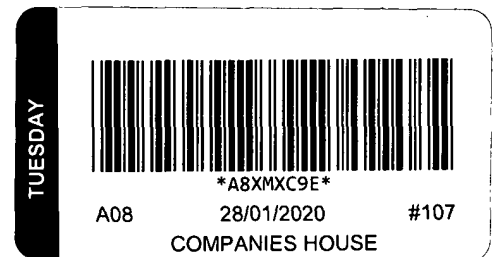


Company Registration Number: 07690414 (England & Wales)

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 21
Governance statement	22 - 27
Statement on regularity, propriety and compliance	28
Independent auditors' report on the financial statements	29 - 31
Independent reporting accountant's report on regularity	32 - 33
Statement of financial activities incorporating income and expenditure account	34
Balance sheet	35
Statement of cash flows	36
Notes to the financial statements	37 - 65

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	J Robinson, Chair L F Cooke, Accounting Officer & Chief Executive Officer G Black (resigned 21 March 2019) S Fitzjohn K Taylor S Price N Lechmere N Skellum J Speller (appointed 21 March 2019) Rev. S Adeney (appointed 21 March 2019)
Company registered number	07690414
Company name	Hanley and Upton Educational Trust
Principal and registered office	Church End Hanley Castle Worcester Worcestershire WR8 0BL
Company secretary	M Snape
Accounting Officer	L F Cooke
Senior leadership team	L F Cooke, Accounting Officer & Chief Executive Officer HUET, Headteacher Hanley Castle High School E Wilkins, Chief Financial Officer HUET, Business & Finance Director Hanley Castle High School R Johnston, Deputy Headteacher, Hanley Castle High School S Anderson-Kirby, Deputy Headteacher, Hanley Castle High School D Findlater, Assistant Headteacher, Hanley Castle High School J Burrows, Assistant Headteacher, Hanley Castle High School A Pratley, Headteacher, Hanley Swan, St Gabriel's with St Mary's Church of England Primary School P Bundy, Assistant Headteacher, Hanley Swan, St Gabriel's with St Mary's Church of England Primary School B Baynes, Headteacher Kempsey Primary School D Willetts, Deputy Headteacher, Kempsey Primary School M Smith, Headteacher, Welland Primary School G Williams, Assistant Headteacher, Welland Primary School
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 3 primary academies and 1 secondary academy for pupils aged 4 to 19 in Upton-upon-Severn and the surrounding area. It has a pupil capacity of 1,617 and had a roll of 1,617 in the school census on 1 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Trustees of Hanley and Upton Educational Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hanley & Upton Educational Trust.

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.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£	
Total cost of facility time	-	
Total pay bill	-	
Percentage of total pay bill spent on facility time	-	%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £2,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Members and Trustees as set out in its Articles of Association and funding agreement:

Members

- 1 member appointed by the Diocesan Board of Education
- The Chair of the Directors
- 3 members appointed according to the Articles of Association

Trustees

- 6 Trustees appointed by the Members
- 2 Trustees appointed by the Diocesan Board of Education
- The Chief Executive Officer

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be reappointed or reelected. When appointing new Trustees, Members will consider the skills and experience mix of existing Trustees in order to ensure that the board has the necessary skills to contribute fully to the Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust has a recruitment, induction and training procedure which is followed for every new appointment, whether Member or Trustee. The training and induction provided 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 schools within the Academy Trust and a chance to meet staff and pupils. All Members and Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their respective roles. Advantage may also be taken of specific courses offered by the Local Authority (LA) and other bodies.

Organisational Structure

The Board of Trustees normally meets a minimum of four times per annum. The board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures for committees, lead Trustees and other groups. It receives reports including policies for ratification. It monitors the activities of the committees and lead Trustees through the minutes of their meetings and reports. The board may from time to time establish working groups to perform specific tasks over a limited timescale.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

There are two committees as follows:

- **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, undertaking a programme of internal audit through a responsible officer, ensuring due compliance with public accountability, appointing the external auditors and receiving the report of the auditors and ensuring any recommendations are actioned.
- **Pay and Performance Committee** - meets at least twice a year to assist the board in fulfilling its responsibilities for 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 and make recommendations to the board in respect of pay awards to staff. With the External Adviser, it will monitor throughout the year and formally review annually the performance of the Chief Executive Officer, the Chief Financial Officer and headteachers, as a result of which it will make recommendations to the board in respect of their pay awards based on judgements of their overall performance and success in meeting the objectives set.

Additional committees to those mentioned above are convened as appropriate.

The areas of responsibility for Members, Trustees and local governing bodies are delineated in the schemes of delegation. Three of the HUET's current member schools have been defined as supporting schools and have therefore been given the maximum delegation of governance functions and responsibilities. Welland Primary School joined the Trust in January 2019 as a supported school and as a consequence some of the governance responsibilities have been retained at Trust level. This in turn helps to delineate the decision making and responsibility areas of the Board of Trustees.

The following decisions are the responsibility of Members: amendments to the Articles of Association; the appointment of new Members or removal of current ones; the appointment and removal of Trustees; the appointment of the Trust's auditors by special resolution; the direction of the Trustees to take a specific action; and the power to change the name of the Charitable Company and, ultimately, wind up the Academy Trust.

The Board of Trustees has three core governance functions: to ensure clarity of vision, ethos and strategic direction; to hold executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff; and overseeing the financial performance of HUET and ensuring its funds are well spent.

As both Charity Trustees and Directors of the Academy Trust, Trustees must ensure compliance with HUET's charity objectives and with company and charity law. As such, the Board of Trustees is accountable to the Secretary of State for the Trust's adherence to its funding agreement. It is also accountable to the Diocesan Board of Education for any church schools within HUET.

As set out in the schemes of delegation, responsibility for the day to day management of each academy is normally devolved to the headteacher and senior leadership team, with responsibility for strategic governance and other matters devolved to the local governing body for supporting schools and retained more at Trust level for supported schools. The HUET Trustees ensure that their oversight of internally delegated responsibilities and their understanding of and ability to deliver against external responsibilities meets all requirements.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider that the Board of Trustees and the senior leadership team comprise the key management personnel of the academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year for their role as Trustees.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts, included in notes 12 and 32 respectively.

The pay of key management personnel is reviewed annually and normally increased in accordance with the pay policy of the HUET when affordability issues are also taken into consideration.

Connected Organisations, including Related Party Relationships

The Hanley Castle High School Foundation Trust is a related party as it is the owner of the school's land and buildings. The Foundation Trust nominates one of its Trustees to also be a Member of the Hanley Castle High School local governing body, whilst HUET nominates one of its Trustees (currently the Chair) to be a Trustee of the Foundation. Hanley Castle High School occupies the land at no cost for the shorter of the duration of the Funding Agreement or two years notice from the beneficial owners.

There are no related parties which either control or significantly influence the decisions and operations of Hanley & Upton Educational Trust.

Hanley Swan has a Church Supplemental Agreement with the Board of Education of the Diocese of Worcester for the land on which the school buildings are built.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the HUET remains unchanged - to advance, for the public benefit, education in the United Kingdom, in particular by further improving schools, offering a high quality educational provision through a broad and balanced curriculum for all of its pupils and students, irrespective of ability and aptitude.

The principal object and activity of the charitable company is the operation of Hanley Castle High School, Hanley Swan St Gabriel's with St Mary's Church of England Primary School, Kempsey Primary School and Welland Primary School to provide free education and care for students of all abilities between the ages of 4 and 18.

The aims of the HUET during the year ended 31 August 2019 are:

- **Belong** – all children and young people within the partnership will feel part of a happy, safe and caring community where the values of respect, honesty, friendship, kindness, responsibility and perseverance are promoted and celebrated
- **Aspire** – all children and young people will be encouraged and supported to aim very high developing fully their unique gifts, talents and abilities through a relentless focus on maximising learning opportunities both within and beyond the curriculum
- **Achieve** – all children and young people will be encouraged and supported to achieve their full potential, leaving the care of the partnership with outstanding academic qualifications, and the skills and personal qualities required to succeed in a rapidly changing world
- **All member schools** (founder and future) will remain non selective and will be supported in maintaining any current religious affiliation

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, schools and the children and young people to support progress

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

- Curriculum opportunities that promote understanding and appropriately challenge every child and young person
- Opportunities outside the curriculum that develop a broader personal development
- A clear understanding of rights and responsibilities in a global community

Objectives, Strategies and Activities

Broad themes were agreed for the HUET development plan for 2018-2019. Priorities identified included:

- **Governance** – training for both Members and Trustees / development of capacity in advance of HUET expansion / continuing to improve monitoring and compliance with the GDPR / support for newly formed LGBs of joiner Members
- **Leadership and management** – Hanley Castle and Kempsey expansion with associated building works / development of capacity in advance of HUET expansion / Mayflower Academy proposal to meet needs of housing developments south of Worcester by-pass / leadership support for joiner and potential joiner schools / use of MDIF grant / top-slice to increase leadership capacity / the appointment of a DPO / improved succession planning by developing middle and senior leaders via the NPQSL and NPQH qualifications / preparation for the new Ofsted framework (September 2019)
- **Curriculum, teaching, learning, assessment and outcomes** – transition curriculum / joint projects / emerging priorities from SATs, GCSE and A level outcomes (particularly mathematics) / exploring curriculum flexibilities offered by academy status / improving the quality of teaching and learning in joiner and potential joiner schools / preparation for the new Ofsted framework
- **Personal development and welfare** - safeguarding – audits and actions / attendance of disadvantaged pupils
- **Finance and facilities** - completion of year end accounts and audit, ESFA reporting obligations, and regular financial monitoring / HUET risk register and internal audit programme / group procurement and resource sharing across HUET / CIF Bids / HUET wide approach to health & safety, asbestos and fire / website solution for HUET and review compliance of each academy / 5-year IT strategy / premises development – quality and safety

In addition, each school had its own individual development priorities for 2018-19. These included:

- **Hanley Castle** – improving the achievement of groups, including high prior attaining girls, boys, post-16 / fully embedding the 'Belong' agenda (strengthening the school ethos by modelling, teaching and rewarding expected behaviours, classroom strategies, respond-reframe-restore strategy) / improving achievement in GCSE mathematics / implementing successful and transferable strategies identified by middle leaders at other schools / managing PAN expansion from 162 to 180 for 2020
- **Hanley Swan** – raising overall attainment in literacy and numeracy throughout the school / closing the gap between boys' and girls' attainment in writing / further improving spelling and punctuation / addressing potential underperformance in Year 5 maths and Year 4 writing and maths / participation in the GLOW Maths project / CIF bids to replace aging boiler and erect new fencing
- **Kempsey** – children's mental health / further developing extra-curricular provision / further developing oracy / developing community links / developing spelling skills / managing PAN expansion to two-form entry for September 2020
- **Welland** – prior to academy conversion 1st January 2019: deployment of HUET school improvement team in order to transform KS2 outcomes / improve safeguarding / improve monitoring and tracking systems / improve numeracy and literacy / improve health and safety; post-academy conversion 1st January 2019: training for newly formed LGB / appointment and induction of new headteacher / continued focus on teaching and learning / KS2 outcomes / accommodation and facilities / safeguarding / health and safety

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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 Trust's aims and objectives and in planning its future activities.

