	Mr S Woodhull	

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**REPORT OF THE GOVERNORS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**COMMITTEE CHAIRS & OTHER ROLES:**

* Teaching and learning committee (T&L)	Chair: Mr A Rajantie
* Finance, Staffing & Premises (FSP)	Chair: Mr T Taylor
Audit committee	Chair: Mrs G Monro

**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.

**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.

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**REPORT OF THE GOVERNORS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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.

**Strategic report**

**Achievements and performance**

**KEY 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.

**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.

**RESERVES POLICY**

The Governors have plans to agree a formal reserves policy during the year ended 31 August 2017. 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 £2,894,000 has been recognised as a liability in the accounts; this does not represent an immediately repayable debt.

**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.

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**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
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**REPORT OF THE GOVERNORS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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 AUDITORS**

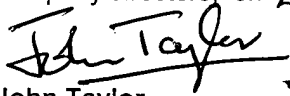
Insofar as the Trustees are aware:

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

**AUDITORS**

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.

The Trustees' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 21/11/17, and signed on its behalf by:

  
John Taylor  
Chair of Governors



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**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
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**GOVERNANCE STATEMENT**

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**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 4 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	4	4
Mr N Butcher, Parent Governor	1	4
Mrs L Gannon, Staff Governor	4	4
Mr G Haskins, Staff Governor	0	4
Ms S Kitson, Parent Governor	3	4
Ms C Lamsdale, Local Authority	3	4
Mrs D Evans, Parent Governor	0	0
Mr A Ranjantie, Parent Governor	4	4
Mrs S Sadler, Staff Governor	4	4
Mr J Taylor, Parent Governor	3	4
Mr T Taylor, Appointed Governor	3	4
Ms N Truman, Appointed Governor	2	2
Mr D White, Appointed Governor	4	4
Mr S Woodhull, Appointed Governor	4	4
Ms A Chenery, Appointed Governor	4	4
Ms Ginny Monro, Responsible Officer	2	2
Ms Sarah Morris, Staff Governor	2	2
Mr Brian Murphy, Appointed Governor	1	1

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**GOVERNANCE STATEMENT (continued)**

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The Finance, Staffing and Premises 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	5	5
Ms S Kitson, Parent Governor	1	5
Mrs L Gannon, Support Staff Governor	4	5
Mr S Woodhull, Appointed Governor	2	5
Mr J Taylor, Parent Governor	5	5
Mr T Taylor, Appointed Governor	5	5
Mr N Butcher, Parent Governor	1	5
Mrs R Sadler, Teaching Staff Governor	5	5
Mr D White	3	5
Ms A Chenery	5	5
Ms G Monro	1	3
Mr B Murphy	1	1

The Teaching and Learning Committee is also 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
Mrs R Sadler, Teaching Staff Governor	3	4
Ms S Kitson, Parent Governor	3	4
Mr C Lamsdale, Local Authority	4	4
Mr J Taylor, Parent Governor	4	4
Ms N Truman, Appointed Governor	2	3
Mr D White, Appointed Governor	2	4
Mr A Rajantie, Parent Governor	4	4
Mr S Woodhull, Appointed Governor	2	4
Mrs L Gannon, Support Staff Governor	4	4
Ms G Monro	2	2
Mr B Murphy	1	1
Ms S Morris	2	2

#### **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:

As Accounting Officer the Headteacher 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.

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**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
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**GOVERNANCE STATEMENT (continued)**

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The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of 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 again delivering improved outcomes on reduced income.

**Improving Educational Results:** The GCSE and A level results achieved in summer 2017 are personal success stories for our students. Early indications are that these results are significantly positive in terms of value added achieved. This represents value for public money spent.

GCSE results include the new measure for maths and English. Our progress is positive against national averages. Year comparison with these new measures is not possible. A2 results show a significant improvement in 2017. A\*-B 53% A\*-E is 99% demonstrating an improvement in overall attainment and a very significant increase at the highest grades. These are the best results for the academy at A2 level on ALPS Value added measure this equates to 'outstanding' 2 grade at A level and 'very good' 4 at GCSE.

