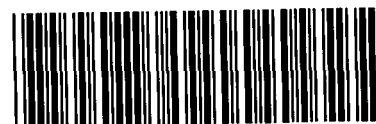


HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Trustees	Prof A R Beech (resigned 9 July 2015) ³ Mr D Baker (appointed 14 January 2015) ⁴ Mrs J Burrows, Appointed Governor ³ Mr R Carter ^{1,3} Mrs L F Cooke, Headteacher ¹ Mrs K Dunstall, Staff Governor (resigned 9 July 2015) ³ Mr J P Ellis, Staff Governor ¹ Mr P S Hoper ^{2,3} Mrs L Mason ³ Mrs J Mullan ^{1,4} Mrs E A Norman, Responsible Officer ^{2,3} Ms B I Pope ³ Mr J Prior (appointed 2 February 2015) ¹ Mr J Robinson, Chair ^{1,2,3} Mr P G Saunders ^{1,4} Dr R Seabrook ^{1,4} Mr M Shaw ¹ Mrs K Taylor ^{1,3} Mr S M Yates ³
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- ¹ Resources Committee
- ² Headteacher's Performance Committee
- ³ Learning and Teaching Committee
- ⁴ Audit Committee

Company Registered Number	07690414
Principal and Registered Office	Church End Hanley Castle Worcester Worcestershire WR8 0BL
Company Secretary	Mrs K Barter
Chair of Governors	Mr J Robinson
Senior Leadership Team	Mrs L F Cooke, Headteacher Mr R Johnston, Deputy Head Mrs E Wilkins, Business & Finance Director Miss A Picthall, Deputy Head Mr D Findlater, Assistant Head Mrs J Burrows, Assistant Head
Independent Auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB

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

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (continued)

Bankers	Lloyds Bank plc 1st Floor 4 The Cross Worcester WR1 3PY
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015**

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2015. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 in Upton and the surrounding area. It has a pupil capacity of 998 and had a roll of 1,006 in the school census on 1 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy.

The trustees of Hanley Castle High School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hanley Castle High School.

Details of the trustees who served throughout the year, 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 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 ceased to be a member.

Trustees' Indemnities

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 £3,000,000 on any one claim.

TRUSTEES

Method of recruitment and appointment or election of Trustees

The academy trust shall have the following trustees as set out in its Articles of Association and funding agreement:

- The Headteacher
- At least two and up to six parent trustees
- Two staff trustees (providing that the total number of trustees, including the Headteacher, who are employees of the academy trust, does not exceed one third of the total number of trustees)
- Up to ten appointed trustees

Trustees 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 trustee, any trustee can be re-appointed or re-elected.

When appointing new trustees, the board will give consideration to the skills and experience mix of existing trustees in order to ensure that the board has the necessary skills to contribute fully to the school's development.

Policies and Procedures adopted for the Induction and Training of Trustees

The academy has a Trustee Recruitment, Induction and Training procedure which is followed for every new appointment.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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

Organisational Structure

The board of trustees normally meets a minimum of five times per annum. The board 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 board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are six committees as follows:

- **Resources Committee** - this meets at least five times per annum 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.
- **Audit Committee** - this meets a minimum of twice a year and is responsible for examining and reviewing the risk management process and agreeing a programme of work to address these risks, ensuring due compliance with public accountability, appointing the external auditors and receiving the report of the auditors ensuring any recommendations are actioned.
- **Learning and Teaching Committee** - this meets at least five times per annum to monitor, evaluate and review academy policy, practice and performance in relation to curriculum planning, communications, target setting, assessment, examinations and all pastoral issues.
- **Pay and Performance Committee** - meets at least twice a year to assist the Governing Body in fulfilling its responsibilities with reference to the implementation of both its Pay and Performance Management Policies. In particular, it will monitor throughout the year and formally review annually the overall performance of staff; make recommendations to the Resources Committee in respect of pay awards to staff; with the External Adviser, monitor throughout the year and formally review annually the performance of the Headteacher, deciding whether targets have been met and setting new objectives; and make recommendations to the Resources Committee in respect of the Headteacher's pay award as a result of judgements of their overall performance and of the successful meetings of objectives set.
- **Academy Status Committee** - meets as required to act as a focal point for matters relating to the academy's status. In particular it will keep under review the Funding Agreement, Articles of Association and other legal documents, the relationship with the Foundation Trust regarding land and buildings, and the Articles of Governance.
- **Discipline, Exclusions, Complaints and Appeals** - provides panel members to consider all disciplinary matters with regard to staff and students, including exclusions, to deal with complaints and to consider all appeals against redundancies, dismissals and other related disciplinary issues, and performance management issues affecting the Headteacher and her direct reports.

The following decisions are reserved to the board of trustees: 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 Company Secretary, to approve the School Development Plan and budget.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

The trustees 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 trustees and board of trustees 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 implements the policies laid down by the trustees and reports back to them on performance.

The Headteacher is the Accounting Officer.