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

The HUET 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 a Multi-Academy Trust with sponsor school status 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

The HUET welcomed its fourth member school in January 2019 – Welland Primary School.

Welland was identified by its governors and Worcestershire LA as underperforming in spring 2018. LA reviews identified a number of weaknesses, including poor KS2 outcomes, as well as safeguarding deficiencies and inadequate support for SEND pupils. Support was provided by the LA and the school submitted an Expression of Interest to HUET in March 2018, followed by a formal academy application in April 2018. A Section 8 Ofsted inspection of Welland in June 2018 categorised the school as 'Good', but only because Section 8 inspections are unable to change the status of a school. The resultant letter stated OFSTED's intention to reinspect within 12 months.

In July 2018 the headteacher resigned and a HUET leadership team was invited to take on the running of the school. Over the academic year 2018-2019, both prior to and following Welland's entry into the HUET in January 2019, Welland received extensive support from the HUET. This support included the appointment of a new headteacher, support with teaching and learning (particularly literacy, numeracy and SEND), safeguarding, finances, accommodation, facilities and IT.

As a result, the school has been transformed, with improved outcomes, improved safeguarding procedures and the confidence of the school's community restored. There remains much to do, but Welland is now well on course to retain its 'good' rating when it becomes eligible for inspection by Ofsted in September 2020.

Hanley Swan was the first HUET school to undergo an external inspection since the HUET's inception in April 2017. Details of the outcomes of the SIAMS inspection are provided below, but congratulations should go to Adrian Pratley, the school's staff and governors for the 'excellent' grading awarded.

The HUET as a whole continues to make good progress towards its aims and objectives. A huge amount of work has been completed in terms of uniting financial systems and raising and implementing common policies, particularly those relating to the terms and conditions of the employees of the four schools, as well as those concerning safeguarding and health and safety.

During the last year the focus has shifted to improving outcomes, with investment in cross-HUET support for teaching and learning, particularly in numeracy and literacy.

In addition, the safeguarding culture across the HUET continues to improve from an already high baseline. Joint training, for both staff and governors, is ensuring greater consistency and effectiveness.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

All four schools are experiencing significant demand, and each school has secured funding for either improvements and / or expansion to accommodation and facilities.

A review of the HUET by DfE officials of the RSC in March 2019 confirmed that it is performing well and has the capacity to expand successfully.

Teaching and Learning

The HUET continues to focus relentlessly on the progress of children and young people across all key stages.

Hanley Castle - in 2019 the school's sustained focus on improving the quality of both teaching and learning and student support in response to the increased challenge of the new, tougher GCSE regime paid dividends as the school produced record GCSE results. 27% of passes were at grades 7,8 and 9, the percentage of students achieving grade 4+ (equivalent to C+) in all the EBacc subjects was 48%, while Progress 8 looks likely to return to sig+.

At A level, the focus on supporting lower and middle prior attainers was also successful, with the number of U grades halved and the overall pass rate 5% up on 2018 at 98%, with the percentage of students gaining grades A*-C also up on last year at 73%.

Other highlights at Hanley Castle included embedding the new CPD model and the new, increased impact lesson observation model. In addition, staff focused on further developing students' higher order thinking and resilience.

Hanley Swan – the school has welcomed its involvement in the GLOW maths project. All teachers and TAs have received comprehensive CPD in the small-steps approach. As a result of the training the delivery of maths across the school has been revised, incorporating those aspects of the strategy most beneficial to Hanley Swan's pupils and context.

Kempsey – the school welcomed one NQT in September 2018 and two in September 2019, as well as a number of additional teaching assistants to support pupils with particular needs or classes with high levels of need. From September 2019 pupils in KS1 are now taught in single year group classes, with the intention of moving to the same structure in KS2 from September 2020. In response to the 2018 Year 6 maths' results maths provision was reviewed. As a result, two members of staff (one from KS1 and one from KS2) were enrolled as part of the GLOW maths Hub. These staff members have cascaded the pedagogy associated with GLOW to the rest of the staff (from January 2018). This has radically changed the way maths is taught in the school and will have a significant and sustained impact on progress and attainment in maths going forward. The profile of science has been raised throughout the school. There is a clear cycle of learning and a focus on investigative skills. Floor books were introduced in all classes in science from September 2018 which allow for evidence of learning in investigative areas. In addition, the school transitioned to using "Insight" as the tracking system (moving away from Target Tracker). This allows for a commonality of tracking systems across the three primary schools in the HUET. It has also decreased teacher workload without losing the focus on rigorous and informative assessment.

Welland - following the Ofsted report in June 2018, Welland had been left with clear priorities for improvement: improving progress in KS2; making sure that work was effectively differentiated to match the needs of learners; ensuring that the quality of teaching is consistently good. These priorities have been addressed relentlessly, with support from the HUET literacy and numeracy lead with a programme including targeted CPD, modelled lessons, planning support and good practice visits to other schools. The CPD included effective questioning and differentiation. The impact of this has been significant and, combined with more robust monitoring and targeted support for specific teachers, resulted in a marked improvement in the quality of teaching over the year.

Curriculum and Experience

The appointment of a HUET literacy and numeracy lead has ensured that cross-HUET collaboration has increased significantly. Cross-phase moderation has been one area of focus, although the post-holder's main task has been supporting Welland Primary School to improve its KS2 SATS results. The HUET sports coordinator continues to have a significant impact at all three primary schools, as well as leading the transition programme from Hanley Castle. In a similar way, the appointment of a dedicated HUET IT technician and collaboration between ICT coordinators is enhancing the quality of hardware, software and pupil experience.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Hanley Castle - the planned increased curriculum time for mathematics was implemented and the 2019 GCSE results saw a significant improvement in both attainment and progress made by students. A full-scale sixth form review was carried out to address a decline in A level attainment and progress. An implementation team was put in place in June 2019 and early indications are that this is having a strong impact. Other highlights include the visit of a group of 20 Chinese students who joined the school once again for the summer term, alongside the renewal of Hanley Castle's International School Award.

Hanley Swan - much work has been undertaken to develop the school curriculum to ensure that it is broad and balanced, that it provides progression throughout the school and that it inspires pupils. As a result, the school now has a clearly articulated curriculum intent, detailed long-term plans that are based on the National Curriculum and a local curriculum that meets the needs of the pupils.

Kempsey - in response to the changed Ofsted Inspection Framework as well as a recognition of the need for more defined curriculum mapping, the school is involved in an ongoing review of its curriculum. Two-year curriculum maps have been established for all year groups and changes made to the topic planning webs. CPD training in 2018-19 focused on depth in learning, and taking smaller, slower steps in teaching to ensure mastery. Whole school monitoring of standards across the school has identified areas of focus and monitoring, including PE, history, and geography. Weekly class letters to parents have been strengthened and are used as a vehicle for information regarding curriculum content. Topic homework opportunities have been similarly strengthened and developed. Half termly Kempsey Cafés are hosted by two classes each time. These have proved very popular and are extremely well attended, particularly by more elderly members of the community. Kempsey Fest, held in the Summer Term 2019, was attended by over 150 children from Years 1 to 6.

Welland - during the year the children benefited from a wide range of curriculum enrichment activities including STEM workshops, science and language days at local high schools, residential visits in year 4, 5 and 6, music and RE enrichment through the 'I Sing' Pop Workshop programme, and collective worship at the church. Sporting fixtures featured throughout the year with the Hanley Castle High School cluster events and sports partnership events. The cost of transport was met through the Sports Premium Grant. One child qualified for the regional cross-country running finals and the football team were the regional winners in the small schools' football tournament and went to Nottingham University to compete in the regional finals.

All four schools continue to promote and foster the British values of tolerance and understanding of different cultures. A fourth highly successful inter faith day was held at Hanley Castle in October 2018 while assemblies, trips and visits (for example the link with the Maweni school in Tanzania) seek to deepen understanding in this area.

Safety, Support and Behaviour

Safeguarding is an overarching priority for the HUET and all four of its schools. Regular training for staff, Trustees and Governors is compulsory, and the pace of change in this area has made training sessions and follow-up essential to ensure that knowledge is kept up-to-date through accredited sessions. In September 2018 and 2019 the staff and Governors of all four schools attended their annual update at Hanley Castle.

The cross-HUET safeguarding policy has been updated and is now firmly embedded, improving practice and procedures across the MAT, including successful audits involving key Governors and Trustees carried out at all four schools. Led by Kempsey, all four schools have adopted the CPOMS whole school safeguarding monitoring system, with training undertaken in the autumn term of 2019.