**Targeted Improvement:** The trust has reviewed its staffing structure and deployed staff efficiently to support an improved curriculum. Our Academy 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. An increased focus on challenge at the top end has resulted in increased A and A\* attainment levels in A level in summer 2017. The academy has incorporated new software to track and monitor the expenditure on individual pupils and the impact on education of interventions, our improved results for students in receipt of the pupil premium demonstrate improved value for money for this specific spend. The achievement gap has been significantly diminished this year for these students.

**Quantifying improvements:** the trust, again, realigned expenditure against income to achieve better value in the period to end August 2017. Staffing budget remains tight and reduced level of expenditure on non-core purpose activities has been maintained.

**Better Purchasing:**

- All contracts are under continual review.
- 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.

**Deficit:** The academy has achieved a smaller deficit than predicted at the start of the year with continued tight controls and generation of income. Despite approaching the EFSA annually since 2015, on setting deficit budget, we have not yet required additional support. We will however, need support this year and are working with the EFSA to resolve cash flow for the academic year 2017-18.

**Successfully marketing for increased roll:** We have increased our Pupil Allocation Number (PAN) and welcomed 243 new year 7 students to Highdown in September 2017. We received growth funding from Reading LA to do this. This reflects the increased popularity of Highdown as other schools in the LA are not full. We are proud that more children will benefit from the excellent educational provision here at Highdown.

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**GOVERNANCE STATEMENT (continued)**

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Income Generation: Rental of the Lodge and other letting of facilities 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. This has successfully seen revenue generated which is being put back into the facility and donated to the academy. Highdown continues to market this resource for community provision and to secure funds for the academy. Planned extension of flood-lit provision was hindered by planning constraints in the last financial year, but we are hopeful that this will be rectified in the year to come with measures taken.

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.

- Provision for our expanding PAN and response to LA requests to support further expansion
- Working with EFSA to properly resource the academy to provide for our students' education
- Reduced funding for post 16 students has reduced the per capita funding for our post 16 courses. We have marketed strongly in the local area to attract students although this has not yet seen a step change in numbers despite a significant increase in applications.
- Increases in employers pension contributions, NI and unfunded pay awards have increased our staffing costs
- Develop the estates to provide income and resources for the academy

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.

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**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
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**GOVERNANCE STATEMENT (continued)**

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**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Highdown School and Sixth Form Centre for the year 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 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 Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The 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 Ms Ginny Monro, 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. In particular the checks carried out in the current period included:

Academy Risk Register  
Income and Expenditure Control of Highdown Sport and Leisure

On a quarterly basis, the RO reports to the Governing Body through the audit committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

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HIGHDOWN SCHOOL AND SIXTH FORM CENTRE  
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GOVERNANCE STATEMENT (continued)

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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, Staffing and Premises Committee and the 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 21/11/17 and signed on their behalf, by:



John Taylor  
Chair of Trustees



Rachel Cave  
Accounting Officer

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

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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 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 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.



**Rachel Cave**  
**Accounting Officer**

21/11/17

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**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
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**STATEMENT OF GOVERNORS RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2017**

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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 and Skills 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 2016 to 2017;
- 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 ESFA/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 21/11/17. and signed on its behalf by:



Mr J Taylor  
Chair of Governors



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

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**OPINION**

We have audited the financial statements of Highdown School and Sixth Form Centre (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2017 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, including a summary of significant accounting policies. 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', 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'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 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 and its 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 group's and of the parent academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 group's or the parent academy'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.

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

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

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**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

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

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.

**OPINION 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 including the Group Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Group Strategic 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 group and the parent academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Group Strategic 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:

- the parent 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 academy financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 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, 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.

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

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

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In preparing the financial statements, the Trustees are responsible for assessing the group's and the parent academy'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 group's or the parent academy's or to cease operations, or have no realistic alternative but to do so.

**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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



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:

12 December 2017

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

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

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In accordance with the terms of our engagement letter dated 2 October 2014 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 Highdown School and Sixth Form Centre during the year 1 September 2016 to 31 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 Highdown School and Sixth Form Centre and the ESFA 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 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 Highdown School and Sixth Form Centre and the ESFA, 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 ACCOUNTANT**

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 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 1 September 2016 to 31 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 the 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's income and expenditure.