Connected Organisations, including Related Party Relationships

The Hanley Castle High School Foundation Trust is a related party as it is the owner of the land and buildings. The Foundation Trust nominates two of its trustees to also be trustees of the academy, whilst the Chair of the Academy Trust is also a trustee of the Foundation. The academy occupies the land on an informal grace and favour basis as supported by the Department for Education's 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 of its 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 aims of the academy during the year ended 31 August 2015 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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Objectives, Strategies and Activities

Key priorities for the year are contained in the School Development Plan 2015 - 2018 which is available on the school website and from the Company Secretary. Improvement focuses identified for this year included commitments to:

Teaching, Learning and Assessment

- Maintain strong student outcomes, utilising recently developed intervention strategies
- Continue to focus on closing gaps in progress between underachieving groups and other students
- Ensure all stakeholders understand the Hanley 'post levels' system for tracking progress
- Focus relentlessly on improving the quality of teaching in order to further increase the percentage of lessons judged to be outstanding
- Further increase students' independence, resilience and academic buoyancy, enabling smoother transition between key stages
- Further develop student understanding of the learning process to positively impact on outcomes
- Embed firmly recently developed assessment for learning strategies

Curriculum and Experience

- Ensure that all Year 9 students have an appropriate curriculum which maximises progress
- Ensure that the best curriculum is resourced and in place for post-16 subjects in the first wave of reforms
- Further increase opportunities to develop students' spiritual, moral, social and cultural awareness, for example through an inter-faith day

Safety, support and behaviour

- Implement new policy on mobile phones
- Continue to focus on reducing persistent absenteeism
- Review systems to further improve behaviour, specifically out of lessons and for students who join the school in-year
- Develop appropriate strategies to support students who are vulnerable to extremism and radicalisation
- Further develop students' confidence and protective behaviours online and empower staff and parents to monitor and support children
- Further improve the impact of early intervention strategies
- Transfer all SEN statements to Education, Health and Care Plans as planned
- Further improve IAG and Careers to support all students

Leadership and Management

- Enhance partnerships with feeder and other primary schools via a multi-academy trust
- Continue to explore measures which improve staff morale and well-being
- Further improve self-evaluation, supporting further improvement and external validation
- Maintain financial stability to bridge the gap to implementation of fairer funding
- Continue to improve the quality and safety of accommodation and facilities

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of 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.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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, especially our feeder primary schools, through use of our premises and specialist skills including secondments where appropriate.

STRATEGIC REPORT

Achievements and Performance

In its fourth year as an academy the progress made by the school has accelerated, culminating in a second year of outstanding examination success.

Teaching and Learning

The academy continues to focus relentlessly on improving teaching, learning and assessment. The School Improvement Group (SIG) was relaunched, the teaching and learning focus weeks were reformatted, a whole school initiative on increasing the impact of teacher feedback was introduced and the commitment to raising expectations, improving further differentiation and tackling any underperformance maintained. In addition, senior and middle leaders worked to ensure that a new system of assessment, based on the new GCSE numerical grading system, was ready for implementation in September 2015.

Curriculum and Experience

New schemes of work were prepared to meet the demands of the new National Curriculum, new GCSEs and new A-levels. Curriculum provision was reviewed to ensure that the school's performance against the new accountability measures of 'Attainment 8' and 'Progress 8' is maximised, whilst still ensuring that the best interests of all students are supported.

Safety, Support and Behaviour

The new SEN/D Code of Practice was implemented fully, while significant resources were invested in safeguarding and also in supporting the mental health of students and staff. Our in-house systems to improve attendance, particularly for persistent absentees, were consolidated and further strengthened. Enhanced 16-19 Study Programmes, with timetabled independent study modules in all subjects and enhanced work experience opportunities, were introduced in September 2014. The behaviour of the vast majority of our students is exemplary.

Leadership and Management

The school finally paid off its historical deficit in January 2015 and its financial and operational position is sound. The school's self-evaluation systems were updated to address the new Ofsted framework for September 2015. Staffing was reviewed and strengthened in the areas of business studies, science, special needs and data. Further measures were introduced to support staff morale and well-being.

Further strengthening the school's unique ethos

In November 2014 Hanley Castle lost its former headteacher, Alan Johnston. Alan led the school for thirteen years between 1991 and 2004, guiding it through the merger with the Hill School in Upton. The school flourished under his leadership, expanding from 550 students to 800. Alan maintained his links with the school through the central role he played with the "Hanley Voices", performing every year at the school carol service. This year's carol service and "Christmas Cracker" therefore served as a very fitting memorial to Alan, and he would have been delighted to learn that the exceptional quality of the school's Arts provision has been recognised by the Arts Council England through the award of Artsmark Gold.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

2014 was also the centenary of the beginning of the First World War. Despite the fact that Hanley Castle is a small school in a small village, the list of those who made the ultimate sacrifice between 1914 and 1918 is a long one. In an act of remembrance which culminated in an impeccably observed two minutes silence in the school hall, the whole school community, over a thousand children and adults, stood in a period of silent reflection as the sacrifices of Hanley students and all who lost their lives in the Great War, and in wars since, were honoured. The dignity and respect with which the young people conducted themselves served as a reminder of the character and quality of our students.

Another unique event was the school's celebration of the solar eclipse in March 2015. Supported by a large number of staff from QinetiQ, along with a significant amount of scientific equipment, this was an inspirational and memorable experience for the whole school.

The quality of the school's sporting provision remains very high. The year saw some notable successes for sports' teams with fine performances in rugby, rowing, girls' football, hockey, show jumping and basketball. The newly formed karting team competed in the national finals, and many athletes competed at national and international level.

Hanley Castle's International School Award was also renewed this year, recognising the exceptional quality of its international links and global awareness.

Aligning teachers' pay more closely with performance

Performance management outcomes, confirmed by this summer's outstanding GCSE and A level results, suggest that levels of performance by teachers remain at a high level. Our internal analysis of exam results confirms that there is a strong correlation between pay and performance, ensuring that the school achieves value for money.