Fire surveys have also been completed across all HUET schools and remedial action taken where appropriate.

The schools have continued to focus on reducing persistent absenteeism, particularly for those students with SEND or who are disadvantaged. The 'Prevent' strategy has been fully implemented, with all staff trained to be aware of their roles and responsibilities in supporting students who are vulnerable to extremism and radicalisation.

An attendance and safeguarding officer was appointed for September 2019 to increase capacity in these key areas.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Good behaviour is a notable strength across the four HUET schools, and is routinely celebrated and rewarded. Decisive action is taken when necessary to maintain our consistently high standards.

Hanley Castle – the school continues to address the challenge of emerging issues in the wider community, such as peer on peer abuse, child sexual exploitation and the impact of county lines. The success of the school in supporting its most vulnerable students and their families is a notable strength.

Hanley Swan – children report feeling safe at Hanley Swan Primary School (Safeguarding audit 2019). Safeguarding procedures are rigorous and all staff are fully trained. The school has worked closely with the other DSLs in the HUET, where good practice is shared and support is given where necessary. A new behaviour policy was written in September 2018 to reflect the school's changing intake, as well as the attachment and trauma CPD all teaching staff have received. The SIAMS inspection reported that behaviour remains excellent.

Kempsey - adopted CPOMS, primarily for monitoring and addressing safeguarding concerns, but also for behavioural incidents, parenting and attendance concerns. Staff have responded very favourably to this. The HUET sports coordinator has also been used to support children with behaviour issues / anxieties / attendance concerns. The school also buys in support from the HUET counsellor for a day a fortnight to support pupils' and staff mental health and well-being. A Food Bank was set up in school in January 2019 to support a number of families who are experiencing need (a number of which have been referred to the school's Early Help worker). The school also introduced "The Learning Pit" terminology and displays throughout the school to support pupils in developing resilience and fortitude.

Welland – the school's culture of safeguarding has been transformed, and staff training is ongoing to ensure that all people involved in the school are actively supporting and promoting safeguarding. 'Worry boxes' have been introduced in all classes to support children's mental health and well-being and assemblies are used to promote focused elements of safeguarding, for example internet safety and the NSPCC 'Pants' rules for healthy relationships. The behaviour policy was re-written after consultation with all staff and governors. The policy reflects the school ethos of high expectations of behaviour, applied consistently and fairly and focused on not just managing behaviour but encouraging children to be responsible for their own actions. 'Spot light' displays were introduced in all classrooms to focus on the positive behaviours displayed by the children. Systems were introduced at lunchtime to ensure effective management of lunchtime routines, and 'yellow slips' were introduced to record and monitor behaviour. This has promoted effective communication between lunch time supervisors and teachers and resulted in greater consistency for pupils. The playground has been zoned so that equipment and balls can be used and children engaged in active play.

Leadership and Management

The benefits of the HUET have become increasingly evident, with collaboration and good practice being shared at both senior and middle leadership level. Joint staff training, particularly in safeguarding, has ensured that safeguarding policies and practice across the HUET are of a consistently high standard. In addition, as well as working hard on their internal development plan priorities, the four schools are collaborating to further improve the transition curriculum in English, mathematics and IT, further improving provision for premium pupils, continuing to raise attainment in literacy and numeracy, further improving the quality of teaching and learning and developing middle and senior managers.

This focus on developing middle and senior leaders is a priority, as the HUET seeks to develop and retain its most promising staff. Three senior leaders are currently working towards NPQH, while a further five are working towards NPQSL.

More whole-HUET policies have been raised and ratified – for example a common code of conduct for HUET staff.

The quality of self-evaluation has improved further, with all four schools working together to address the requirements of the new Ofsted framework, introduced in September 2019.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The consolidation of resources and prudent financial management have ensured that the HUET has been able to implement the September 2019 pay award in full and is well placed to remain viable as the local version of the National Funding Formula continues in its implementation.

Hanley Castle – a central focus has been on improving exam outcomes, including a comprehensive review of sixth form provision. In addition, middle leaders have investigated and fed back on good practice in other schools, and this has been adopted where appropriate. The school has continued to manage its finances carefully, maximising its revenues through strong pupil recruitment. The request from the LA for an increase in PAN to 180 for September 2020 will result in an additional £1.5 million capital funding.

Hanley Swan – has its deputy head and a middle leader enrolled on the NPQH and NPQSL programmes respectively. The quality of its leadership was externally validated in the successful SIAMS inspection (summer 2019).

Kempsey – has enrolled its deputy head on the NPQH programme and appointed a new maths lead, building on the work of previous middle leaders. The expectations placed on middle leaders regarding the monitoring of subject areas have increased to ensure improved attainment and progress, with significant impact in science, PE and computing.

Welland – As stated above, the school benefited from leadership support from the HUET (July-December 2018) and became a fully-fledged member in January 2019. The appointment of an assistant headteacher, and his subsequent involvement in the recruitment of the new headteacher, has had a number of benefits, not least the strong collaborative links with senior and middle leaders in other HUET schools. To facilitate more effective subject leadership release time has been provided for assistant head as English lead and headteacher as maths lead. During the year there were a number of significant staffing changes which have addressed underperformance and strengthened the quality of educational provision.

External Awards / Inspection Outcomes

On 21 June 2019 Hanley Swan underwent a Statutory Inspection of Anglican and Methodist schools (SIAMs) inspection. The framework for this inspection is now much more rigorous and more in line with the Ofsted evaluation schedule.

Overall, the school was judged to be 'excellent', as well as being awarded 'excellent' in all additional judgements. This was the first time that this particular inspector had given an 'excellent' judgement and it was clear that she had been extremely impressed.

Key findings included:

- Children are at the heart of all that is done, cared for and nurtured by a Christian vision that runs like a golden thread through the life of the school
- Actions taken by school leaders focus solely on the needs of the children, reflecting the vision to enable them to be 'the best that they can be'
- The 'team commitment' of staff and leaders extends beyond the confines of the school day, building relationships that live out their core Christian values, in all they do
- The passionate, knowledgeable governors share the vision and actively support the school's drive to be successful and distinctive as a church school
- The strong links with Maweni are effective in developing pupils' global understanding of faith and culture. The difference the support is making, to the lives of others, has resulted in a British Council Award
- Collective worship is inspirational and is strengthened by the close links with the church and the support of church leaders, who lead worship weekly
- Religious education (RE) is strongly led and systems are being trialled to build quality and consistency to enable pupils to progress in their knowledge and understanding of Christianity and other global faiths

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Hanley Swan and Kempsey primary schools are both expecting Ofsted inspections imminently, and work continues to ensure that Trustees and HUET staff are well-prepared for the challenges of inspection under the new framework. Both schools are targeting a 'good' outcome, with Hanley Swan's recent excellent SIAMs inspection suggesting the potential for an 'outstanding' judgement.

Following its academy conversion in January 2019, Welland Primary School will be eligible for inspection from September 2020. This is also the likeliest earliest date for an inspection at Hanley Castle, although both schools are already working hard in preparation.

Kempsey Primary School was a finalist in the 'Primary School of the Year' at the 2019 Worcestershire Education Awards, while Hanley Castle High School was successful in having its International School Award renewed, recognising the quality of its international and global educational provision.

Aligning teachers' pay more closely with performance

The second full performance management cycle was successfully completed, including the Pay and Performance Committee's review of headteachers' performance. As a result, the HUET is confident that its pay policy is working effectively to provide a consistent framework within which excellent performance is incentivised and any underperformance challenged. There is a strong correlation between pay and performance, ensuring that the HUET and its schools achieve value for money.

Improving the Trust's environment and facilities

Demand for places at all four schools remains high. The RSC has approved PAN increases requested by the Local Authority for both Hanley Castle and Kempsey, with additional capital funding of over £2 million promised to provide the necessary additional accommodation. Welland has also been asked to expand to meet increased demand.

The additional accommodation required for the first phase of Kempsey's expansion was completed, with a well-attended opening ceremony where the Bishop of Worcester and Harriett Baldwin M.P. were guests of honour. Similarly, the PE classrooms and changing rooms at Hanley Castle and the new boiler and refurbished school hall at Hanley Swan are now in use. Phase two of Kempsey's expansion will commence once planning consent has been granted, while construction of the additional accommodation to support Hanley Castle's expansion will commence in January 2020.

Significant improvements have been made at Welland to ensure that the school meets health and safety regulations, including the removal of asbestos from the basement and the installation of additional fire safety doors.

Further housing developments planned for the area south of Worcester include a proposed new two-form entry primary school. The HUET has already met with LA officers and the local Parish Council to discuss its vision and plans for a proposed 'Mayflower Academy' Free School on the designated site.

KS1 / EYFS outcomes

In general, KS1 outcomes were very pleasing with all three schools exceeding comfortably the national averages in most measures.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

2019 KS1 Outcomes

2019 [2018] (2017)	Reading Expected Standard	Reading Greater depth	Writing Expected Standard	Writing Greater depth	Maths Expected Standard	Maths Greater depth	RWM Expected Standard	RWM Greater depth
Hanley Swan	75% [88%] (88%)	25% [38%] (31%)	75% [75%] (88%)	7% [19%] (13%)	63% [75%] (75%)	25% [38%] (25%)	63% [75%] (69%)	7% [19%] (6%)
Kempsey	78% [83%] (74%)	29% [25%] (28%)	71% [75%] (74%)	22% [20%] (26%)	82% [90%] (77%)	20% [23%] (19%)	NN% [73%] (72%)	NN% [15%] (16%)
Welland	75% [68%] (90%)	25% [37%] (35%)	80% [74%] (85%)	0% [26%] (30%)	75% [74%] (80%)	10% [21%] (30%)	65% [68%] (70%)	0% [16%] (25%)
Worcs.	75% [76%] (77%)	28% [28%] (28%)	69% [72%] (69%)	17% [17%] (17%)	76% [77%] (76%)	23% [24%] (22%)	64.8% [66%] (65%)	12% [13%] (12%)
National	75% [76%] (76%)	25% [25%] (26%)	69% [70%] (69%)	16% [16%] (16%)	76% [76%] (75%)	22% [22%] (21%)	65% [65%] (64%)	11% [12%] (11%)

Hanley Swan

Key Stage 1 results were moderated externally by the local authority; the moderator confirmed that teacher assessments were accurate. Outcomes demonstrate that pupils have made very good progress considering 30% of the cohort are LAC / post LAC.