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

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

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**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 2016 to 31 August 2017 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: 12 December 2017.

**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 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME AND ENDOWMENTS FROM:</b>						
Donations and capital grants	3	19	-	-	19	50
Charitable activities	6	281,542	6,411,220	333,206	7,025,968	7,526,313
Other trading activities	4	399,026	-	-	399,026	446,556
Investments	5	139	-	-	139	1,474
Other income		4,969	-	-	4,969	-
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>685,695</b>	<b>6,411,220</b>	<b>333,206</b>	<b>7,430,121</b>	<b>7,974,393</b>
<b>EXPENDITURE ON:</b>						
Raising funds		166,684	-	-	166,684	266,753
Charitable activities		426,383	6,699,511	1,118,224	8,244,118	7,906,798
<b>TOTAL EXPENDITURE</b>	9	<b>593,067</b>	<b>6,699,511</b>	<b>1,118,224</b>	<b>8,410,802</b>	<b>8,173,551</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	21	92,628 (8,950)	(288,291) (27,222)	(785,018) 36,172	(980,681) -	(199,158) -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		83,678	(315,513)	(748,846)	(980,681)	(199,158)
Actuarial gains/(losses) on defined benefit pension schemes	26	-	18,000	-	18,000	(1,083,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>83,678</b>	<b>(297,513)</b>	<b>(748,846)</b>	<b>(962,681)</b>	<b>(1,282,158)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		389,837	(2,987,232)	15,683,780	13,086,385	14,368,543
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>473,515</b>	<b>(3,284,745)</b>	<b>14,934,934</b>	<b>12,123,704</b>	<b>13,086,385</b>

The notes on pages 24 to 47 form part of these financial statements.

**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**

(A company limited by guarantee)  
REGISTERED NUMBER: 07398941

**CONSOLIDATED BALANCE SHEET  
AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	15		15,281,680		15,490,199
<b>CURRENT ASSETS</b>					
Debtors	17	80,576		737,879	
Cash at bank and in hand		436,842		526,299	
		<u>517,418</u>		<u>1,264,178</u>	
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(381,394)</u>		<u>(605,992)</u>	
<b>NET CURRENT ASSETS</b>			<u>136,024</u>		<u>658,186</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,417,704</u>		<u>16,148,385</u>
<b>CREDITORS: amounts falling due after more than one year</b>	19		<u>(400,000)</u>		<u>(400,000)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>15,017,704</u>		<u>15,748,385</u>
Defined benefit pension scheme liability	26		<u>(2,894,000)</u>		<u>(2,662,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>12,123,704</u></u>		<u><u>13,086,385</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted fixed asset funds	21		14,934,934		15,683,780
Restricted income funds:					
Restricted income funds excluding pension liability		(390,745)		(325,232)	
Pension reserve		<u>(2,894,000)</u>		<u>(2,662,000)</u>	
Total restricted income funds			<u>(3,284,745)</u>		<u>(2,987,232)</u>
Unrestricted income funds	21		<u>473,515</u>		<u>389,837</u>
<b>TOTAL FUNDS</b>			<u><u>12,123,704</u></u>		<u><u>13,086,385</u></u>

The financial statements on pages 20 to 47 were approved by the Trustees, and authorised for issue, on 21/11/2017 and are signed on their behalf, by:



Mr J Taylor  
Chair of Governors


**HIGHDOWN SCHOOL AND SIXTH FORM CENTRE**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07398941

**ACADEMY BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	15		15,281,680		15,490,199
Investments	16		1		1
			<u>15,281,681</u>		<u>15,490,200</u>
<b>CURRENT ASSETS</b>					
Debtors	17	80,574		824,801	
Cash at bank		436,842		439,365	
		<u>517,416</u>		<u>1,264,166</u>	
<b>CREDITORS: amounts falling due within one year</b>	18	<u>(381,394)</u>		<u>(605,983)</u>	
<b>NET CURRENT ASSETS</b>			<u>136,022</u>		<u>658,183</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,417,703</u>		<u>16,148,383</u>
<b>CREDITORS: amounts falling due after more than one year</b>	19		<u>(400,000)</u>		<u>(400,000)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>15,017,703</u>		<u>15,748,383</u>
Defined benefit pension scheme liability	26		<u>(2,894,000)</u>		<u>(2,662,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>12,123,703</u></u>		<u><u>13,086,383</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted fixed asset funds			14,934,934		15,683,780
Restricted funds:					
Restricted funds excluding pension asset		(363,523)		(325,232)	
Pension reserve		<u>(2,894,000)</u>		<u>(2,662,000)</u>	
Total restricted funds			<u>(3,257,523)</u>		<u>(2,987,232)</u>
Unrestricted funds			<u>446,292</u>		<u>389,835</u>
<b>TOTAL FUNDS</b>			<u><u>12,123,703</u></u>		<u><u>13,086,383</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 21/11/2017 and are signed on their behalf, by:

Mr J Taylor  
Chair of Governors





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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	23	<u>(386,630)</u>	<u>(201,069)</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		139	1,474
Purchase of tangible fixed assets		(36,172)	(83,243)
Capital grants from DfE/ESFA		333,206	227,538
<b>Net cash provided by investing activities</b>		<u>297,173</u>	<u>145,769</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		-	(50,000)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>(50,000)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(89,457)</b>	<b>(105,300)</b>
Cash and cash equivalents brought forward		<u>526,299</u>	<u>631,599</u>
<b>Cash and cash equivalents carried forward</b>	24	<u><u>436,842</u></u>	<u><u>526,299</u></u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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 2016 to 2017 issued by ESFA, 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.

**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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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 receipt is probable and it is measurable.

Where the donated good 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.

Donations are recognised on a receivable basis where receipt is probable 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.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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.

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is 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 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 £962,681 (2016 - (£1,282,160)).

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these 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

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.

**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.

**1.9 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.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 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.

**1.11 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.

**1.12 Liabilities and provisions**

Liabilities and provisions 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.

**1.13 Teacher's Pension Scheme**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

**1.14 Financial instruments**

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 17. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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 costs as detailed in notes 18 and 19. 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 instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

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**1. ACCOUNTING POLICIES (continued)**

**1.15 Critical accounting estimates and areas of judgment**

Estimates and judgments 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 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 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.



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**2. GENERAL ANNUAL GRANT (GAG)**

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

**3. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	19	-	-	19	50
<i>Total 2016</i>	<i>50</i>	<i>-</i>	<i>-</i>	<i>50</i>	

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Facilities and Services	185,350	-	-	185,350	271,192
Lettings	27,693	-	-	27,693	30,297
Income from Sports Centre	185,983	-	-	185,983	145,067
	<b>399,026</b>	<b>-</b>	<b>-</b>	<b>399,026</b>	<b>446,556</b>
<i>Total 2016</i>	<i>446,556</i>	<i>-</i>	<i>-</i>	<i>446,556</i>	

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**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	139	-	-	139	1,474
<i>Total 2016</i>	<i>1,474</i>	<i>-</i>	<i>-</i>	<i>1,474</i>	

**6. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>					
General Annual Grant (GAG)	-	5,924,383	-	5,924,383	6,119,282
Capital grants	-	-	333,206	333,206	871,647
Other DfE /EFA grants	-	162,030	-	162,030	169,231
Special Educational Projects	-	170,747	-	170,747	188,887
Other grant	-	154,060	-	154,060	12,784
Trip income	281,542	-	-	281,542	164,482
	<b>281,542</b>	<b>6,411,220</b>	<b>333,206</b>	<b>7,025,968</b>	<b>7,526,313</b>
<i>Total 2016</i>	<i>164,482</i>	<i>6,490,184</i>	<i>871,647</i>	<i>7,526,313</i>	

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**7. DIRECT COSTS**

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Defined benefit pension scheme costs	59,000	56,000
Apprenticeship levy	3,321	-
Educational supplies	279,001	267,051
Examination fees	98,520	117,045
Staff development and agency staff	118,936	31,381
Other direct costs	26,407	28,136
Wages and salaries	3,702,102	3,714,890
National insurance	376,955	371,107
Pension cost	774,532	656,625
Depreciation	244,693	362,605
	<u>5,683,467</u>	<u>5,604,840</u>
<i>At 31 August 2016</i>	<u>5,604,840</u>	