Improving the schools environment and facilities

The school learnt in March that its £1.2 million bid to the EFA for funding for a new sixth form centre had been successful. Construction has commenced, and the new facility should be ready for commissioning in June 2016. A major fundraising initiative is now under way to fund solar panels, ICT and other equipment and for landscaping.

Ofsted

The school is currently anticipating a Section 8 Ofsted inspection during 2015/16. This will be under the new September 2015 framework which means that there is a possibility that the one day Section 8 inspection may convert into a two day Section 5 inspection – should there be a possibility of an 'outstanding' or 'requires improvement' judgement.

KS4 outcomes

The GCSE results for 2015 were the best that the school has ever achieved. 73% of students gained five or more GCSEs at grades A*-C including English and mathematics, with 11% of all GCSEs awarded at A* grade, and 30% awarded at either A* or A. 47% of students also achieved the English Baccalaureate, gaining A*-C passes in English, mathematics, the sciences, a humanities subject and a modern foreign language. There were some spectacular individual successes with many boys and girls achieving top grades across all subjects. The proportion of passes at A* and A grade continues to rise. 64% of all chemistry grades were awarded at either A* or A, while the percentages for biology and physics were 57% and 59% respectively. Over a quarter of all grades in mathematics were A* or A, while a massive 58% of students gained A* or A in geography and 60% of candidates in music also achieved top grades. The overall value added score for the Class of 2014 was outstanding – 1016. We confidently expect the value added figure for 2015 to be even higher, demonstrating that the quality of teaching and learning at Hanley Castle is consistently outstanding.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Post 16 outcomes

A-level results were again very strong, particularly considering the school's inclusive admissions policy. Year 13 leavers gained 35% of passes at either A* or A grade or equivalent, 59% at A* - B and 81% at grades A*-C. The overall pass rate was 98%.

A large number of students achieved outstanding individual results, gaining all of their passes at either A* or A grade. The high number of A* and A grades in mathematics and science subjects was notable. Hanley Castle High School's chemistry results are spectacular - the school is ranked fifth of approximately 3,500 non-selective schools in England. In mathematics 54% of students gained either an A* or A grade. The figure for further maths and physics was 50%. Students' performance in other academic subjects – English literature, history, psychology, politics and economics – was also very strong.

Hanley Castle also continues to offer a small number of well-regarded vocational qualifications which offer an alternative route to university. Students' outstanding success in these subjects, often taken alongside traditional A levels, is noteworthy. 74% of BTEC passes were at either Distinction or Distinction* - equivalent to A or A* at A level.

The AS results of Year 12 students were the best ever achieved by students at the school. 23% of passes were at A grade, and 40% were at A-B.

Key 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. At the end of August 2015 £408k of GAG restricted funds (8.2%) was carried forward, together with £6,262k Restricted Fixed Asset funds and £54k unrestricted funds. This is then offset by the Pension deficit of £1,095k leaving net assets as at 31st August 2015 of £5,629k.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers as at October 2014 were 976 and are forecast to be 1006 for September 2015 in line with our Year 7 increase in PAN and growing sixth form. Another key financial performance indicator is staffing costs as a percentage of income. For 2015 this was 82.1%, which compared favourably to budget, 84.4%.

Results for the year were sustained at a high level for both GCSE and A Level students. Income for the year was £41k above budget mainly due to additional pupil premium and feed in tariff income and staff costs were favourable to budget by £74k mainly due to savings in dance and technology and non utilisation of teacher contingency fund. Other costs were also below budget by £56k due to savings on oil and water. During the year we repaid the balance of the deficit on conversion of £32k.

KPIs for the year	Budget	Actual
In year revenue surplus	-£94k	£77k
Pupil numbers (as at October 2014)	976	976
7-11	786	782
12-13	190	194
Total	976	976
Staff costs as a percentage of income	84.4%	82.1%
Student Attendance	95.0%	95.3%
Exams (GCSE and equivalent)		
5+ A* - C	80%	81%
5+ A* - C (including English and Maths)	70%	73%
A* - A	n/a	30%
EBACC	40%	47%
Exam (A Level/BTEC)		
A* - A	n/a	35%
A* - C	n/a	80%

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Going Concern

After making appropriate enquiries, the board of trustees 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 Going Concern Policy (see note 1.5).

FINANCIAL REVIEW

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 2015 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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 2015, total expenditure of £4,460k (excluding depreciation charge of £279k and actuarial losses of £66k), were covered by recurrent grant funding from the DfE of £4,450k, together with other incoming resources of £152k. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £141k. After making adjustments for fixed asset transfers of £90k and actuarial loss of £66k the net decrease in funds for the year (excluding fixed asset funds) was £15k.

Restricted Fixed Asset Funds in the year of £1,218k included £1,183k from the Condition Improvement Fund (CIF) which represented payment of funds for our new sixth form centre which will be completed in June 2016. After the annual depreciation charge of £279k and the transfer from revenue of £90k the net movement in Fixed Asset funds in the year was £1,030k.

Total net movement in funds in the year was £1,015k (£1,030k fixed assets less £15k general, which includes pension charge of £95k). Together with the brought forward funds from the previous financial year of £4,614k this resulted in carry forward funds of £5,629k of which £5,575k is restricted (£408k general, £6,262k fixed assets and £1,095k pension reserve) and £54k is unrestricted.

At 31 August 2015 the net book value of fixed assets was £5,060k and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy. In addition to the capital investment funded by the ACMF the academy has continued to invest heavily in IT, in particular purchasing student laptops for English, new smartboards and replacement server.

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 25 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.