Year 1 undertook the phonics screening test. 88% passed the threshold mark and 41% achieved a score of 38+ out of 40. Both Year 2 pupils who retook the test passed the threshold mark.

In Reception 87.5% of pupils reached GLD (72% nationally).

Kempsey

The percentage of pupils attaining a good level of development at the end of EYFS is consistently above national standards (July 2019, 82.9% of pupils attained GLD - compared with 71.8% nationally). However, the school is finding that pupils are entering Reception with complex emotional or physical needs or with a lack of independence and resilience. This manifests itself in their ability to manage eating with appropriate table manners (i.e. handling a knife and fork, rather than eating with their fingers), dressing themselves or showing an awareness of their own belongings. Staff in EYFS often have to overcome these needs before embarking on the learning journey. Further, increasingly, pupils are entering school without appropriate pre-school interventions to provide a diagnosis (either of medical or learning needs). Predictions for the 2019 - 20 cohort would indicate a possible decrease in the % of pupils who attain a GLD. This year's cohort have some complex and significant needs, including two pupils with serious medical conditions and at least four pupils who are already demonstrating significant barriers to learning.

Since 2017, the percentage of pupils achieving the expected standard in the Year 1 phonics check has been in line with or above national expectations (in 2019, 80% of Y1 pupils achieved the standards - compared with 81% nationally). Of the 8 children who did not reach the standard, 6 are on the SEN register and one is EAL. One of these pupils on the SEN register has significant speech and language issues.

In 2019, the percentage of children reaching age related expectations in Year 2 was in line with or above national expectations.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Welland

KS1 results were better than in 2018, in line with national figures for children working at the expected standard and higher than last year.

100% of Year 2 pupils and 89.5% of Year 1 pupils achieved the standard. Phonics results have been consistently above the national average for the last 3 years.

Early Years GLD remains consistent at 81%, and is above national average.

In KS1 the number of children working at greater depth was lower than national in maths and no children achieved greater depth in writing. As a result, the level of challenge and high expectations in KS1 will be an area for development this year.

2019 KS2 Outcomes

KS2 outcomes for the HUET were more mixed, with the amount of progress made varying both by school and by subject. However, the reasons for these variations have been analysed in detail and action taken by schools and the HUET in response.

KS2 Progress by subject	Hanley Swan			Kempsey			Welland			Worcestershire		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
Reading	+0.49	-0.93	+2.25	-2.74	+0.22	+1.02	-1.45	-1.5	-0.8	-0.63	-0.76	-0.61
Writing	+0.71	+0.61	-0.47	-2.01	+0.94	-0.76	-2.23	-1.5	-2.2	-0.87	-0.59	-0.90
Mathematics	+2.54	+0.50	+2.46	-4.25	-2.59	+0.32	+1.23	-3.3	-3.7	-0.82	-1.12	-1.27
Re, Ma Combined	+1.5	+0.06	+1.41	-3.4	-1.2	0.7	-0.1	-2.4	-2.2	-0.7	-0.9	-0.9

Kempsey

The school was disappointed with its 2019 results. However, the dip had been anticipated for a number of reasons. Within the cohort 33% (16 out of 46 children) were identified as "vulnerable" due to social, emotional and medical needs and 35% (17 out of 46) were on the SEN register. One child who had an EHCP and was repeating Year 6 has subsequently gone on to home schooling due to the lack of availability of special provision.

In addition, analysis of the KS1 results for this cohort indicates a lack of security of judgements at the time, which has had a significant impact on the progress data of the cohort. These judgements were made in the final year of the old national curriculum levels. In the following year, with a new member of staff, teacher assessments were externally validated by the Local Authority. The predictions made for 2020 are based on this externally moderated data. The school has since been through another round of external moderation at the end of KS1 with another member of staff where the teacher assessments were again deemed accurate.

Additionally, in response to results in 2018 and 2019, the school acted decisively and swiftly to improve the quality of maths teaching and learning through the school. Although this will not have immediate impact, an improvement in pupils' engagement and enthusiasm in maths lessons has already been identified.

Hanley Swan

KS2 outcomes were very pleasing with high percentages of children reaching the expected standard and progress well above Worcestershire and national averages, particularly in mathematics.

Welland

KS2 attainment was strong with reading, writing, maths outcomes above national average. Maths results were particularly strong with 95% at the expected standard and 45% of those pupils at greater depth. The value-added score for maths improved from -3.3 in 2018 to +1.2.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The focus on improving the standard of teaching in mathematics will continue with the aim of maintaining the positive progress score achieved in 2019.

KS4 outcomes

Hanley Castle's GCSE results set a new school record for the reformed qualifications. 90% of students were awarded strong passes in English. 85% gained two or more good GCSEs in science while the percentage in mathematics was 80%. Overall, 27% of passes were at the top grades 7, 8 or 9 – grades A, A* and A**. In fact, 15% of grades were awarded at either Grade 8 or grade 9 – the equivalent of A* or A**. The percentage of students achieving grade 4+ (equivalent to C+) in all the EBacc subjects was 48%, the highest yet.

Preliminary value-added calculations suggest that Progress 8 will be significantly above the national average, with progress in both English and science particularly strong.

Post-16

At A level, the focus on supporting lower and middle prior attainers was also successful, with the number of U grades halved and the overall pass rate 5% up on 2018 at 98%, with the percentage of students gaining grades A*-C also up on last year at 73%. The percentage of students achieving the highest grades was particularly strong in further mathematics, chemistry, art, history, English literature, French and film studies.

Students achieved outstanding Level 3 BTEC results in subjects including computer architecture and systems, business studies and sports studies. Over 60% of the grades awarded were at Distinction or Distinction* - equivalent to A and A* grades at A level.

The success of Hanley Castle students in both academic A levels and the more vocational BTEC courses means that more students than ever will be taking up their places at top universities (including two at Oxford), on higher level apprenticeships or with some of the very best local and national employers.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date, which excluding fixed assets and pension reserve was £388k or 5.2% of income as at August 2019. This together with £12,941k restricted fixed asset funds offset by the pension deficit of £4,049k leaving net assets as at 31 August 2019 of £9,280k.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers as at October 2018 were 1,474, an increase of 19 on the previous year and this number increased to 1,615 in January 2019 when Welland joined the Trust.

Another key financial performance indicator is staffing costs as a percentage of income. For 2019 this was 83%, which compared favourably to budget, 85%.

KPIs for the year	Budget	Actual
In year revenue deficit/surplus - before capital transfer	-£53k	+£111k
Reserves as at 31 August	£215k	£388k
Reserves as a % of income	3%	5%
Pupil numbers (as at October 2018 – excluding Welland)		
Primary	385 (PAN)	408
Secondary	1,010 (PAN)	1,066
Total	1,395	1,474
Staff costs as a percentage of income	85%	83%
Student Attendance	95.0%	95.5%

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust 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.

FINANCIAL REVIEW

Financial Review

The Statement of Financial Activities for year ended 31st August 2019 includes 12 months for Hanley Castle, Kempsey and Hanley Swan but only 8 months for Welland from 1st January 2019 to 31st August 2019.

The comparative figures for 2018 include only 3 schools of financial performance.

Most of the academy's income is obtained from the DfE via the ESFA 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 2019 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 ESFA 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 2019, excluding the impact of fixed assets and the increase in the LGPS pension deficit the Trust reported an in-year surplus of £111k (£33k after transfer to capital) with all individual schools maintaining positive reserves as at 31st August 2019.

The increase in Local Government Pension Scheme (LGPS) pension deficit of £1,787k to £4,049k was due to a combination of Welland joining the Trust, a reduction in the discount rate increasing liabilities and general market uncertainty.

Restricted Fixed Asset Fund income in the year of £2,657k included an estimate of the value of land and buildings at Welland on conversion together with CIF funding for the new boiler at Hanley Swan. The annual depreciation charge was £311k and the transfer from revenue of £88k was utilised to support IT investment across the HUET mainly at Hanley Castle High School. The fund balance stood at £12,941k as at 31 August 2019.

Total movement in funds in the year was £681k (£2,435k fixed assets, -£1,787k pension reserve and £33k general funds). Together with the brought forward funds from the previous financial year of £8,599k this resulted in carry forward funds of £9,280k of which £8,892k is restricted (£12,941k fixed assets and -£4,049k pension reserve) and £388k is unrestricted.

At 31 August 2019 the net book value of fixed assets was £12,773k and movements in tangible fixed assets are shown in note 14 to the financial statements. Significant additions in the year included Welland land and buildings on conversion, classrooms at Hanley Castle and Kempsey and IT investment at Hanley Castle. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The academy has taken on the deficit in the LGPS in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 26 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 HUET board, LGBs, headteacher, Chief Financial Officer, budget holders and other staff, as well as delegated authority for spending.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

The Trustees have adopted a Responsible Officer Policy and appointed Mrs N Skellum, a suitably qualified Trustee, to undertake a programme of internal checks on financial controls during the year ended 31 August 2019.

Reserves Policy

The Trustees review the reserve levels of the HUET 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 HUET, the uncertainty over future income streams and other key risks identified during the risk review. At the end of the year of the total reserves of £9,280k the HUET's level of general reserves were £388k. The general reserves of £388k or 5% of income is in line with the targeted reserves of 5% and are held for future expenditure, for example one off building and maintenance work and to bridge the gap to Fairer Funding. The fixed asset reserves of £12,941k were invested in fixed assets. Whilst the HUET recognises a significant pension deficit of £4,049k due to the accounting treatment of the LGPS. This does not mean that an immediate liability for this amount crystallises.