**8. SUPPORT COSTS**

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Recruitment and support	34,525	32,570
Maintenance of premises and equipment	1,015,631	576,250
Cleaning	7,484	7,188
Rent and rates	104,164	94,598
Insurance	42,791	51,994
Security and transport	32,677	32,414
Professional consulting costs	5,973	8,540
Catering	150,826	208,003
Other support costs	107,056	245,681
Other governance	16,577	18,430
Wages and salaries	865,452	861,950
National insurance	59,208	56,582
Pension cost	118,287	107,758
	<u>2,560,651</u>	<u>2,301,958</u>
<i>At 31 August 2016</i>	<u>2,301,958</u>	

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**9. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	60,678	-	106,006	166,684	266,755
Activities:					
Direct costs	4,856,910	-	826,557	5,683,467	5,604,840
Support costs	1,042,947	1,015,631	502,073	2,560,651	2,301,958
	<u>5,960,535</u>	<u>1,015,631</u>	<u>1,434,636</u>	<u>8,410,802</u>	<u>8,173,553</u>
<i>Total 2016</i>	<u>5,833,005</u>	<u>762,600</u>	<u>1,577,948</u>	<u>8,173,553</u>	

**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	244,691	362,605
Auditors' remuneration - audit	13,225	13,000
Auditors' remuneration - other services	<u>1,500</u>	<u>1,500</u>

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**11. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,624,926	4,637,280
Social security costs	439,469	431,342
Pension costs	892,819	764,383
	<u>5,957,214</u>	<u>5,833,005</u>
Apprenticeship Levy	3,321	-
	<u>5,960,535</u>	<u>5,833,005</u>

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

	2017 No.	2016 No.
Teachers	90	85
Administration and support	83	92
Management	10	10
	<u>183</u>	<u>187</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	3
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

4 of the above employees participated in the TPS. During the year ended 31 August 2017, pension contributions for these members of staff amounted to £49,492 (2016: £39,623).

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

Total remuneration of key management personnel was £388,255 (2016: £375,788).

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**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:

		2017 £	2016 £
R Cave	Remuneration	100,000-105,000	90,000-95,000
R Sadler	Remuneration	40,000-45,000	40,000-45,000
I Wright	Remuneration	65,000-70,000	65,000-70,000
G Haskings	Remuneration	45,000-50,000	40,000-45,000
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	20,000-25,000	15,000-20,000
J Reid	Remuneration	60,000-65,000	60,000-65,000
S Morris	Remuneration	40,000-45,000	

During the year, no Trustees received any reimbursement for travel and subsistence expenses. (2016: £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 2017 was £2,052 (2016 - £1,550).

**14. OTHER FINANCE INCOME**

	2017 £	2016 £
Interest on pension scheme liabilities	(59,000)	(56,000)

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**15. TANGIBLE FIXED ASSETS**

Group and Academy	Freehold property £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	17,012,449	4,860	177,595	310,903	17,505,807
Additions	8,950	6,045	-	21,177	36,172
At 31 August 2017	17,021,399	10,905	177,595	332,080	17,541,979
<b>Depreciation</b>					
At 1 September 2016	1,654,899	4,779	159,244	196,686	2,015,608
Charge for the year	174,844	302	12,160	57,385	244,691
At 31 August 2017	1,829,743	5,081	171,404	254,071	2,260,299
<b>Net book value</b>					
At 31 August 2017	15,191,656	5,824	6,191	78,009	15,281,680
At 31 August 2016	15,357,550	81	18,351	114,217	15,490,199

**16. FIXED ASSET INVESTMENTS**

Academy	Shares in group undertakings £
<b>Market value</b>	
At 1 September 2016 and 31 August 2017	1

**17. DEBTORS**

	<u>Group</u>		<u>Academy</u>	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	20,928	8,981	19,401	3,616
Amounts owed by group undertakings	-	-	1,527	92,298
Other debtors	17,649	36,089	17,647	36,078
Prepayments and accrued income	41,999	692,809	41,999	692,809
	80,576	737,879	80,574	824,801

