

Registered number 07690414 (England and Wales)

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012



**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Governors and Advisers	1 - 2
Governors' Report	3 - 11
Governance Statement	12 - 14
Statement on Regularity, Propriety and Compliance	15
Governors' Responsibilities Statement	16
Independent Auditors' Report	17 - 18
Independent Auditors' Assurance Report on Regularity	19 - 20
Statement of Financial Activities	21
Balance Sheet	22 - 23
Cash Flow Statement	24
Notes to the Financial Statements	25 - 44

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

Governors

Dr A G Astill (appointed 1 July 2011)^{1,2,3}
Prof A R Beech (appointed 1 July 2011)³
Mr A A B Booth (appointed 6 February 2012)
Mrs J Burrows, Staff Governor (appointed 1 July 2011)³
Mrs L F Cooke, Head Teacher (appointed 1 July 2011)¹
Mrs P Davies, Staff Governor (appointed 30 November 2011)
Mr R A Harper (appointed 1 July 2011)^{1,2}
Mrs B Hinton (appointed 1 July 2011)³
Mrs S Hobson (appointed 1 July 2011)³
Mr P S Hoper (appointed 1 July 2011)³
Mrs E A Norman, Responsible Officer (appointed 6 February 2012)
Ms B I Pope (appointed 1 July 2011)^{1,2}
Mrs J M Read (appointed 1 July 2011, deceased 14 August 2012)^{1,2,3}
Mr J Robinson, Chair (appointed 1 July 2011)^{1,3}
Mrs K Taylor (appointed 1 July 2011)^{1,3}
Mr D G Williams (appointed 1 July 2011)¹

¹ Resources Committee

² Head Teachers Performance Committee

³ Learning and Teaching Committee

**Company Registered
Number**

07690414 (England and Wales)

**Principal and Registered
Office**

Church End
Hanley Castle
Worcester
Worcestershire
WR8 0BL

Company Secretary

Mrs A V Marlow

Chief Executive Officer

Mr J Robinson

Senior Leadership Team

Mrs L F Cooke, Headteacher
Mrs E Wilkins, Business & Finance Director
Miss A Picthall, Deputy Head
Mr D Findlater, Assistant Head
Mrs J Burrows, Assistant Head
Mr R Johnston, Teacher

Auditors

Bishop Fleming Rabjohns
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers

Lloyds TSB Commercial
1st Floor
4 The Cross
Worcester
WR1 3PY

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

Advisers (continued)

Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
-------------------	--

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

The governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the 13 month period ended 31 August 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy (which was incorporated on 1 July 2011 and opened as an Academy on 1 August 2011) is a Charitable Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The governors act as the trustees for the charitable activities of Hanley Castle High School and are also the directors of the Charitable Company for the purposes of company law.

Details of the governors who served throughout the 13 month period, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while 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 they cease to be a member.

Governors' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim.

Principal Activities

The principal activity is to advance for the public benefit by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad and balanced curriculum.

Method of recruitment and appointment or election of governors

On 1st August 2011 the Trustees appointed all those governors that served the predecessor school to be governors of the newly formed Academy. These governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following governors as set out in its Articles of Association and funding agreement -

- the Headteacher,
- at least two and up to six Parent Governors,
- two Staff Governors (providing that the total number of governors, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of governors),
- up to ten appointed Governors

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of governor, any governor can be re-appointed or re-elected.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

When appointing new governors, the members will give consideration to the skills and experience mix of existing Governors in order to ensure that the Governing Body has the necessary skills to contribute fully to the Academy's development

Policies and Procedures adopted for the Induction and Training of Governors

The Academy has a Governor Recruitment, Induction and Training procedure which is followed for every new appointment

The training and induction provided for new governors will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake in their role as governors. As there are normally only two or three new governors a year, induction is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Governing Body normally meets twice each term. The Governing Body establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The Governing Body may from time to time establish working groups to perform specific tasks over a limited timescale.

There are three committees as follows -

- Resources Committee - this meets at least twice each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also acts as a focal point for all other personnel, health and safety, IT, buildings and environment, and associated matters,
- Learning and Teaching Committee - this meets at least twice each term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting, assessment, examinations and all pastoral issues,
- Headteacher's Performance Review Committee meets at least twice a year to monitor and formally review the overall performance of the Headteacher, and recommend pay awards to the Resources Committee.

The following decisions are reserved to the Governing Body, to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the School Development Plan and budget.

The governors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Governing Body have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Business and Finance Director, Deputy Headteachers and Assistant Headteachers. The SLT implement the policies laid down by the governors and report back to them on performance.

The Headteacher is the Accounting Officer.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas, and its finances

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

Connected Organisations, including Related Party

The Hanley Castle High School Foundation Trust is a related party as it is the owner of the land and buildings and up to four Governors of the Academy are also Trustees of The Foundation Trust. The Academy occupies the land on an informal grace and favour basis as supported by the Department for Education's precedent supplemental agreement.