Trustees have adopted a Responsible Officer Policy and appointed Mrs EA Norman, a suitably qualified trustee who is not a member of the Resources Committee, to undertake a programme of internal checks on financial controls. During the year, the trustees received the reports from the Responsible Officer which contained no matters of significance.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

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.

Reserves Policy

The trustees review the reserve levels of the academy annually and this review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees take into consideration the future plans of the academy, the uncertainty over future income streams and other key risks identified during the risk review. At the end of the year the academy's level of reserves in total were £462k of which £408k was restricted and £54k was unrestricted.

These general reserves are then added to the £6,262k fixed assets funds and -£1,095k pension reserve to give total funds carried forward of £5,629k. The general reserves of £462k are held for future expenditure, for example one off building and maintenance work. Whilst the academy trust recognises a significant pension deficit due to the accounting treatment of the Local Government Pension Scheme (LGPS), this does not mean that an immediate liability for this amount crystallises.

The Defined Benefit Pension Scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the academy trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the academy trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the academy trust.

The trustees have reviewed the future plans of the academy and have approved significant IT investment since converting as an academy in excess of £380k together with the plan to build up a 5% overall contingency over the same period. The current school contingency of £462k compares favourably to this target at 10.0%.

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.

Trustees 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 board of trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

The board of trustees has reviewed the major risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The principal risks and uncertainties facing the academy are as follows:

Financial - the academy has considerable reliance on continued Government funding through the Education Funding Agency (EFA). In the last year 97.9% of the academy's incoming resources were 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 trustees 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 trustees ensure that student success and achievement are closely monitored and reviewed.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Safeguarding and child protection - the trustees 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 trustees 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.

The academy has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by trustees and include the financial risks to the academy. The register and plan are constantly reviewed and updated by committees in light of any new information and formally reviewed annually by the full governing body.

Whilst the academy is oversubscribed, 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 trustees examine the financial health formally four times a year, reviewing performance against budget and overall expenditure by means of regular update reports at all full trustees' and Resources Committee meetings. The trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

The board of trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 25 to the financial statements, represents a significant potential liability. However as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

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, continue to aim to attract high quality teachers and support staff in order to deliver its objectives and continue to work with partner schools to improve the educational opportunities for students in the wider community.

Hanley Castle High School is also currently exploring strengthening its links legally and formally with primary partners by creating a multi-academy trust. The MAT would seek to improve further the quality of educational provision for all children from the age of 4 to 19 within the schools involved, whilst retaining the distinctive character of each. This includes respecting and preserving the Christian ethos of the Church primary schools and the commitment of Hanley Castle to the spiritual, moral and cultural development of its students.

In addition, the MAT would seek to build closer links with other local schools, particularly those within the Upton Pyramid, to improve further the quality of educational provision for all children in our area.

Full details of our plans for the future are given in our School 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 trustees do not act as the custodian trustees of any other charity with the exception of those trustees who are trustees of the Hanley Castle High School Foundation Trust.

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

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 3 December 2015 and signed on the board's behalf by:



**Mr J Robinson
Chair of Academy Trust**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, 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 board of trustees 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 board of trustees 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 Trustees' responsibilities statement. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Prof A R Beech	0	5
Mr D Baker	4	4
Mrs J Burrows	5	5
Mr R Carter	5	5
Mrs L F Cooke, Headteacher/Accounting Officer	5	5
Mrs K Dunstall *	3	5
Mr J P Ellis *	5	5
Mr P S Hoper	1	5
Mrs L Mason	5	5
Mrs J Mullan	5	5
Mrs E A Norman	4	5
Ms B I Pope	2	5
Mr J Prior	2	3
Mr J Robinson, Chair	5	5
Mr P G Saunders	5	5
Dr R Seabrook	5	5
Mr M Shaw	2	5
Mrs K Taylor	4	5
Mr S M Yates	4	5

* Staff Governor

Governance reviews:

During the year the quality of governance was reviewed on two occasions. At the December full governing body meeting the Chair led a self evaluation session entitled: "Outstanding Governance" based on a National Governors' Association framework which presented a challenge to each governor as an individual and to the governing body as a whole. Subsequently, overall quality of governance was reviewed as part of the whole school's routine self-evaluation in July 2015. Governors and other senior leaders have been successful in improving dramatically the school's financial position to one of stability. Resources have been managed effectively and efficiently to facilitate improvement in staffing levels, facilities, and accommodation to benefit all student groups. Governors' expertise, experience and knowledge of the school ensures that they are well placed to shape its direction and policies, identify strategic priorities, and to monitor and evaluate actions taken by the leadership of the school. Individual "link" governors take responsibility jointly with a member of the SLT for themes in the school development plan, playing a major role shaping strategic priorities, and monitoring progress towards school targets with a particular emphasis on the progress of key student groups such as premium pupils or those with gifts and talents. We continue to keep governor training up to date including safeguarding, exclusions and complaints, finance and new governor induction.

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

GOVERNANCE STATEMENT (continued)

The Resources Committee is a sub committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. The Resources Committee has formally met 5 times during the year.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Carter (Chair)	4	5
Mrs L F Cooke	5	5
Mrs J Mullan	5	5
Mr J Prior	2	2
Mr J Robinson	5	5
Mr P G Saunders	5	5
Dr R Seabrook	3	5
Mr M Shaw	4	5
Mrs K Taylor	4	5
Mrs E Wilkins	5	5

The Audit Committee was set up in the year and is also a sub committee of the main board of trustees. Its purpose is to assist the board of trustees in fulfilling its responsibilities with particular reference to financial reporting, internal control, risk management and external audit.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Baker	1	1
Mrs J Mullan	2	2
Mr P Saunders (Chair)	2	2
Dr R Seabrook	1	2
Mrs E Wilkins (in attendance)	2	2

REVIEW OF VALUE FOR MONEY

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.