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**18. CREDITORS: Amounts falling due within one year**

	<u>Group</u>		<u>Academy</u>	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	54,301	404,566	54,301	404,566
Other taxation and social security	110,231	115,906	110,231	115,906
Local authority loan (unsecured)	50,000	50,000	50,000	50,000
Accruals and deferred income	166,862	35,520	166,862	35,511
	<u>381,394</u>	<u>605,992</u>	<u>381,394</u>	<u>605,983</u>

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

	<u>Group</u>		<u>Academy</u>	
	2017	2016	2017	2016
	£	£	£	£
Local Authority Loan (unsecured)	400,000	400,000	400,000	400,000
	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

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.

**20. FINANCIAL INSTRUMENTS**

	2017	2016
	£	£
Financial assets measured at amortised cost	<u>475,419</u>	<u>571,369</u>
Financial liabilities measured at amortised cost	<u>671,163</u>	<u>890,086</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors and other debtors

Financial liabilities measured at amortised cost comprise trade creditors, loans, other creditors and accruals.



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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	389,837	685,695	(593,067)	(8,950)	-	473,515
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	643,581	333,206	(873,533)	-	-	103,254
Local government loan	(450,000)	-	-	-	-	(450,000)
In kind support - buildings	15,490,199	-	(244,691)	36,172	-	15,281,680
	<u>15,683,780</u>	<u>333,206</u>	<u>(1,118,224)</u>	<u>36,172</u>	<u>-</u>	<u>14,934,934</u>
<b>Restricted funds</b>						
General annual grant	(325,232)	5,924,383	(6,011,009)	-	-	(411,858)
Other DfE/EFA grants	-	486,837	(438,502)	(27,222)	-	21,113
Pension reserve	(2,662,000)	-	(250,000)	-	18,000	(2,894,000)
	<u>(2,987,232)</u>	<u>6,411,220</u>	<u>(6,699,511)</u>	<u>(27,222)</u>	<u>18,000</u>	<u>(3,284,745)</u>
Total of funds	<u>13,086,385</u>	<u>7,430,121</u>	<u>(8,410,802)</u>	<u>-</u>	<u>18,000</u>	<u>12,123,704</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	426,266	612,562	(565,748)	(83,243)	-	389,837
	<u>426,266</u>	<u>612,562</u>	<u>(565,748)</u>	<u>(83,243)</u>	<u>-</u>	<u>389,837</u>
<b>Endowment funds</b>						
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>

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**21. STATEMENT OF FUNDS (continued)**

**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>14,368,543</u>	<u>7,974,393</u>	<u>(8,173,551)</u>	<u>-</u>	<u>(1,083,000)</u>	<u>13,086,385</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.

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 2017 £250,000 of this loan has been repaid.

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.

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**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	15,281,680	15,281,680
Current assets	414,164	-	103,254	517,418
Creditors due within one year	32,129	(363,523)	(50,000)	(381,394)
Creditors due in more than one year	-	-	(400,000)	(400,000)
Provisions for liabilities and charges	-	(2,894,000)	-	(2,894,000)
Difference	27,222	(27,222)	-	-
	<u>473,515</u>	<u>(3,284,745)</u>	<u>14,934,934</u>	<u>12,123,704</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	15,490,200	15,490,200
Current assets	389,837	230,760	643,580	1,264,177
Creditors due within one year	-	(555,992)	(50,000)	(605,992)
Creditors due in more than one year	-	-	(400,000)	(400,000)
Provisions for liabilities and charges	-	(2,662,000)	-	(2,662,000)
	<u>389,837</u>	<u>(2,987,232)</u>	<u>15,683,780</u>	<u>13,086,385</u>