There are no related parties which either control or significantly influence the decisions and operations of Hanley Castle High School.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by further improving a school offering a high quality educational provision through a broad and balanced curriculum for all our students, irrespective of ability and aptitude.

The principal object and activity of the Charitable Company is the operation of Hanley Castle High School to provide free education and care for students of all abilities between the ages of 11 and 18. The Academy's specialism is Modern Foreign Languages.

The aims of the Academy during the period ended 31 August 2012 are that -

- Every Hanley student feels part of a happy, safe school community where they develop self-belief, are listened to and valued,
- Each student develops their unique gifts, talents and abilities and maximises learning opportunities both within and outside the curriculum,
- All young people leaving our care move confidently onto further study or employment having enjoyed our long-standing traditions, achieved their full potential and developed the skills and personal qualities that will ensure future success in an ever-changing international society.

This will be achieved through -

- A relentless focus on raising the standard of educational attainment and achievement of students of all ages, abilities and aptitudes,
- A stimulating learning environment, supported by consistent expectations,
- Care, support and intervention that places the individual at the centre of everything that we do,
- Celebration of all forms of success and reward of positive attitude and effort,
- Close partnership between parents, school and the student to support progress,
- A curriculum that promotes understanding and appropriately challenges every student,
- Opportunities outside the curriculum that develop a broader personal development,
- A clear understanding of rights and responsibilities in a global community.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

Objectives, Strategies and Activities

Key priorities for the year are contained in the School Development Plan 2011-14 which is available from the school. Improvement focuses identified for this year included commitments to

Teaching and Learning

Embed outstanding practice by promoting progressive learning activities, peer support for staff and improved post-16 practice

Enhance assessment and tracking including developing more relevant data sets, more rigorous tracking and intervention procedures and refining policies and procedures

Ongoing intervention to prevent underachievement - in particular in respect of high ability girls and specific subjects including Geography, Dance and Art

Develop the Academy's learning platform (FROG) to support learning, parent communication, revision, transition and the school council

Curriculum and Experience

Refine curriculum pathways at Key Stage 4, post-16 and for gifted and talented groups

Review curriculum model to ensure fitness for purpose as an Academy with an appropriate staffing profile and in particular covering transition between Key Stages

Further develop the Hanley ethos and wider learning opportunities through the college system, extracurricular activities and increased international links

Safety, Support and Behaviour

Getting the basics right by refining systems for low level issues and improving support for fixed term exclusions

Refine safeguarding systems by improved tracking and communication

Developing an increased range of personalised interventions particularly tracking progress of students with special educational needs (SEN) and 6th Form mentoring for able KS3 and KS4 students

Refine and develop Information Advice and Guidance (IAG) and Personal and Social Development (PSD)

Leadership and Management

Develop a stable and sustainable financial foundation to support the delivery of the academy's development plan by enhancing financial management, control and governance, continually evolving management information to support decision making and timely financial planning and budgeting ensuring revenue opportunities are maximised and budget is balanced in both medium and long term

Improve school's infrastructure over the short and longer term within financial constraints including ICT, 6th Form, Science, Canteen, Key Stage Offices, Aspire and Solar Panels

Develop staffing profile to meet Academy leadership and curriculum requirements

Review and implement School Development Plan (SDP) to incorporate requirements of the New Ofsted framework

Further develop the Academy to enhance governance, engage stakeholders, increase positive public perception of school and deepen relationships with our feeder primary schools

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

Public Benefit

The governors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Hanley Castle and the surrounding area, offering a broad and balanced curriculum to students of all abilities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

As an Academy we have a duty to support other schools. We support these schools through use of our premises and specialist skills including secondments where appropriate.

ACHIEVEMENTS AND PERFORMANCE

In its first year as an academy the school has achieved significant success.

Significant progress has been made in all areas, including -

- A step change in the use of progressive learning activities,
- The introduction of Hanley Aspirational Targets and Hanley Expected Minimum Targets,
- Identification of potential underachievement – groups and individuals,
- Interventions – high ability girls,
- The use of FROG – particularly to support student voice and parental engagement,
- Balancing staffing, including redeploying our Advanced Skills Teachers (ASTs) and strengthening SLT,
- Improving the impact of middle leaders,
- Further improving behaviour and uniform,
- Further improving safeguarding,
- Further improving the quality of IAG,
- Agreeing a deficit repayment programme whilst maintaining the quality of educational provision,
- Securing £330,000 to improve IT infrastructure, refurbish Aspire and improve windows in English / Science,
- Increasing our PAN to 162 to support parental choice and remaining oversubscribed,
- Maintaining 100+ recruitment to Year 12,
- Embedding the positive contribution of our College system.

A comprehensive review of our post-16 provision in 2010-11 resulted in improved teaching and learning, and an improved curriculum which meets the needs of more learners, improved care, guidance and support and improved facilities. As a result we welcomed 107 students into our Year 12 in September 2011. Attainment at A2 in 2011 was significantly better than in 2010, and progress was in line with FFT expectations.