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:

- Maintaining strict control over staff costs. The number of staff has declined over the last four years from 98 FTE to 94 FTE. Pupil numbers continue to rise – from 910 on conversion to 1006 in September 2015.
- Delivering significantly improved GCSE results in terms of progress and attainment. In 2015, 73% of Year 11 students gained five or more GCSEs at A*-C. The percentage which achieved the EBACC performance measure was 47%. In 2014 overall value added was 1016 and this figure is expected to be higher again in 2016.
- Conducting a benchmarking exercise in 2015 which indicated that the school's costs are lower than most other similar schools, whilst income is considerably lower than the national average due to the low funding of Worcestershire Local Authority.
- Investing significant sums in improving facilities and accommodation. For example we have invested over £380k in IT since conversion, we have refurbished our special needs department, extended our science

GOVERNANCE STATEMENT (continued)

department and we are currently constructing a new sixth form centre.

- Reducing its energy costs significantly by entering into prudent and timely oil purchase contracts and installing solar panels. There has also been a change of culture as staff and students act together to ensure that energy is not wasted throughout the school.
- Fully repaying its deficit on conversion and maintaining a small contingency reserve.
- Continuing to explore ways of raising additional income. £120,000 has been generated since conversion through our commercial arrangement with Suzhou Foreign Language School in China, while a major fund raising initiative in support of our new sixth form centre is on course to generate a further £150,000.

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 Hanley Castle High School for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The academy'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 board of trustees;
- 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 (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mrs E A Norman, a trustee, 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:

- Testing of payroll systems
- Review of risk register
- Review of policies into practice i.e. Safer Recruitment and Safeguarding

GOVERNANCE STATEMENT (continued)

On an annual basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 Audit 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 board of trustees on 3 December 2015 and signed on its behalf, by:



**Mr J Robinson
Chair of Academy Trust**



**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 board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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 board of trustees are able to identify any material, irregular or improper use of funds by the academy, 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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



**Mrs L F Cooke
Accounting Officer**

Date: 3 December 2015

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

**TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

The trustees (who act as governors 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 Trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:



**Mr J Robinson
Chair of Academy Trust**

Date: 3 December 2015

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

We have audited the financial statements of Hanley Castle High School for the year ended 31 August 2015 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 Academies Accounts Direction 2014 to 2015 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 TRUSTEES AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year 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 trustees' 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 LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date:

9th December 2015

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

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HANLEY
CASTLE HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 year 1 September 2014 to 31 August 2015 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 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 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 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 REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Hanley Castle High School's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

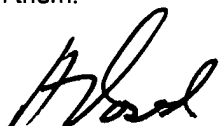
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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

**INDEPENDENT REPORTING ACCOUNTANTS' 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 year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA (Reporting Accountant)

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

Date:

9th December 2015

HANLEY CASTLE HIGH SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	375	-	9,298	9,673	4,340,516
Activities for generating funds	3	86,823	-	-	86,823	83,091
Investment income	4	5,602	-	-	5,602	4,014
Incoming resources from charitable activities	5	59,453	4,449,724	1,209,118	5,718,295	5,022,189
TOTAL INCOMING RESOURCES		152,253	4,449,724	1,218,416	5,820,393	9,449,810
RESOURCES EXPENDED						
Costs of generating funds:						
Fundraising expenses and other costs		35,793	-	-	35,793	36,147
Charitable activities		48,124	4,366,362	278,780	4,693,266	4,668,375
Governance costs	9	-	10,185	-	10,185	11,730
TOTAL RESOURCES EXPENDED	6	83,917	4,376,547	278,780	4,739,244	4,716,252
NET INCOMING RESOURCES BEFORE TRANSFERS		68,336	73,177	939,636	1,081,149	4,733,558
Transfers between Funds	19	-	(90,265)	90,265	-	-
NET INCOME FOR THE YEAR		68,336	(17,088)	1,029,901	1,081,149	4,733,558
Actuarial gains and losses on defined benefit pension schemes		-	(66,000)	-	(66,000)	(186,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		68,336	(83,088)	1,029,901	1,015,149	4,547,558
Total funds at 1 September		(14,471)	(603,873)	5,232,495	4,614,151	66,593
TOTAL FUNDS AT 31 AUGUST		53,865	(686,961)	6,262,396	5,629,300	4,614,151

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 44 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		5,059,821		5,207,019
CURRENT ASSETS					
Stocks	15	-		621	
Debtors	16	1,036,681		118,468	
Cash at bank and in hand		1,031,491		779,155	
		<u>2,068,172</u>		<u>898,244</u>	
CREDITORS: amounts falling due within one year	17	<u>(392,360)</u>		<u>(488,112)</u>	
NET CURRENT ASSETS			1,675,812		410,132
TOTAL ASSETS LESS CURRENT LIABILITIES			6,735,633		5,617,151
CREDITORS: amounts falling due after more than one year	18		<u>(11,333)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			6,724,300		5,617,151
Defined benefit pension scheme liability	25		<u>(1,095,000)</u>		<u>(1,003,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>5,629,300</u>		<u>4,614,151</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	19	408,039		399,127	
Fixed asset funds	19	6,262,396		5,232,495	
Restricted funds excluding pension liability		<u>6,670,435</u>		<u>5,631,622</u>	
Pension reserve		<u>(1,095,000)</u>		<u>(1,003,000)</u>	
Total restricted funds			5,575,435		4,628,622
Unrestricted funds	19		<u>53,865</u>		<u>(14,471)</u>
TOTAL FUNDS			<u>5,629,300</u>		<u>4,614,151</u>

The financial statements were approved by the trustees, and authorised for issue, on 3 December 2015 and are signed on their behalf, by:



Mr J Robinson
Chair of Academy Trust

The notes on pages 27 to 44 form part of these financial statements.