The LGPS 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.

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 Chief Financial Officer 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 HUET 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 HUET has considerable reliance on continued Government funding through the Education & Skills Funding Agency (ESFA) and the introduction of National Fairer Funding (NFF) is critical to the ongoing success of the Trust. In the last year over 94% of the HUET'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 HUET'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 HUET 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 any impact from the risks associated with the development of the MAT are minimised.

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 and safety and discipline.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Staffing - the success of the HUET 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. The Trustees are aware of the potential pressures on staff due to ongoing funding issues and as result work with the senior leadership team to monitor any impact on staff.

Fraud and mismanagement of funds - the HUET has appointed a new 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 HUET 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 HUET 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 HUET. The register and plan are constantly reviewed and updated by committees in light of any new information and formally reviewed annually by the HUET Board.

As all the schools in the HUET are 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 financial health formally four times a year, reviewing performance against budget and overall expenditure by means of regular update reports at all 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 (LGPS), which is set out in note 26 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.

FUNDRAISING

The Trust has not carried out any significant fundraising activities during the year ended 31 August 2019.

PLANS FOR FUTURE PERIODS

The Hanley and Upton Educational Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all ages and stages, 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.

The HUET will continue to seek opportunities to strengthen its links legally and formally with partner schools 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 Diocesan primary schools and the commitment of Hanley Castle to the spiritual, moral and cultural development of its students.

The HUET will 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.

The HUET has begun to play a more prominent role in system improvement. Hanley Castle was successful in its application for 'sponsor school' status and this status has now been extended to the HUET as a whole. The HUET's success in working with the Local Authority to support Welland Primary School, prior to its entry to the MAT in January 2019, and the ongoing support provided to Welland as a full member of HUET since, demonstrates the impact and success of our school improvement model. The HUET is prepared to work with the DfE and Regional Schools Commissioner to support those schools which are identified as underperforming.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

In addition, Hanley Castle is continuing to develop the scope of its work in initial teacher training in partnerships which include the University of Worcester, the Woodrush Teaching School Alliance and the Prince Henry's Teaching School Alliance. A very large number of trainees (both on PGCE and School Direct placements) have been accommodated over the last 12 months.

As mentioned above, the popularity of HUET schools, combined with large-scale housing developments is driving an expansion agenda, including our intention to bid for the running of a new two-form entry primary school north east of Kempsey.

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

Hanley Swan

Priorities include:

- Literacy - continue to focus on raising standards within reading across the school and in KS2 Statutory Reading Assessments / continue to monitor closely the progress of disadvantaged children in reading and writing / continue to improve spelling in children's writing throughout the school.
- Maths - monitor and evaluate impact of implementation of GLOW maths across the school / continue to closely monitor the progress of disadvantaged children in numeracy.
- Science – continue to raise profile of science across the school.

Welland

Priorities include:

- Leadership and management – increase capacity by appointment of a SENCO / continue to restructure staffing, both teaching and non-teaching, to maximise effectiveness.
- Curriculum – continue with redesign of curriculum across all key stages with a focus on intent, implementation and impact.
- Teaching and learning – maintain the focus on improving literacy and numeracy / provision for SEND pupils.
- Safeguarding – continue to monitor processes closely / provide additional support where required / use of HUET safeguarding and attendance officer for most acute cases.

Kempsey

Priorities include:

- Leadership and management – embed the use of CPOMS to further improve safeguarding / further develop the impact of governance, including tightening governor links to the school development plan / further develop the role of middle leaders.
- Quality of education – embed teaching for mastery and increase pupils' fluency in mathematics / improve curriculum mapping and sequencing / introduce curriculum knowledge and skill 'ladders' and assessment / improve the quality of the teaching of reading across the school for individual subjects.
- Behaviour and attitudes – increase levels of resilience in pupils to improve learning attitudes and behaviours / continue to address persistent absenteeism / continue to work with parents to develop consistent strategies between home and school.
- Personal development – further improve respectful lunchtime behaviours in the dining hall / encourage children to be aspirational about their own futures / continue to expand and extend the opportunities offered to pupils beyond the classroom.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Hanley Castle

Priorities include:

- Leadership and management - raising post-16 attainment and improving progress through implementation of the recommendations of the sixth form review / maintain financial health of school whilst continuing to develop facilities and accommodation to meet demands of PAN increase to 180 for September 2020 / maintain focus on reducing excessive staff workload.
- Teaching, learning and the curriculum – further refine teaching strategies based on 'belong, aspire, achieve' agenda / improve curriculum content and sequencing to reflect Ofsted 'intent, implementation, impact' structure / further improve differentiation post-16 to ensure stretch and support.
- Personal development – earned privileges for Year 11 to fulfil 'belong' agenda / use of HUET safeguarding and attendance officer to address persistent absenteeism.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The HUET 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.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 5 December 2019 and signed on its behalf by:

**J Robinson
(Chair of Trustees)**



**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Hanley and Upton Educational Trust 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 Chief Executive Officer of the Hanley and Upton Educational Trust 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 the HUET and the Secretary of State for Education. The CEO is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report. 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
J Robinson, Chair	4	5
L F Cooke, Accounting Officer & Chief Executive Officer	5	5
G Black	2	3
S Fitzjohn	1	5
K Taylor	4	5
S Price	5	5
N Lechmere	3	5
N Skellum	5	5
J Speller	2	2
Rev. S Adeney	2	2

The Board has been pleased to welcome two new Trustees to fill the vacancies reported at the end of the 2018/19 year. Sue Adeney (Diocesan appointed Trustee) and James Speller have already made important contributions based on their local knowledge and professional background. It should also be recorded that Sue Fitzjohn's low attendance was due to continuing serious illness but we are extremely pleased to report that by the end of the year she was fully recovered and again making an important contribution to the HUET.

The Board of Trustees has continued to focus its activities on the three core governance functions:

- it has ensured that the clarity of vision, ethos and strategic direction as documented for the HUET underpin all its discussions and decision making;
- it has held executive leaders to account for the educational performance of the organisation and its pupils through detailed assessment of the high quality descriptive and data driven reports provided by the CEO and headteachers, and for the performance management of staff through the responsibilities delegated to the pay and performance committee; and
- through review of the equally high-quality financial reports provided by the CFO, it has overseen the financial performance of HUET and ensured, in extremely challenging financial times, that its funds have continued to be well spent.

Training for both Members and Trustees / development of capacity in advance of HUET expansion / continuing to improve monitoring and compliance with the GDPR / support for newly formed LGBs of joiner members.

Governance Review

With two new Trustees starting towards the end of the year, induction training for them is planned for the early part of 2019/20 and all Members and Trustees will be invited to attend this to provide refresher training for them. With the addition of Welland Primary School as a supported member of the HUET, the importance of the ongoing work to ensure that the principles of governance are owned by all the LGBs has been highlighted. The Chairs' Forum (HUET chair together with LGB chairs) has been the focus for this. Discussions have not only helped the transition for the Welland LGB from an independent GB to a LGB within the HUET, but have generated a rich fertilisation of ideas between the LGBs and back to the Board of Trustees. This has also raised questions about the need to extend the HUET risk management assessment process down to LGB/school level and this is planned to be investigated as part of the 2019/20 governance review to be undertaken by the Board of Trustees. Chairs also continued to work to ensure that the ownership and implementation of the Trust's safeguarding principles and policies developed so strongly in 2017/18, continued to be embedded at LGB level as well as amongst Members and Trustees.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

The quality of governance remained a central part of the HUET SEF and in self-evaluation procedures using the Ofsted framework. The outcomes of this self-evaluation are recorded in each academy's SEF. During the last 12 months significant progress has been made in further improving the quality of governance. A formal governance self-evaluation activity was undertaken by the Board of Trustees in March. The aims were to evaluate Trustees understanding of the DfE's definition of the three core functions for Trustees/Governors and the competencies required to deliver them and then, as a forward-looking exercise, to focus the attention of Trustees/Governors on what Ofsted currently consider for the judgement on leadership and management and the effectiveness of governance.

Trustees continued to provide appropriate challenge and support regarding senior leadership, teaching and learning and outcomes. Trustees were assured that the Trust's financial position remained stable with contingency plans in place for the anticipated decrease in income in the short term. Resources were seen to have been managed effectively and efficiently to facilitate improvement in staffing levels, facilities, and accommodation to benefit all student groups. Trustees' own expertise, experience and knowledge of the Trust and its schools ensured they are well placed to shape its direction and policies, identify strategic priorities, and to monitor and evaluate actions taken by the leadership of each of the schools within the Trust.

It has been an important governance objective to ensure that Members are appropriately informed to undertake their high-level role and they have been involved alongside Trustees in some of the self-evaluation and safeguarding training, whilst also receiving briefing on the HUET's academic performance and other achievements against objectives. There remains a member vacancy to be filled: as with Trustees, the policy of the Members has been to fill vacancies only as and when replacement candidates with suitable skills are identified, preferring if necessary to keep a vacancy until that time. It is anticipated that work in hand at the end of the year will result in the vacancy being filled in the 2019 autumn term.