KS4 outcomes for 2011 have improved to be in line with the top 10% of similar schools (73% A*-C including English and Mathematics for a cohort with a KS2 APS just one point above the national average).

In 2012 examination results were sustained at a high level. Despite the well reported controversy regarding English GCSE results, 83% of our students gained 5 or more GCSEs at A* - C, while the figure including English and Maths was 70%. The percentage of students awarded GCSE at A* and A grade was a school record at 30%. Our A level results showed a further improvement with a record of 10% of all passes at A*. The percentage pass rate at A* - C was 67% and the average points per entry rose to 216.

The Academy has established close links with Newent School in Gloucestershire. Newent was graded satisfactory in its last inspection, and Hanley has supplied Newent with a new Head of Modern Foreign Languages (MFL) on a two year secondment with effect from September 2012.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

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.

Key Financial Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention as the amount of carry forward is restricted to 12% as outlined in the Funding Agreement. In the period under review, £158k of GAG Restricted funds (3.5% of £4,490k) was carried forward after a transfer of £94k relating to fixed assets purchased out of GAG funding, in addition to £157k Restricted fixed asset funds and £69k Unrestricted funds. This in year surplus of £384k was offset by the deficit on conversion of (£939k) (LA Opening Deficit (£264k), Pension deficit (£708k) and income from school fund £33k) and defined benefit pension costs of £22k and actuarial losses of £59k leaving net expenditure for the year of (£636k).

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers as at January 2012 were 910, an increase of 32 over 2011. It is anticipated that this number will continue to rise.

Another key financial performance indicator is staffing costs as a percentage of income. For 2012 this was 78.1%, compared to 84.2% in 2011.

	Target	Actual
KPI for the year		
Pupil numbers (as at January 2012)		
7 - 11	750	745
12 - 13	160	165
Total	910	910
Staff as a %age of income	81.4%	78.1%
Student attendance %age	95.0%	94.0%
Exams (GCSE and equivalent)		
5+ A* - C	85.0%	83.0%
5+ A* - C (including English and Maths)	68.0%	70.0%
Exams (A Level / BTEC)		
A* - A	N / A	22.0%

Results for the year were sustained at a high level for both GCSE and A level students. Pupil numbers at the school for the period concerned were in line with forecast and are expected to continue to grow. Income for the year was broadly in line with the budget set and staff costs were favourable mainly due to savings in supply costs. This also impacted on the teaching to non teaching staff ratio of 3.06 compared to a budget of 2.95. The GAG carry forward of 3.5% was well within the maximum of 12% as defined in the Funding Agreement. During the year we agreed a deficit repayment plan with the EFA of £8k per month commencing April 2012 and payments were up to date as at year end leaving a deficit balance of (£224k).

FINANCIAL REVIEW

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2012 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

The Academy also receives grants for fixed assets from the DfE via the EFA and they are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2012, total expenditure of £5,401k was covered by recurrent grant funding from the DfE of £4,566k, together with other incoming resources of £185k. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £640k. After making adjustments for inter-fund transfers of £94k and actuarial losses of £59k on the defined benefit pension scheme, the total excess of expenditure over income for the year (excluding restricted fixed asset funds) was £793k.

At 31 August 2012 the net book value of fixed assets was £91k and movements in tangible fixed assets are shown in note 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 28 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy and Procedures which lays out the framework for financial management, including financial responsibilities of the Governing Body, Headteacher, Business and Finance Director, budget holders and other staff, as well as delegated authority for spending.

Governors have adopted a Responsible Officer Policy and appointed Liz Norman, a governor who is not a member of the Resources Committee, to undertake a programme of internal checks on financial controls. During the year, the governors received the reports from the Responsible Officer which contained no matters of significance.

The land and buildings occupied by the Academy Trust are subject to a Model Supplemental Agreement between the beneficial owners (Hanley Castle High School Foundation Trust) and the Secretary of State for Education. Under this agreement the land and buildings are made available at no cost for the use of the Academy Trust for the shorter of, the duration of the funding agreement or, two years notice from the beneficial owners.

As such, the governors have determined that it is not appropriate to recognise the value of land and buildings on conversion in the financial statements. As no accurate rental value is available, no donation has been recognised in the accounts for the use of the land and buildings. The land and buildings were valued at £4,338,178 on 31 August 2012 by DTZ as part of the EFA valuation. However for insurance purposes the land and buildings are insured for £17,487,412.

Financial and Risk Management Objectives and Policies

The Academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by governors and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Whilst the Academy is over-subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post-16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The governors examine the financial health formally four times a term, reviewing performance against budget and overall expenditure by means of regular update reports at all full Governing Body and Resources Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity. A manageable repayment plan of the £264k deficit on conversion has been agreed at a rate of £8k per month from April 2012 until December 2014 inclusive.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 28 to the financial statements, represents a significant potential liability. However as the governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy are as follows -

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 94.5% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial procedures and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Reserves Policy

The governors review the reserve levels of the Academy annually in line with the restrictions outlined in the Funding Agreement. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review. The Academy's current level of free reserves for the year (total funds less amount held in fixed assets and restricted funds) is a deficit of £161k.