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

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	21	378,316	548,702
Returns on investments and servicing of finance	22	5,602	4,014
Capital expenditure and financial investment	22	(131,582)	(677,160)
INCREASE/(DECREASE) IN CASH IN THE YEAR		252,336	(124,444)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase/(Decrease) in cash in the year	252,336	(124,444)
MOVEMENT IN NET FUNDS IN THE YEAR	252,336	(124,444)
Net funds at 1 September 2014	779,155	903,599
NET FUNDS AT 31 AUGUST 2015	1,031,491	779,155

The notes on pages 27 to 44 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

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 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 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 trustees.

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

1.3 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.4 RESOURCES EXPENDED

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 trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The trustees conclude that it is appropriate to prepare accounts on the going concern basis for the year ended 31 August 2015.

1.6 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.

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

Tangible fixed assets are 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:

Land and buildings	-	Buildings 50 years, leasehold land 125 years
Property improvements/Fixtures and Fittings	-	10-20% straight line
Computer equipment	-	33.33% straight line

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.7 OPERATING LEASES

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

1.8 STOCKS

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

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.

1.10 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 25, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.11 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use a percentage of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 24.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	375	9,298	9,673	4,340,516

In 2014 the school property was brought into the accounts as requested under the Accounts Direction.

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	11,487	-	11,487	11,111
Other	75,336	-	75,336	71,980
	86,823	-	86,823	83,091

4. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank interest	5,602	-	5,602	4,014

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants				
Capital Grants	-	1,203,733	1,203,733	404,985
General Annual Grant	-	4,271,635	4,271,635	4,387,250
Other DfE/EFA grants	-	140,278	140,278	95,775
High Needs	-	37,811	37,811	36,851
	-	5,653,457	5,653,457	4,924,861
Other government grants				
Other government grants non capital	-	-	-	40,602
	-	-	-	40,602
Other funding				
Internal catering income	4,500	-	4,500	3,376
Income from educational services provided	2,150	-	2,150	2,160
Sales to students	16,476	-	16,476	28,519
Other	36,327	-	36,327	22,671
Other capital grants	-	5,385	5,385	-
	59,453	5,385	64,838	56,726
	59,453	5,658,842	5,718,295	5,022,189

6. RESOURCES EXPENDED

	Staff costs 2015 £	Non Pay Premises 2015 £	Expenditure Other 2015 £	Total 2015 £	Total 2014 £
Fundraising expenses	-	-	35,793	35,793	36,147
COSTS OF GENERATING FUNDS	-	-	35,793	35,793	36,147
Direct costs	3,228,926	87,622	321,361	3,637,909	3,590,666
Support costs	538,981	265,269	251,107	1,055,357	1,077,709
CHARITABLE ACTIVITIES	3,767,907	352,891	572,468	4,693,266	4,668,375
GOVERNANCE	-	-	10,185	10,185	11,730
	3,767,907	352,891	618,446	4,739,244	4,716,252

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

7. DIRECT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	10,230	30,000
Educational supplies	17,384	6,851
Examination fees	83,790	78,331
Staff development	13,021	13,936
Other costs	5,778	19,697
Supply teachers	19,334	14,715
Wages and salaries	2,651,390	2,619,067
National insurance	194,332	200,292
Pension cost	363,870	355,361
Depreciation	278,780	252,416
	3,637,909	3,590,666

8. SUPPORT COSTS

	Total 2015 £	Total 2014 £
Pension finance costs	20,770	-
Other costs	20,220	17,235
Maintenance of premises and equipment	149,460	137,374
Cleaning	6,722	6,588
Rent and rates	22,623	32,411
Energy costs	64,960	70,682
Insurance	35,716	35,787
Security and transport	21,504	20,190
Catering	21,523	17,407
Technology costs	56,871	53,883
Office overheads	37,764	116,872
Legal and professional	57,600	70,581
Bank interest and charges	643	196
Wages and salaries	420,457	412,384
National insurance	21,157	21,378
Pension cost	97,367	64,741
	1,055,357	1,077,709

9. GOVERNANCE COSTS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Auditors' remuneration	-	10,185	10,185	11,730

HANLEY CASTLE HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

10. NET INCOMING RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the charity	278,780	252,416
Auditors' remuneration	10,185	11,730
	<u>288,965</u>	<u>264,150</u>

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	3,071,847	3,031,451
Social security costs	215,489	221,670
Other pension costs (Note 25)	461,237	420,102
	<u>3,748,573</u>	<u>3,673,223</u>
Supply teacher costs	19,334	14,715
	<u>3,767,907</u>	<u>3,687,938</u>

b. Staff numbers

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

	2015 No.	2014 No.
Teachers	51	51
Administration and support staff (including learning support assistants)	39	37
Management	6	6
	<u>96</u>	<u>94</u>

c. Higher paid staff

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

	2015 No.	2014 No.
In the band £60,001 - £70,000	2	2
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
	<u>3</u>	<u>3</u>

Employer's pensions contributions made on behalf of the three above employees amounted to £31,881 (2014: £32,341).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

12. TRUSTEES' 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:

	2015 £	2014 £
Remuneration	-	-
Mrs L F Cooke, Head Teacher	90,000-95,000	85,000-90,000
Mrs J Burrows, Appointed Governor	50,000-55,000	50,000-55,000
Mr J P Ellis, Staff Governor	45,000-50,000	35,000-40,000
Mrs K A Dunstall, Staff Governor	45,000-50,000	35,000-40,000
Pension	-	-
Mrs L F Cooke, Head Teacher	10,000-15,000	10,000-15,000
Mrs J Burrows, Appointed Governor	5,000-10,000	5,000-10,000
Mr J P Ellis, Staff Governor	5,000-10,000	5,000-10,000
Mrs K A Dunstall, Staff Governor	5,000-10,000	5,000-10,000

During the year, no trustees received any benefits in kind (2014: £NIL).