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

	<b>2017</b>	<b>Group</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Net expenditure for the year (as per Statement of Financial Activities)	<b>(980,681)</b>	<b>(199,158)</b>
<b>Adjustment for:</b>		
Depreciation charges	<b>244,691</b>	<b>362,605</b>
Dividends, interest and rents from investments	<b>(139)</b>	<b>(1,474)</b>
Decrease in debtors	<b>657,303</b>	<b>47,549</b>
(Decrease)/increase in creditors	<b>(224,598)</b>	<b>335,058</b>
Capital grants from DfE and other capital income	<b>(333,206)</b>	<b>(871,649)</b>
Defined benefit pension scheme movements	<b>250,000</b>	<b>126,000</b>
<b>Net cash used in operating activities</b>	<b>(386,630)</b>	<b>(201,069)</b>

**24. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>Group</b>
	<b>£</b>	<b>2016</b>
		<b>£</b>
Cash in hand	<b>436,842</b>	<b>526,299</b>
<b>Total</b>	<b>436,842</b>	<b>526,299</b>

**25. 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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. PENSION COMMITMENTS**

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016.

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**

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%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016 and completed in 2018, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

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**26. PENSION COMMITMENTS (continued)**

The employer's pension costs paid to TPS in the period amounted to £549,105 (2016 - £553,679).

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](http://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 2017 was £206,000 (2016 - £205,000), of which employer's contributions totalled £151,000 (2016 - £150,000) and employees' contributions totalled £55,000 (2016 - £55,000). 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	23.0	22.9
Females	25.1	26.2
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	28.5

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**26. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	855,000	735,000
Gilts	-	24,000
Other bonds	269,000	206,000
Property	235,000	195,000
Cash and other liquid assets	198,000	63,000
Target return portfolio	91,000	241,000
Commodities	30,000	36,000
Infrastructure	121,000	74,000
Longevity insurance	(84,000)	(62,000)
Total market value of assets	<u>1,950,000</u>	<u>1,707,000</u>

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

	2017 £	2016 £
Current service cost	(342,000)	(220,000)
Interest cost	(59,000)	(56,000)
Total	<u>(401,000)</u>	<u>(276,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,174,000	2,682,000
Current service cost	342,000	220,000
Interest cost	92,000	107,000
Employee contributions	55,000	55,000
Change in financial assumptions	(124,000)	1,083,000
Benefits paid	(31,000)	-
Experience loss/(gain)	119,000	107,000
Effect of non-routine settlements	(18,000)	(80,000)
Closing defined benefit obligation	<u>4,609,000</u>	<u>4,174,000</u>

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**26. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	1,512,000	1,229,000
Contributions paid by employees	55,000	55,000
Return on assets less interest	88,000	107,000
Interest income	35,000	52,000
Actuarial gains	(106,000)	-
Employer contributions	150,000	150,000
Employee contributions	55,000	55,000
Benefits paid	(18,000)	(80,000)
	<u>1,769,000</u>	<u>1,567,000</u>
Closing fair value of scheme assets	<u>1,769,000</u>	<u>1,567,000</u>

**27. OPERATING LEASE COMMITMENTS**

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

Group	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	16,531	10,756
Between 1 and 5 years	37,161	28,972
After more than 5 years	-	5,633
	<u>53,692</u>	<u>45,361</u>
Total	<u>53,692</u>	<u>45,361</u>

The total lease expense in the year was £50,836 (2016: £44,996).



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**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 at arm's length and 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 £21,367 (2016 - £18,607) 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.

B Murphy (Governor) is an AQA Associate; Chair of Examiners for Art & Design GCE. During the year £72,863 was spent with AQA. No balance was owing to the related party, but a credit note of £366 was owed from the related party at the year end.

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**

**Highdown Sports and Leisure Limited**

Subsidiary name	Highdown Sports and Leisure Limited
Company registration number	09104080
Basis of control	
Equity shareholding %	100%
Total assets as at 31 August 2017	£ 1,527
Total liabilities as at 31 August 2017	£ 1,527
Total equity as at 31 August 2017	£ -
Turnover for the year ended 31 August 2017	£ 185,983
Expenditure for the year ended 31 August 2017	£ 185,983
Result for the year ended 31 August 2017	£ -

The principal address of Highdown Sports and Leisure Limited is Highdown School and Sixth Form Centre, Surley Row, Emmer Green, Reading, RG4 8LR.

**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.