The Governors have reviewed the future plans of the Academy and have approved IT investment of £380k over the next 5 years together with the plan to build up a 5% overall contingency over the same period.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT (continued)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a weekly basis this is achieved by transferring surplus funds to overnight deposit. Where cash flow allows, sums in excess of £50k may be invested on deposit for extended periods.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher as Accounting Officer and Business and Finance Director within strict guidelines approved by the Governing Body.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Academy is currently drawing up plans to improve facilities in a number of areas subject to securing funding.

Full details of our plans for the future are given in our Academy Development Plan, which is available on our website or from the Company Secretary.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Governors do not act as the Custodian Trustees of any other Charity with the exception of those governors who are trustees of the Hanley Castle High School Foundation Trust.

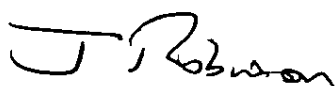
AUDITORS

In so far as the governors are aware:

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

The auditors, Bishop Fleming Rabjohns, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

This report was approved by order of the members of the Governing Body on 3 December 2012 and signed on its behalf by



**Mr J Robinson
Chair of Governors**

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As governors, we acknowledge we have overall responsibility for ensuring that Hanley Castle High School 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 Headteacher, 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 Hanley Castle High School 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 Governors' report and in the Governors' Responsibilities Statement. The Governing Body has formally met 6 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Dr A G Astill	6	6
Prof A R Beech	3	6
Mr A A B Booth*	2	4
Mrs J Burrows, Staff Governor	6	6
Mrs L F Cooke, Head Teacher	6	6
Mrs P Davies, Staff Governor	3	5
Mr R A Harper	5	6
Mrs B Hinton	2	6
Mrs S Hobson*	2	6
Mr P S Hoper	4	6
Mrs E A Norman, Responsible Officer	0	0
Ms B I Pope	3	4
Mrs J M Read	4	6
Mr J Robinson, Chair	5	6
Mrs K Taylor	6	6
Mr D G Williams	5	6

* - Both suffered periods of ill health during the year

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Resources Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. The Resources Committee has formally met 7 times during the year.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Dr A G Astill	4	7
Mrs L F Cooke	6	7
Mr R A Harper (Chair)	6	7
Miss B I Pope	3	7
Mrs J M Read	7	7
Mr D G Williams	7	7
Mr J Robinson	6	7
Mrs K Taylor	6	7
Mrs E Wilkins	5	5

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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hanley Castle High School for the 13 month period ended 31 August 2012 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 13 month period ending 31 August 2012 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 Resources 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 (as set 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 governors have appointed Mrs E A Norman, a governor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the Governing Body on the

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

operation of the systems of control and on the discharge of the Governing Body's financial responsibilities

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the 13 month period in question the review has been informed by

- the work of the Responsible Officer,
- the work of the external auditor,
- 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 Resources 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 3 December 2012 and signed on their behalf, by



Mr J Robinson
Chair of Governors



Mrs L F Cooke
Accounting Officer

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hanley Castle High School I have considered my responsibility to notify the Academy Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Mrs L F Cooke
Accounting Officer

Date 3 December 2012

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

The governors (who act as trustees for the charitable activities of Hanley Castle High School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles of the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in operation

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

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

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

Approved by order of the members of the Governing Body and signed on its behalf by



Mr J Robinson
Chair of Governors

Date: 3 December 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANLEY CASTLE HIGH SCHOOL

We have audited the financial statements of Hanley Castle High School for the 13 month period ended 31 August 2012 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

give a true and fair view of the state of the academy's affairs as at 31 August 2012 and of its incoming resources and application of resources, including its income and expenditure, for the 13 month period 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 and the Annual Accounts Direction 2011/12 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Governors' report for the financial 13 month period for which the financial statements are prepared is consistent with the financial statements.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HANLEY CASTLE HIGH SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Andrew Wood FCCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming Rabjohns
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB
14 December 2012

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO HANLEY CASTLE HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 26 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2011/12, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hanley Castle High School during the 13 month period 1 July 2011 to 31 August 2012 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 Hanley Castle High School and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hanley Castle High School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hanley Castle High School and the EFA, for our work, for this report, or for the conclusion we have formed

RESPECTIVE RESPONSIBILITIES OF HANLEY CASTLE HIGH SCHOOL'S ACCOUNTING OFFICER AND THE AUDITORS

The Accounting Officer is responsible, under the requirements of Hanley Castle High School's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook as published by DfE in 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2011/12. The governors have elected for the financial statements not to be audited in accordance with the Companies Act 2006. Accordingly 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 13 month period 1 July 2011 to 31 August 2012 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 2011/12 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO HANLEY CASTLE HIGH
SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the 13 month period 1 July 2011 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Bishop Fleming Rabjohns