The HUET Audit Committee is 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 during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
N Lechmere	1	1
P G Saunders (Independent Chair)	2	2
E Wilkins (In Attendance)	2	2
S Fitzjohn	1	1
N Skellum (In Attendance)	1	1
G Black	1	1
K Taylor	1	1

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the HUET 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 HUET'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 appropriate. The Accounting Officer for the HUET has delivered improved value for money during the year by:

- Delivering an in-year surplus of £111k (before transfer of capital of £88k) compared to a budgeted deficit of £53k. All individual schools returned an in-year surplus for the year
- No significant issues arising from external audit or internal audit work carried out by the Responsible Officer
- Maintaining strict control over staff costs. The number of staff has remained fairly static over the last five years whereas pupil numbers continue to rise. Staff costs per pupil are significantly lower than both the Worcestershire and national average
- Conducting an annual benchmarking exercise 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
- Following the successful application for a grant from the MAT Development and improvement Fund the Trust carried out an independent evaluation of financial efficiency for all schools with findings and recommendations embedded in financial management going forward
- Completed the school resource management self-assessment to reassure Trustees that resources are managed effectively and Trust is achieving a good level of financial health
- Completed extensive due diligence work in respect of Welland primary to ensure any risks associated with joining the Trust identified and mitigated
- Appointed new IT network provider which provided a more robust solution for Hanley Castle and better value for money
- Investing significant sums in improving facilities and accommodation. During the year we have invested in student laptops and desktops and a new SAN and Wi-Fi solution at Hanley Castle
- Sports hall project at Hanley Castle High School, classroom extension at Kempsey and hall refurbishment at Hanley Swan were completed on time and within budget
- Funding was secured by the Trust to expand both Hanley Castle and Kempsey primary
- The Trust secured Cif funding from the EFSA for boiler replacement at Hanley Swan
- Successfully negotiated favourable terms with lead consultant on capital projects for next 3 years
- Successful outsourcing of cleaning solution for Hanley Castle High School
- The Trust introduced a HUET wide facilities solution which not only provided more support with increased flexibility but also represented better value for money
- Maintaining a small contingency reserve equivalent to 5% of income (excluding fixed asset funds)
- Continuing to explore ways of raising additional income. A further £22k has been generated in the year through our commercial arrangement with China and the HUET has also generated £27k from lettings and grounds maintenance as well as £13k from mentoring students

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 on-going process designed to identify and prioritise the risks to the achievement of HUET 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 and Upton Educational Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the HUET 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 HUET's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 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 HUET'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 Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The 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 N Skellum as Responsible Officer (RO) for the year ended 31 August 2019.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the HUET's financial systems. In particular the checks carried out in the current period included:

- Testing of income and expenditures systems
- Review Annex C Top 10 Musts
- Review of Governance procedures
- Review of Strategic & Operational procedures

On a quarterly basis, the reviewer reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

There were no significant issues identified as part of the Responsible Officer's review. On an annual basis RO reports to the audit committee 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 Chief Executive Officer 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 reviewer
- the work of the external auditors
- the financial management and governance self-assessment process
- the work of the executive managers within the HUET 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.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

5 December 2019

Approved by order of the Members of the Board of Trustees on ⁵ and signed on their behalf by:



Mr J Robinson
Chair of Trustees



Mrs L F Cooke
Accounting Officer

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hanley and Upton Educational Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



Miss L F Cooke
Accounting Officer

Date: 5 December 2019

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST**

OPINION

We have audited the financial statements of Hanley and Upton Educational Trust (the 'Academy Trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST (CONTINUED)**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- 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.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

USE OF OUR REPORT

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



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

6 December 2019

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HANLEY AND
UPTON EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hanley and Upton Educational Trust during the year 1 September 2018 to 31 August 2019 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 and Upton Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hanley and Upton Educational Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hanley and Upton Educational Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HANLEY AND UPTON EDUCATIONAL TRUST'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Hanley and Upton Educational Trust's funding agreement with the Secretary of State for Education dated 29 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

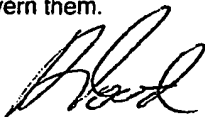
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HANLEY AND
UPTON EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA

Bishop Fleming LLP
1-3 College Yard
Worcester
WR1 2LB

Date: *6th December 2019*

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants:	3					
Amounts on conversion		3,688	(329,000)	2,367,237	2,041,925	-
Other donations and capital grants		4,615	5,423	290,251	300,289	1,115,864
Charitable activities		341,191	7,191,188	-	7,532,379	6,646,759
Other trading activities		99,624	-	-	99,624	112,125
Investments	6	693	-	-	693	1,743
TOTAL INCOME		449,811	6,867,611	2,657,488	9,974,910	7,876,491
EXPENDITURE ON:						
Raising funds		25,908	-	-	25,908	32,659
Charitable activities		313,205	7,393,299	310,695	8,017,199	7,180,499
TOTAL EXPENDITURE		339,113	7,393,299	310,695	8,043,107	7,213,158
NET INCOME/ (EXPENDITURE)		110,698	(525,688)	2,346,793	1,931,803	663,333
Transfers between funds	20	(77,711)	(10,312)	88,023	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		32,987	(536,000)	2,434,816	1,931,803	663,333
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	29	-	(1,251,000)	-	(1,251,000)	496,000
NET MOVEMENT IN FUNDS		32,987	(1,787,000)	2,434,816	680,803	1,159,333
RECONCILIATION OF FUNDS:						
Total funds brought forward		355,052	(2,262,000)	10,506,138	8,599,190	7,439,857
Net movement in funds		32,987	(1,787,000)	2,434,816	680,803	1,159,333
TOTAL FUNDS CARRIED FORWARD		388,039	(4,049,000)	12,940,954	9,279,993	8,599,190

The notes on pages 37 to 65 form part of these financial statements.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:07690414

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	12,772,912	9,639,447
CURRENT ASSETS			
Stocks	15	1,302	4,340
Debtors	16	359,998	860,617
Cash at bank and in hand		1,226,921	1,140,540
		<u>1,588,221</u>	<u>2,005,497</u>
Creditors: amounts falling due within one year	17	(995,801)	(748,254)
NET CURRENT ASSETS		<u>592,420</u>	<u>1,257,243</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,365,332</u>	<u>10,896,690</u>
Creditors: amounts falling due after more than one year	18	(36,339)	(35,500)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>13,328,993</u>	<u>10,861,190</u>
Defined benefit pension scheme liability	29	(4,049,000)	(2,262,000)
TOTAL NET ASSETS		<u><u>9,279,993</u></u>	<u><u>8,599,190</u></u>
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Fixed asset funds	20	12,940,954	10,506,138
Restricted funds excluding pension liability	20	12,940,954	10,506,138
Pension reserve	20	(4,049,000)	(2,262,000)
Total restricted funds	20	<u>8,891,954</u>	<u>8,244,138</u>
Unrestricted income funds	20	<u>388,039</u>	<u>355,052</u>
TOTAL FUNDS		<u><u>9,279,993</u></u>	<u><u>8,599,190</u></u>

The financial statements on pages 34 to 65 were approved by the Trustees, and authorised for issue on 05 December 2019 and are signed on their behalf, by:



J Robinson
Chair of Academy Trust

The notes on pages 37 to 65 form part of these financial statements.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	22	457,665	(21,120)
CASH FLOWS FROM INVESTING ACTIVITIES	24	(378,457)	(20,510)
CASH FLOWS FROM FINANCING ACTIVITIES	23	7,173	(4,000)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		86,381	(45,630)
Cash and cash equivalents at the beginning of the year		1,140,540	1,186,170
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	1,226,921	1,140,540

The notes on pages 37 to 65 form part of these financial statements

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hanley and Upton Educational Trust meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

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

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

• **Grants**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

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

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

1.4 EXPENDITURE

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

• **Expenditure on raising funds**

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

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE (CONTINUED)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 TANGIBLE FIXED ASSETS

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is provided on the following bases:

Freehold property	- Buildings 50 years, leasehold land 125 years
Furniture and equipment	- 10-20% straight line
Motor vehicles	- 33.33% straight line
Office equipment	- 10-20% straight line
Computer equipment	- 33.33% straight line

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

1.8 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 DEBTORS

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

1.10 CASH AT BANK AND IN HAND

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

1.11 LIABILITIES

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

1.12 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.13 OPERATING LEASES

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust 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 27.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. ACCOUNTING POLICIES (continued)

1.16 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The Trust are required to recognise the land & buildings held at the year-end. The land & buildings transferred into the Trust on conversion of Welland Primary School has been calculated using a proportion of the insurable value, using existing Academies within the Trust as a benchmark. This is deemed to be the most appropriate method of valuation whilst a formal ESFA valuation is awaited.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DONATIONS				
Transfer from Local Authority on conversion	3,688	2,038,237	2,041,925	-
Donations	4,615	5,423	10,038	11,255
Capital Grants	-	290,251	290,251	1,104,609
	<u>8,303</u>	<u>2,333,911</u>	<u>2,342,214</u>	<u>1,115,864</u>
TOTAL 2018	<u>4,429</u>	<u>1,111,435</u>	<u>1,115,864</u>	

4. FUNDING FOR THE ACADEMY TRUST'S EDUCATION - DIRECT COSTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	6,633,952	6,633,952	6,043,656
Start up grants	-	25,000	25,000	-
Other DfE group grants	-	431,225	431,225	291,670
	<u>-</u>	<u>7,090,177</u>	<u>7,090,177</u>	<u>6,335,326</u>
Other Government grants				
High Needs	-	58,386	58,386	25,485
Other government grants	-	42,625	42,625	35,540
	<u>-</u>	<u>101,011</u>	<u>101,011</u>	<u>61,025</u>
Other funding				
Internal catering income	10,784	-	10,784	11,395
Income from hosting trainee teachers	12,677	-	12,677	12,412
Sales to students	14,072	-	14,072	14,920
Trip income	215,523	-	215,523	154,865
Internal catering income	88,135	-	88,135	56,816
	<u>341,191</u>	<u>7,191,188</u>	<u>7,532,379</u>	<u>6,646,759</u>
TOTAL 2018	<u>250,408</u>	<u>6,396,351</u>	<u>6,646,759</u>	

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

5. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	20,016	20,016	23,282
Breakfast club	26,228	26,228	11,878
Other	53,380	53,380	76,965
	<u>99,624</u>	<u>99,624</u>	<u>112,125</u>

All income from other trading activities in 2018 was unrestricted.

6. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	693	693	1,743
	<u>693</u>	<u>693</u>	<u>1,743</u>

All income from investments in 2018 was unrestricted.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. EXPENDITURE

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading:					
Direct costs	-	-	25,908	25,908	32,659
Education:					
Direct costs	5,240,595	310,695	462,088	6,013,378	5,438,354
Support costs	1,032,530	537,906	433,385	2,003,821	1,742,145
	<u>6,273,125</u>	<u>848,601</u>	<u>921,381</u>	<u>8,043,107</u>	<u>7,213,158</u>
TOTAL 2018	<u>5,666,920</u>	<u>826,115</u>	<u>720,123</u>	<u>7,213,158</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	<u>6,013,378</u>	<u>2,003,821</u>	<u>8,017,199</u>	<u>7,180,499</u>
TOTAL 2018	<u>5,438,354</u>	<u>1,742,145</u>	<u>7,180,499</u>	

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Pension finance costs	24,000	22,000
Staff costs	5,212,777	4,766,780
Depreciation	310,695	302,692
Educational supplies	76,754	56,825
Examination fees	110,793	88,322
Staff development	27,076	23,453
Other costs	223,465	161,828
Supply teachers	27,818	16,454
	6,013,378	5,438,354

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Pension finance costs	45,000	41,000
Staff costs	1,032,530	883,686
Other costs	23,693	10,397
Maintenance of premises and equipment	207,349	216,007
Cleaning	18,742	13,591
Rent and rates	47,126	44,679
Energy costs	101,036	89,726
Insurance	42,940	37,394
Security and transport	30,422	28,096
Catering	121,254	103,777
Technology costs	125,926	95,724
Office overheads	100,291	93,950
Legal and professional	91,500	69,683
Bank interest and charges	982	594
Governance costs	15,030	13,841
	2,003,821	1,742,145

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	41,207	38,359
Depreciation of tangible fixed assets	310,695	302,692
Fees paid to auditors for:		
- audit	13,250	12,500
- other services	1,780	1,330
	<u>13,250</u>	<u>12,500</u>
	<u>1,780</u>	<u>1,330</u>

10. STAFF COSTS

a. STAFF COSTS

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	4,828,061	4,399,674
Social security costs	443,798	406,100
Pension costs	973,448	844,692
	<u>6,245,307</u>	<u>5,650,466</u>
Agency staff costs	27,818	16,454
	<u>6,273,125</u>	<u>5,666,920</u>

b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS

There were no staff compromise costs incurred during the year (2018: none)

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. STAFF COSTS (CONTINUED)

c. STAFF NUMBERS

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

	2019 No.	2018 No.
Teachers	85	76
Educational support	66	67
Administration and clerical	54	42
Management	11	10
	<u>216</u>	<u>195</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	73	66
Educational support	36	31
Administration and clerical	28	23
Management	11	10
	<u>148</u>	<u>130</u>

d. HIGHER PAID STAFF

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	3	2
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

e. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the CEO, the CFO and three local Headteachers. In 2019 the key management personnel consisted of the Hanley Castle High School Senior Leadership Team, which consisted of 5 people. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £459,273 (2018: £389,903). The increase is partly due to Welland Primary School joining the MAT on 1 January 2019.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

11. CENTRAL SERVICES

The Academy Trust has provided the following central services to its academies during the year:

- Insurance
- Legal and professional services
- Human resources and payroll
- Educational support services
- Financial services
- Premises services
- Others as required
- Audit services

The Academy Trust charges for these services on the following basis:

The Academy Trust charged these services on a fair basis as agreed between the CEO and Local Governing Bodies, being 5% of total income, less SEN funding, Pupil Premium and other income as deemed appropriate.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Hanley Castle High School	212,399	213,144
Kempsey Primary School	47,677	47,243
Hanley Swan C-of-E Primary School	20,457	21,155
Welland Primary School	12,511	-
TOTAL	293,044	281,542

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: Mrs L F Cooke: remuneration £110,000 - £115,000 (2018: £105,000 - £110,000), employer's pension contributions £15,000 - £20,000 (2018: £15,000 - £20,000).

During the year ended 31 August 2019, no expenses were reimbursed or paid directly to Trustees (2018 - £801 to 1 Trustee).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice, the Academy Trust 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £1,199 (2018 - £1,071). The cost of this insurance is included in the total insurance cost.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Office equipment £	Total £
COST OR VALUATION						
At 1 September 2018	9,939,082	54,333	746,762	2,495	321,713	11,064,385
Additions	814,109	-	162,883	3,290	113,051	1,093,333
Transfer on joining	2,350,827	-	-	-	-	2,350,827
At 31 August 2019	13,104,018	54,333	909,645	5,785	434,764	14,508,545
DEPRECIATION						
At 1 September 2018	557,855	16,984	625,084	1,386	223,629	1,424,938
Charge for the year	188,339	5,433	73,368	923	42,632	310,695
At 31 August 2019	746,194	22,417	698,452	2,309	266,261	1,735,633
NET BOOK VALUE						
At 31 August 2019	12,357,824	31,916	211,193	3,476	168,503	12,772,912
At 31 August 2018	9,381,227	37,349	121,678	1,109	98,084	9,639,447

15. STOCKS

	2019 £	2018 £
Goods for resale	1,302	4,340

16. DEBTORS

	2019 £	2018 £
Trade debtors	5,643	68,615
Other debtors	97,747	95,550
Prepayments and accrued income	181,345	556,332
VAT recoverable	75,263	140,120
	359,998	860,617

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Salix loans	7,146	4,500
Trade creditors	394,463	335,994
Other taxation and social security	112,322	106,014
Other creditors	165,824	131,141
Accruals and deferred income	316,046	170,605
	<u>995,801</u>	<u>748,254</u>
	2019 £	2018 £
Deferred income at 1 September 2018	114,460	144,729
Resources deferred during the year	205,234	114,460
Amounts released from previous periods	(114,460)	(144,729)
	<u>205,234</u>	<u>114,460</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips due to run in the 2019/20 year, totalling £74,145 (2018: £36,268), and grants received in advance totalling £131,089 (2018: £78,192)

Included within creditors due within one year is a Salix loan balance of £4,000. The full value of the loan outstanding is £28,000, £24,000 of which is shown as due over one year (note 18). The loan is repayable in six-monthly instalments over the remaining 8 year of the loan with an applicable annual interest rate of NIL%.

Also included within creditors within one year is a Salix loan balance of £1,000. The full value of the loan outstanding is £7,500, £6,500 of which is shown as due over one year (note 18). The loan is repayable in six-monthly instalments over 7 years, with repayments starting in January 2019. There is an applicable annual interest rate of NIL%.

A new Salix loan was introduced to the Trust at Kempsey Primary School in the year, and an amount of £2,146 is included within creditors within one year. The full value of the loan outstanding is £7,985, £5,839 of which is shown as due over one year (note 18). The loan is repayable in annual instalments until October 2022. There is an applicable annual interest rate of NIL%.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019 £	2018 £
Salix loans	36,339	35,500

Included within creditors due in more than one year is a Salix loan balance of £24,000. The full value of the loan outstanding is £28,000, £4,000 of which is shown as due under one year (note 17). The loan is repayable in six-monthly instalments over the remaining 8 year of the loan with an applicable annual interest rate of NIL%.

Also included within creditors due in more than one year is a Salix loan balance of £6,500. The full value of the loan outstanding is £7,500, £1,000 of which is shown as due under one year (note 17). The loan repayable in six-monthly instalments over 7 years, with repayments starting in January 2019. There is an applicable annual interest rate of NIL%.

A new Salix loan was introduced to the Trust at Kempsey Primary School in the year, and an amount of £5,839 is included within creditors due in more than one year. The full value of the loan outstanding is £7,985, £2,146 of which is shown as due under one year (note 17). The loan is repayable in annual instalments until October 2022. There is an applicable annual interest rate of NIL%.

19. FINANCIAL INSTRUMENTS

	2019 £	2018 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	1,226,921	1,140,540
Financial assets that are debt instruments measured at amortised cost	123,192	631,009
	<u>1,350,113</u>	<u>1,771,549</u>

	2019 £	2018 £
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(714,584)	(641,667)

Financial assets measured at fair value through income and expenditure comprises cash at bank.

Financial assets that are debt instruments measured at amortised cost comprises trade debtors, other debtors and accrued income.

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

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UNRESTRICTED FUNDS						
General Funds - all funds	355,052	449,811	(339,113)	(77,711)	-	388,039
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	6,633,952	(6,623,640)	(10,312)	-	-
Universal Infant Free School Meals	-	75,657	(75,657)	-	-	-
Higher Needs funding	-	58,386	(58,386)	-	-	-
Pupil Premium (PP)	-	220,554	(220,554)	-	-	-
Other ESFA grants	-	110,582	(110,582)	-	-	-
Other grants	-	67,057	(67,057)	-	-	-
Donations	-	5,423	(5,423)	-	-	-
Start up grants	-	25,000	(25,000)	-	-	-
Pension reserve	(2,262,000)	(329,000)	(207,000)	-	(1,251,000)	(4,049,000)
	<u>(2,262,000)</u>	<u>6,867,611</u>	<u>(7,393,299)</u>	<u>(10,312)</u>	<u>(1,251,000)</u>	<u>(4,049,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Land and buildings transferred in	6,818,285	2,367,237	(127,699)	-	-	9,057,823
Fixed assets purchased from GAG and other restricted funds	473,131	-	(37,537)	88,023	-	523,617
Devolved Formula Capital funding (DFC)	91,019	111,002	(48,143)	-	-	153,878
Academies Capital Maintenance Fund (ACMF)	536,999	-	(11,288)	-	-	525,711
Condition Improvement Fund (CIF)	2,586,704	99,042	(86,028)	-	-	2,599,718
Donated capital funding	-	80,207	-	-	-	80,207
	<u>10,506,138</u>	<u>2,657,488</u>	<u>(310,695)</u>	<u>88,023</u>	<u>-</u>	<u>12,940,954</u>
TOTAL RESTRICTED FUNDS	<u>8,244,138</u>	<u>9,525,099</u>	<u>(7,703,994)</u>	<u>77,711</u>	<u>(1,251,000)</u>	<u>8,891,954</u>
TOTAL FUNDS	<u>8,599,190</u>	<u>9,974,910</u>	<u>(8,043,107)</u>	<u>-</u>	<u>(1,251,000)</u>	<u>9,279,993</u>

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. 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 from the ESFA which is to be used for the normal running costs of the academy, including education and support costs.