During the year ended 31 August 2015, expenses totalling £531 (2014: £515) were reimbursed to 3 trustees (2014: 3).

Other related party transactions involving the trustees are set out in Note 27.

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 £3,000,000 on any one claim and the cost for the year ended 31 August 2015 was £1,643 (2014: £1,550). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

14. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2014	4,876,032	37,433	178,644	461,488	5,553,597
Additions	66,185	-	2,220	63,177	131,582
Transfer between classes	5,775	-	(5,775)	-	-
At 31 August 2015	<u>4,947,992</u>	<u>37,433</u>	<u>175,089</u>	<u>524,665</u>	<u>5,685,179</u>
DEPRECIATION					
At 1 September 2014	80,451	1,248	55,018	209,861	346,578
Charge for the year	87,622	-	36,808	154,350	278,780
At 31 August 2015	<u>168,073</u>	<u>1,248</u>	<u>91,826</u>	<u>364,211</u>	<u>625,358</u>
NET BOOK VALUE					
At 31 August 2015	<u>4,779,919</u>	<u>36,185</u>	<u>83,263</u>	<u>160,454</u>	<u>5,059,821</u>
At 31 August 2014	<u>4,795,581</u>	<u>36,185</u>	<u>123,626</u>	<u>251,627</u>	<u>5,207,019</u>

15. STOCKS

	2015 £	2014 £
Goods for resale	<u>-</u>	<u>621</u>

16. DEBTORS

	2015 £	2014 £
Trade debtors	2,282	3,085
Other debtors	76,636	56,947
Capital funding (CIF)	848,008	-
Prepayments and accrued income	60,413	55,427
Tax recoverable	49,342	3,009
	<u>1,036,681</u>	<u>118,468</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	75,626	91,052
Other taxation and social security	67,450	65,018
Deficit transferred on conversion	-	32,902
Other creditors	77,682	77,096
Accruals and deferred income	171,602	222,044
	<u>392,360</u>	<u>488,112</u>

DEFERRED INCOME

	£
Deferred income at 1 September 2014	65,749
Resources deferred during the year	110,263
Amounts released from previous years	(65,749)
Deferred income at 31 August 2015	<u>110,263</u>

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

	2015 £	2014 £
Salix loan	<u>11,333</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	(14,471)	152,253	(83,917)	-	-	53,865
RESTRICTED FUNDS						
General Annual Grant (GAG)	399,127	4,271,636	(4,172,459)	(90,265)	-	408,039
Higher Needs funding	-	37,810	(37,810)	-	-	-
Pupil Premium	-	140,278	(140,278)	-	-	-
Pension reserve	(1,003,000)	-	(26,000)	-	(66,000)	(1,095,000)
	(603,873)	4,449,724	(4,376,547)	(90,265)	(66,000)	(686,961)
RESTRICTED FIXED ASSET FUNDS						
Land and buildings transferred in	4,262,274	-	(75,903)	-	-	4,186,371
Fixed assets purchased from GAG and other restricted funds	153,868	14,683	(88,481)	90,265	-	170,335
Devolved Formula Capital funding	37,194	20,465	(13,360)	-	-	44,299
Academies Capital Maintenance Fund	779,159	-	(101,036)	-	-	678,123
Condition Improvement Fund	-	1,183,268	-	-	-	1,183,268
	5,232,495	1,218,416	(278,780)	90,265	-	6,262,396
Total restricted funds	4,628,622	5,668,140	(4,655,327)	-	(66,000)	5,575,435
Total of funds	4,614,151	5,820,393	(4,739,244)	-	(66,000)	5,629,300

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - income in restricted funds relates the General Grant which is provided to the School by the Education Funding Agency in order to fund the day-to-day operations of the School.

Higher Needs funding - in restricted grants relates to funding provided by Worcestershire County Council for the School to provide additional support to pupils with high needs

Pupil Premium (PP) - income in restricted grants relates to funding provided by the Education Funding Agency for the School to provide additional support to pupils from low income families.

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

RESTRICTED FIXED ASSET FUNDS:

Land and buildings transferred in - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - this represents capital assets that have been purchases out of restricted GAG funding.

Devolved Formula Capital funding (DFC) - are restricted grants related to funding provided by the Education Funding agency for the School to use for the purchase or maintenance of fixed assets.

Academies Capital Maintenance Funding - are restricted grants related to a grant provided to the School from the Academies Capital Maintenance fund to be used for the building work on new sixth form building.