Chartered Accountants
Statutory Auditors

1-3 College Yard
Worcester
WR1 2LB

Date 14/12/12

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of recognised gains and losses)
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

	Note	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	3	1,405	-	73,860	75,265
Activities for generating funds	4,5	116,082	-	-	116,082
Investment income	6	2,367	-	-	2,367
Incoming resources from charitable activities	7	65,101	4,565,608	-	4,630,709
TOTAL INCOMING RESOURCES		184,955	4,565,608	73,860	4,824,423
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising expenses and other costs	5	44,339	1,175	-	45,514
Charitable activities	13	71,575	4,326,499	10,655	4,408,729
Governance costs	9	-	7,975	-	7,975
Transfer from Local Authority on conversion	8,27	230,880	708,000	-	938,880
TOTAL RESOURCES EXPENDED	12	346,794	5,043,649	10,655	5,401,098
NET RESOURCES EXPENDED BEFORE TRANSFERS		(161,839)	(478,041)	63,205	(576,675)
Transfers between Funds	23	-	(94,270)	94,270	-
NET EXPENDITURE FOR THE YEAR		(161,839)	(572,311)	157,475	(576,675)
Actuarial gains and losses on defined benefit pension schemes		-	(59,000)	-	(59,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		(161,839)	(631,311)	157,475	(635,675)
Total funds at 1 July 2011		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2012		(161,839)	(631,311)	157,475	(635,675)

All of the academy's activities derive from acquisitions in the current financial 13 month period

The Statement of Financial Activities includes all gains and losses recognised in the 13 month period

The notes on pages 25 to 44 form part of these financial statements

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07690414 (ENGLAND AND WALES)

BALANCE SHEET
AS AT 31 AUGUST 2012

	Note	£	2012 £
FIXED ASSETS			
Tangible assets	18		91,456
CURRENT ASSETS			
Stocks	19	7,114	
Debtors	20	109,925	
Cash at bank and in hand		551,498	
		<u>668,537</u>	
CREDITORS: amounts falling due within one year	21	<u>(473,766)</u>	
NET CURRENT ASSETS			<u>194,771</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>286,227</u>
CREDITORS: amounts falling due after more than one year	22		<u>(132,902)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>153,325</u>
Defined benefit pension scheme liability	28		<u>(789,000)</u>
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES			<u><u>(635,675)</u></u>
FUNDS OF THE ACADEMY			
Restricted funds			
General funds excluding pension liability	23	157,689	
Fixed asset funds	23	157,475	
		<u>315,164</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(789,000)</u>	
Total restricted funds			<u>(473,836)</u>
Unrestricted funds	23		<u>(161,839)</u>
TOTAL DEFICIT			<u><u>(635,675)</u></u>

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**BALANCE SHEET (continued)
AS AT 31 AUGUST 2012**

The financial statements were approved by the governors, and authorised for issue, on 3 December 2012 and are signed on their behalf, by



Mr J Robinson, Chair

Mrs L F Cooke, Head Teacher

The notes on pages 25 to 44 form part of these financial statements

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**CASH FLOW STATEMENT
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

		13 month period ended 31 August 2012 £
	Note	
Net cash flow from operating activities	25	653,609
Capital expenditure and financial investment		(102,111)
INCREASE IN CASH IN THE PERIOD		551,498

All of the cash flows are derived from acquisitions in the current financial period

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

	13 month period ended 31 August 2012 £
Increase in cash in the period	551,498
MOVEMENT IN NET FUNDS IN THE PERIOD	551,498
NET FUNDS AT 31 AUGUST 2012	551,498

The notes on pages 25 to 44 form part of these financial statements

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction issued by the EFA, applicable accounting standards and the Companies Act 2006.

1.2 COMPANY STATUS

The academy is a company limited by guarantee. The members of the company are the governors named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

1.3 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the Academy is legally entitled to the income and the amount can be quantified with reasonable accuracy.

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.

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

The value of donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

1 ACCOUNTING POLICIES (continued)

1.5 RESOURCES EXPENDED

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.6 GOING CONCERN

The Academy has considerable reliance on continued Government funding through the EFA. Although there is no assurance that Government funding will continue at its current level for the period covered by the going concern review, the governors have a reasonable expectation that the Academy will have adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors' Responsibilities.

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 are capitalised

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

The land and buildings occupied by the Academy Trust are subject to a Model Supplemental Agreement between the beneficial owners (Hanley Castle High School Foundation Trust) and the Secretary of State for Education. Under this agreement the land and buildings are made available at no cost for the use of the Academy Trust for the shorter of, the duration of the funding agreement or, two years notice from the beneficial owners.

As such the governors have determined that it is not appropriate to recognise the value of land and buildings on conversion in the financial statements. As no accurate rental value is available, no donation has been recognised in the accounts for the use of the land and buildings. The land and buildings were valued at £4,338,178 on 31 August 2012 by DTZ as part of the EFA valuation. However for insurance purposes the land and buildings are insured for £17,487,412.

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

Office equipment	-	20% straight line
Computer equipment	-	33 33% straight line

1.8 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.10 TAXATION

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

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

1. ACCOUNTING POLICIES (continued)

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.12 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for *ENIL* consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Hanley Castle High School to the Academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Academy. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 27.

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

2. GENERAL ANNUAL GRANT (GAG)

	2012 £
Result and Carry Forward for the Year	
GAG Allocation for current year	4,490,935
Total GAG Available to spend	4,490,935
Recurrent expenditure from GAG	(4,238,976)
Fixed assets purchased from GAG	(94,270)
GAG Carried forward to next year	157,689
Maximum permitted GAG carried forward at end of current year (12% allocation for current year)	(538,912)
GAG to surrender to DfE	(381,223)
(12% rule breached if result is positive)	No breach

3 VOLUNTARY INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Donations	1,405	-	1,405
Government grants	-	73,860	73,860
Voluntary income	1,405	73,860	75,265

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Lettings	17,093	-	17,093
Fees received - China students	72,607	-	72,607
Other - Grounds maintenance/caretaking	26,382	-	26,382
	116,082	-	116,082

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

5. TRADING ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
FUNDRAISING TRADING EXPENSES			
Fees received expenses	-	1,175	1,175
Fundraising grants expenses	44,339	-	44,339
	<u>44,339</u>	<u>1,175</u>	<u>45,514</u>
Net expenditure from trading activities	<u>(44,339)</u>	<u>(1,175)</u>	<u>(45,514)</u>

6. INVESTMENT INCOME

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Bank interest	<u>2,367</u>	<u>-</u>	<u>2,367</u>

7. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	<u>65,101</u>	<u>4,565,608</u>	<u>4,630,709</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
DfE/EFA revenue grant			
General Annual Grant	-	4,490,935	4,490,935
Other DfE/EFA grants	-	46,604	46,604
School standards funds	-	13,513	13,513
Special Educational Needs	-	14,556	14,556
Catering licence fee	3,109	-	3,109
Mentor income	5,519	-	5,519
Sales to students - uniform and equipment	29,092	-	29,092
Other - Music tuition and language classes	27,381	-	27,381
	<u>65,101</u>	<u>4,565,608</u>	<u>4,630,709</u>

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

8. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Education	71,575	4,337,154	4,408,729

9. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Total funds 2012 £
Auditors' remuneration	-	7,975	7,975

10. DIRECT COSTS

	Education £	Total 2012 £
Pension finance costs	40,000	40,000
Educational supplies	44,384	44,384
Examination fees	81,416	81,416
Other costs	23,116	23,116
Security and transport	3,611	3,611
Wages and salaries	2,510,069	2,510,069
National insurance	196,282	196,282
Pension cost	327,088	327,088
	<u>3,225,966</u>	<u>3,225,966</u>

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

11. SUPPORT COSTS

	Education £	Total 2012 £
Other costs	33,798	33,798
Recruitment and other staff costs	347	347
Maintenance of premises and equipment	70,499	70,499
Cleaning	8,546	8,546
Rent and rates	29,039	29,039
Heat and light	73,622	73,622
Insurance	855	855
Security and transport	11,453	11,453
Catering	18,468	18,468
Technology costs	62,302	62,302
Office overheads	55,204	55,204
Legal and professional	89,054	89,054
Bank interest and charges	271	271
Wages and salaries	597,884	597,884
National insurance	31,713	31,713
Pension cost	89,053	89,053
Depreciation	10,655	10,655
	<u>1,182,763</u>	<u>1,182,763</u>

12. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2012 £	Depreciation 2012 £	Other costs 2012 £	Total 2012 £
Fundraising expenses	-	-	45,514	45,514
COSTS OF GENERATING FUNDS	-	-	45,514	45,514
Education	3,752,089	10,655	645,985	4,408,729
Governance	-	-	7,975	7,975
Other resources expended	-	-	938,880	938,880
	<u>3,752,089</u>	<u>10,655</u>	<u>1,638,354</u>	<u>5,401,098</u>

13. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2012 £	Support costs 2012 £	Total 2012 £
Education	<u>3,225,966</u>	<u>1,182,763</u>	<u>4,408,729</u>

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

14. NET RESOURCES EXPENDED

This is stated after charging

	13 month period ended 31 August 2012 £
Depreciation of tangible fixed assets	
- owned by the charity	10,655
Auditors' remuneration	7,975
	<hr/>

During the period, no governors received any benefits in kind
2 governors received reimbursement of expenses amounting to £183 in the current 13 month period

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

15. STAFF COSTS

Staff costs were as follows

	13 month period ended 31 August 2012 £
Wages and salaries	3,107,953
Social security costs	227,995
Other pension costs (Note 28)	416,141
	<u>3,752,089</u>