Condition Improvement Fund - are restricted grants related to a grant provided to the School from the Condition Improvement fund to be used for the building work on new sixth form building.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	(14,471)	152,253	(83,917)	-	-	53,865
Restricted funds	(603,873)	4,449,724	(4,376,547)	(90,265)	(66,000)	(686,961)
Restricted fixed asset funds	5,232,495	1,218,416	(278,780)	90,265	-	6,262,396
	<u>4,614,151</u>	<u>5,820,393</u>	<u>(4,739,244)</u>	<u>-</u>	<u>(66,000)</u>	<u>5,629,300</u>

HANLEY CASTLE HIGH SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	5,059,821	5,059,821	5,207,019
Current assets	303,149	551,115	1,213,908	2,068,172	898,244
Creditors due within one year	(249,284)	(143,076)	-	(392,360)	(488,112)
Creditors due in more than one year	-	-	(11,333)	(11,333)	-
Pension scheme liability	-	(1,095,000)	-	(1,095,000)	(1,003,000)
	<u>53,865</u>	<u>(686,961)</u>	<u>6,262,396</u>	<u>5,629,300</u>	<u>4,614,151</u>

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	1,081,149	4,733,558
Returns on investments and servicing of finance	(5,602)	(4,014)
Net assets transferred on conversion	-	(4,338,177)
Depreciation of tangible fixed assets	278,780	252,416
Decrease in stocks	621	3,638
(Increase)/decrease in debtors	(918,213)	17,727
Decrease in creditors	(84,419)	(136,446)
Defined benefit pension scheme adjustments	26,000	20,000
NET CASH INFLOW FROM OPERATIONS	<u>378,316</u>	<u>548,702</u>

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £	2014 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>5,602</u>	<u>4,014</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>(131,582)</u>	<u>(677,160)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	779,155	252,336	-	1,031,491
NET FUNDS	779,155	252,336	-	1,031,491

24. CAPITAL COMMITMENTS

At 31 August 2015 the Academy had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	1,153,533	-

AGENCY ARRANGEMENTS

The Academy distributes 16-19 Bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2015 the Academy received £17,012 and disbursed £15,438 from the fund. An amount of £1,584 is included in other creditors relating to undistributed funds that is repayable to EFA.

25. 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 related to the period ended 31 August 2015 and of the LGPS 31 August 2015.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

25. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £315,454 (2014: £312,870).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £216,000, of which employer's contributions totalled £163,000 and employees' contributions totalled £53,000. The agreed contribution rates for future years are 13.8% for employers and 5.5-7.5% for employees.

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

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25. PENSION COMMITMENTS (continued)

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	7.00	495,000	7.00	352,000
Bonds	6.70	35,000	3.80	25,000
Property	-	-	-	-
Cash	0.50	6,000	0.05	5,000
Other bonds	-	-	-	-
Other	7.00	19,000	-	-
Total market value of assets		<u>555,000</u>		<u>382,000</u>
Present value of scheme liabilities		<u>(1,650,000)</u>		<u>(1,385,000)</u>
Deficit in the scheme		<u><u>(1,095,000)</u></u>		<u><u>(1,003,000)</u></u>

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(1,650,000)	(1,385,000)
Fair value of scheme assets	<u>555,000</u>	<u>382,000</u>
Net liability	<u><u>(1,095,000)</u></u>	<u><u>(1,003,000)</u></u>

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

	2015 £	2014 £
Current service cost	(144,000)	(107,000)
Interest on obligation	(59,000)	(49,000)
Expected return on scheme assets	28,000	19,000
Past service cost	(3,269)	(3,057)
Total	<u><u>(178,269)</u></u>	<u><u>(140,057)</u></u>
Actual return on scheme assets	<u><u>(175,000)</u></u>	<u><u>142,000</u></u>

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25. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Opening defined benefit obligation	1,385,000	1,033,000
Current service cost	144,000	107,000
Interest cost	59,000	49,000
Contributions by scheme participants	40,000	32,000
Actuarial losses	35,000	177,000
Benefits paid	(13,000)	(13,000)
	<u>1,650,000</u>	<u>1,385,000</u>
Closing defined benefit obligation	<u>1,650,000</u>	<u>1,385,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	382,000	236,000
Expected return on assets	28,000	19,000
Actuarial gains and (losses)	(31,000)	(9,000)
Contributions by employer	149,000	117,000
Contributions by employees	40,000	32,000
Benefits paid	(13,000)	(13,000)
	<u>555,000</u>	<u>382,000</u>
	<u>555,000</u>	<u>382,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was -£1,095,000 (2014: -£1,003,000).

The Academy expects to contribute £128,000 to its local government pension scheme in 2016.

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

	2015	2014
Equities	89.90 %	92.30 %
Cash	1.00 %	1.20 %
Other bonds	6.20 %	6.50 %
Other	3.50 %	- %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Expected return on scheme assets at 31 August	5.97 %	6.42 %
Rate of increase in salaries	3.80 %	3.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.20 %
Inflation assumption (CPI)	2.30 %	2.20 %

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25. PENSION COMMITMENTS (continued)

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

	2015	2014
Retiring today		
Males	23.4	23.3
Females	25.8	25.7
Retiring in 20 years		
Males	25.6	25.5
Females	28.1	28

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015	2014	2013
	£	£	£
Defined benefit obligation	(1,650,000)	(1,385,000)	(1,033,000)
Scheme assets	555,000	382,000	236,000
Deficit	(1,095,000)	(1,003,000)	(797,000)
Experience adjustments on scheme liabilities	(35,000)	(177,000)	-
Experience adjustments on scheme assets	(31,000)	(9,000)	16,000

26. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Academy had annual commitments under non-cancellable operating leases as follows:

	2015	2014
	£	£
EXPIRY DATE:		
Within 1 year	2,456	37,924
Between 2 and 5 years	22,359	16,708

27. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account.