The average number of persons (including the senior management team) employed by the Academy during the 13 month period expressed as full time equivalents was as follows

	13 month period ended 31 August 2012 No.
Teachers	56
Administration and support staff	42
	<u>98</u>

The number of employees whose emoluments fell within the following bands was

	13 month period ended 31 August 2012 No.
In the band £60,001 - £70,000	1
In the band £70,001 - £80,000	1
	<u>2</u>

Employer's pensions contributions made on behalf of the above two employees amounted to £19,823

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

16. GOVERNORS' REMUNERATION

During the 13 month period retirement benefits were accruing to 3 governors in respect of defined benefit pension schemes

The Headteacher and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration for the 13 month period was as follows Mrs L F Cooke (Headteacher) - £84,511, Mrs J Burrows (Staff Governor) - £49,277, and Mrs P Davies (Staff Governor) (Dec 11 - Aug 12 0.8 FTE) - £15,560. The value of the governors' pension contributions in respect of the defined benefit pension scheme made in the period was as follows Mrs L F Cooke - £11,916, Mrs J Burrows £6,948, and Mrs P Davies - £3,040.

17. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3 million on any one claim and the cost for the 13 month period ended 31 August 2012 was £1,369.

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

18. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
COST			
At 1 July 2011	-	-	-
Additions	19,560	82,551	102,111
At 31 August 2012	19,560	82,551	102,111
DEPRECIATION			
At 1 July 2011	-	-	-
Charge for the 13 month period	2,701	7,954	10,655
At 31 August 2012	2,701	7,954	10,655
NET BOOK VALUE			
At 31 August 2012	16,859	74,597	91,456

19. STOCKS

	2012 £
Finished goods and goods for resale	7,114

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

20. DEBTORS

	2012 £
Trade debtors	1,672
Other debtors	43,817
Prepayments and accrued income	64,436
	<u>109,925</u>

21. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £
Trade creditors	152,380
Social security and other taxes	63,982
Other creditors	175,138
Accruals and deferred income	82,266
	<u>473,766</u>
	£
DEFERRED INCOME	
Resources deferred during the year	<u>41,772</u>

Income has been deferred based on the period to which it relates, deferred income is in relation to

	2012 £
School trips income	22,947
16 - 19 Bursary Fund income	7,716
Devolved Formula Capital income	10,976
Bike shed income	133
	<u>41,772</u>
Total	<u>41,772</u>

22. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £
Other creditors	<u>132,902</u>

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

23. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds - all funds	-	184,955	(346,794)	-	-	(161,839)
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	4,490,935	(4,238,976)	(94,270)	-	157,689
School standards funds	-	13,513	(13,513)	-	-	-
Special needs funding	-	14,556	(14,556)	-	-	-
Pupil premium	-	39,004	(39,004)	-	-	-
Other grants	-	7,600	(7,600)	-	-	-
Pension reserve	-	-	(730,000)	-	(59,000)	(789,000)
	-	4,565,608	(5,043,649)	(94,270)	(59,000)	(631,311)
RESTRICTED FIXED ASSET FUNDS						
Fixed assets purchased from GAG and unrestricted funds	-	-	(9,814)	94,270	-	84,456
Devolved Formula Capital funding	-	7,840	(841)	-	-	6,999
Capital Maintenance fund	-	66,020	-	-	-	66,020
	-	73,860	(10,655)	94,270	-	157,475
Total restricted funds	-	4,639,468	(5,054,304)	-	(59,000)	(473,836)
Total of funds	-	4,824,423	(5,401,098)	-	(59,000)	(635,675)
SUMMARY OF FUNDS						
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	184,955	(346,794)	-	-	(161,839)
Restricted funds	-	4,565,608	(5,043,649)	(94,270)	(59,000)	(631,311)
Restricted fixed asset funds	-	73,860	(10,655)	94,270	-	157,475
	-	4,824,423	(5,401,098)	-	(59,000)	(635,675)

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

23. STATEMENT OF FUNDS (continued)

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs

Pension reserve – This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme

Pupil Premium - Income from the EFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most

Special Educational Needs - Funding received by the Local Authority to fund further support for students with additional needs

Other grants - Income which has been received for specific purposes

Fixed Asset Funds

Capital Grants – These funds were received for direct expenditure on fixed asset projects. The balance at the year end represents the NBV of assets and any unspent grant amounts

Devolved Formula Capital - This represents funding from the EFA to cover the maintenance and purchase of the Academy's assets

Fixed assets transferred on conversion – This represents the buildings and equipment donated to the Academy from the Local Authority on conversion to an academy

Transfers between funds

The transfer between the restricted fund and restricted fixed asset fund represents the transfer of capital expenditure from the General Annual Grant (GAG) during the year

24. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2012 £	Restricted funds 2012 £	Restricted fixed asset funds 2012 £	Total funds 2012 £
Tangible fixed assets	-	-	91,456	91,456
Current assets	116,859	485,659	66,019	668,537
Creditors due within one year	(145,796)	(327,970)	-	(473,766)
Creditors due in more than one year	(132,902)	-	-	(132,902)
Provisions for liabilities and charges	-	(789,000)	-	(789,000)
	<u>(161,839)</u>	<u>(631,311)</u>	<u>157,475</u>	<u>(635,675)</u>

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

25. NET CASH FLOW FROM OPERATING ACTIVITIES

	13 month period ended 31 August 2012 £
Net incoming resources before revaluations	(576,675)
Depreciation of tangible fixed assets	10,655
Increase in stocks	(7,114)
Increase in debtors	(109,925)
Increase in creditors	606,668
Defined benefit pension scheme adjustments	730,000
NET CASH INFLOW FROM OPERATIONS	653,609
	13 month period ended 31 August 2012 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Purchase of tangible fixed assets	(102,111)

26 ANALYSIS OF CHANGES IN NET DEBT

	1 July 2011 £	Cash flow £	Other non-cash changes £	31 August 2012 £
Cash at bank and in hand	-	551,498	-	551,498
NET FUNDS	-	551,498	-	551,498

27. CONVERSION TO AN ACADEMY TRUST

On 1 August 2011 Hanley Castle High School converted to academy trust status under the Academies Act 2010 and all the operations and liabilities were transferred to Hanley Castle High School from Worcestershire County Council for £NIL consideration

The transfer has been accounted for using the acquisition method. The liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as other resources expended.

The following table sets out the fair values of the identifiable liabilities transferred and an analysis of their recognition in the Statement of Financial Activities

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	(264,902)	-	-	(264,902)
Budget surplus/(deficit) on other school funds	34,022	-	-	34,022
LGPS pension surplus/(deficit)	-	(708,000)	-	(708,000)
Net assets/(liabilities)	<u>(230,880)</u>	<u>(708,000)</u>	<u>-</u>	<u>(938,880)</u>

28. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire County Council Both are defined benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

There were no outstanding or prepaid contributions at either the beginning or the end of the financial 13 month period

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay as you go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ('GA'), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004 The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions The value of the assets (estimated

**HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012**

28. PENSION COMMITMENTS (continued)

future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme and the implications for the Academy in terms of the anticipated contribution rates.

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 13 month period ended 31 August 2012 was £140,000, of which employer's contributions totalled £109,000. The agreed contribution rate for future years are 21.1% for employers and 5.5-7.5% for employees.

As described in note 27 the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the 13 month period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows

	13 month period ended 31 August 2012 £
Present value of funded obligations	(888,000)
Fair value of scheme assets	99,000
	<hr/>
Net liability	(789,000)
	<hr/>

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

28. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities are as follows

	13 month period ended 31 August 2012 £
Current service cost	(91,000)
Interest on obligation	(43,000)
Expected return on scheme assets	3,000
Total	(131,000)
Actual return on scheme assets	1,000

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

	13 month period ended 31 August 2012 £
Current service cost	91,000
Interest cost	43,000
Contributions by scheme participants	31,000
Actuarial losses	56,000
Liabilities assumed in a business combination	708,000
Liability transferred on conversion	(41,000)
Closing defined benefit obligation	888,000

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

	13 month period ended 31 August 2012 £
Expected return on assets	3,000
Actuarial gains and (losses)	(3,000)
Contributions by employer	109,000
Contributions by employees	31,000
Benefits paid	(41,000)
	99,000

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £59,000

The Academy expects to contribute £100,000 to its defined benefit pension scheme in 2013

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

28 PENSION COMMITMENTS (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012
Equities	90.50 %
Government bonds	0.10 %
Other bonds	4.30 %
Cash/liquidity	2.00 %
Other	3.10 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

	2012
Discount rate for scheme liabilities	4.30 %
Expected return on scheme assets at 31 August	6.43 %
Rate of increase in salaries	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %
Inflation assumption (CPI)	2.20 %

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

	2012
Retiring today	
Males	22.4 years
Females	24.9 years
Retiring in 20 years	
Males	24.2 years
Females	26.9 years

Amounts for the current period are as follows

Defined benefit pension schemes

	2012
	£
Defined benefit obligation	(888,000)
Scheme assets	99,000
Deficit	(789,000)
Experience adjustments on scheme liabilities	(56,000)
Experience adjustments on scheme assets	(3,000)

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 AUGUST 2012

29. OPERATING LEASE COMMITMENTS

At 31 August 2012 the Academy had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	Other 2012 £
EXPIRY DATE		
Within 1 year	-	2,389
Between 2 and 5 years	-	47,042
	<hr/>	<hr/>

30. RELATED PARTY TRANSACTIONS

During the year, Miss S Robinson, daughter of J Robinson was paid £1,355 for her temporary employment as a teaching assistant

31. CONTROLLING PARTY

Due to the nature of the entity, there is no overall controlling party