Universal Infant Free School Meals - income from the ESFA for the provision of free school meals.

Higher Needs funding - funding provided by Local Authorities for the Academy Trust to fund further support for students with additional needs.

Start Up Grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.

Pupil Premium (PP) - represents funding received from the ESFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Other ESFA grants - restricted income from the ESFA which is to be used in accordance with the terms of the funding.

Other grants - income which has been received for specific purposes.

Donations - incoming donations received for specific purposes, as specified by the donor.

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy.

RESTRICTED FIXED ASSET FUNDS:

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

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

Devolved Formula Capital funding (DFC) - this represents funding from the ESFA to cover the maintenance and purchase of the academy's assets.

Academies Capital Maintenance Funding (ACMF) - are restricted grants related to a grant provided to the Academy Trust from the Academies Capital Maintenance Fund was used on various capital projects.

Condition Improvement Fund (CIF) - are restricted grants related to a grant provided to the Academy Trust from the Condition Improvement fund to be used for capital works.

Donated capital funding - are restricted amounts received in the form of donations to be used on capital enhancements.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. STATEMENT OF FUNDS (CONTINUED)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Hanley Castle High School	155,753	153,951
Kempsey Primary School	201,721	170,803
Hanley Swan C-of-E Primary School	6,552	(130)
Welland Primary School	17,984	-
Central services	6,029	30,428
Total before fixed asset funds and pension reserve	388,039	355,052
Restricted fixed asset fund	12,940,954	10,506,138
Pension reserve	(4,049,000)	(2,262,000)
TOTAL	9,279,993	8,599,190

TOTAL COST ANALYSIS BY ACADEMY

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Hanley Castle High School	3,608,248	576,988	36,162	1,029,367	5,250,765	5,139,908
Kempsey Primary School	776,217	114,663	23,194	254,980	1,169,054	1,069,349
Hanley Swan C-of-E Primary School	381,938	71,927	11,775	107,731	573,371	558,888
Welland Primary School	288,927	65,955	1,561	86,978	443,421	-
Central services	108,447	113,997	-	(133,643)	88,801	261,843
ACADEMY TRUST	5,163,777	943,530	72,692	1,345,413	7,525,412	7,029,988

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds - all funds	295,250	368,705	(262,719)	(46,184)	-	355,052
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	257,515	6,043,656	(6,126,226)	(174,945)	-	-
Universal Infant Free School Meals	-	61,834	(61,834)	-	-	-
Higher Needs funding	-	25,485	(25,485)	-	-	-
Pupil Premium (PP)	-	195,685	(195,685)	-	-	-
Other ESFA grants	-	48,990	(48,990)	-	-	-
Other grants	-	20,701	(20,701)	-	-	-
Donations	-	6,826	(6,826)	-	-	-
Pension reserve	(2,596,000)	-	(162,000)	-	496,000	(2,262,000)
	<u>(2,338,485)</u>	<u>6,403,177</u>	<u>(6,647,747)</u>	<u>(174,945)</u>	<u>496,000</u>	<u>(2,262,000)</u>

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
RESTRICTED FIXED ASSET FUNDS						
Land and buildings transferred in	6,967,565	-	(149,280)	-	-	6,818,285
Fixed assets purchased from GAG and other restricted funds	319,418	16,091	(83,507)	-	-	473,131
Devolved Formula Capital funding (DFC)	72,029	34,383	(15,393)	-	-	91,019
Academies Capital Maintenance Fund (ACMF)	560,986	-	(23,987)	-	-	536,999
Condition Improvement Fund (CIF)	1,563,094	1,054,135	(30,525)	-	-	2,586,704
	<u>9,483,092</u>	<u>1,104,609</u>	<u>(302,692)</u>	<u>-</u>	<u>-</u>	<u>10,506,138</u>
TOTAL RESTRICTED FUNDS	<u>7,144,607</u>	<u>7,507,786</u>	<u>(6,950,439)</u>	<u>(174,945)</u>	<u>496,000</u>	<u>8,244,138</u>
TOTAL FUNDS	<u>7,439,857</u>	<u>7,876,491</u>	<u>(7,213,158)</u>	<u>(221,129)</u>	<u>496,000</u>	<u>8,599,190</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	12,772,912	12,772,912
Current assets	388,039	818,221	381,961	1,588,221
Creditors due within one year	-	(781,882)	(213,919)	(995,801)
Creditors due in more than one year	-	(36,339)	-	(36,339)
Provisions for liabilities and charges	-	(4,049,000)	-	(4,049,000)
TOTAL	<u>388,039</u>	<u>(4,049,000)</u>	<u>12,940,954</u>	<u>9,279,993</u>

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	9,639,447	9,639,447
Current assets	355,052	593,814	1,056,631	2,005,497
Creditors due within one year	-	(593,814)	(154,440)	(748,254)
Creditors due in more than one year	-	-	(35,500)	(35,500)
Provisions for liabilities and charges	-	(2,262,000)	-	(2,262,000)
TOTAL	355,052	(2,262,000)	10,506,138	8,599,190

22. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income for the year (as per statement of financial activities)	1,931,803	663,333
ADJUSTMENTS FOR:		
Depreciation	310,695	302,692
Capital grants from DfE and other capital income	(714,183)	(866,085)
Interest receivable	(693)	(1,743)
Defined benefit pension scheme obligation inherited	329,000	-
Defined benefit pension scheme cost less contributions payable	138,000	99,000
Defined benefit pension scheme finance cost	69,000	63,000
Decrease/(increase) in stocks	3,038	(4,340)
Decrease/(increase) in debtors	500,619	(326,456)
Increase in creditors	244,901	49,479
Land and buildings transferred from local authority on conversion	(2,350,827)	-
Cash received from local authority on conversion	(3,688)	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	457,665	(21,120)

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. CASH FLOWS FROM FINANCING ACTIVITIES

	2019 £	2018 £
Repayments of Salix loans	(4,500)	(4,000)
Cash inflows from Salix loans	7,985	-
Cash received from local authority on conversion	3,688	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	7,173	(4,000)

24. CASH FLOWS FROM INVESTING ACTIVITIES

	2019 £	2018 £
Interest received	693	1,743
Purchase of tangible fixed assets	(1,093,333)	(888,338)
Capital grants from DfE Group	714,183	866,085
NET CASH USED IN INVESTING ACTIVITIES	(378,457)	(20,510)

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	1,226,921	1,140,540
TOTAL CASH AND CASH EQUIVALENTS	1,226,921	1,140,540

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

26. CONVERSION TO AN ACADEMY TRUST

On 1 January 2019 Welland Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hanley and Upton Educational Trust from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
TANGIBLE FIXED ASSETS				
Freehold land and buildings	-	-	2,350,827	2,350,827
Capital funds on conversion	-	-	16,410	16,410
CURRENT ASSETS				
Cash - representing budget surplus on LA funds	3,688	-	-	3,688
Pension liability	-	(329,000)	-	(329,000)
NET ASSETS/(LIABILITIES)	<u>3,688</u>	<u>(329,000)</u>	<u>2,367,237</u>	<u>2,041,925</u>

27. AGENCY ARRANGEMENTS

The academy distributes 16-19 Bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the academy received £23,934 (2018: £16,039) and disbursed £17,242 (2018: £15,859) from the fund. An amount of £6,691 (2018: £7,158) is included in other creditors relating to undistributed funds.

28. CAPITAL COMMITMENTS

	2019 £	2018 £
CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS		
Acquisition of tangible fixed assets	-	814,636

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

29. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2016.

Contributions amounting to £97,512 were payable to the schemes at 31 August 2019 (2018 - £90,439) and are included within creditors.

TEACHERS' PENSION SCHEME

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

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

VALUATION OF THE TEACHERS' PENSION SCHEME

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 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 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

29. PENSION COMMITMENTS (CONTINUED)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £558,238 (2018 - £506,769).

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

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

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £372,000 (2018 - £345,000), of which employer's contributions totalled £297,000 (2018 - £276,000) and employees' contributions totalled £ 75,000 (2018 - £69,000). The agreed contribution rates for future years are 15 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.60	3.60
Rate of increase for pensions in payment / inflation	2.20	2.20
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.10	2.10

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.2	28.0

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

29. PENSION COMMITMENTS (CONTINUED)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	3,906	2,168
Mortality assumption - 1 year increase	4,169	2,341
CPI rate +0.1%	4,196	2,359
Pay growth +0.1%	4,064	2,274

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,742,000	1,550,000
Other bonds	123,000	93,000
Government bonds	184,000	161,000
Property	147,000	95,000
Cash	71,000	42,000
Other	189,000	72,000
Total market value of assets	2,456,000	2,013,000

The actual return on scheme assets was £95,000 (2018 - £111,000).

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

	2019 £	2018 £
Current service cost	(391,000)	(375,000)
Past service cost	(43,000)	(3,307)
Interest income	56,000	37,000
Interest cost	(125,000)	(100,000)
Total amount recognised in the statement of financial activities	(503,000)	(441,307)

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

29. PENSION COMMITMENTS (CONTINUED)

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

	2019 £	2018 £
At 1 September	4,275,000	4,169,000
Conversion of Academy Trust	329,000	-
Current service cost	391,000	375,000
Interest cost	125,000	100,000
Employee contributions	75,000	69,000
Actuarial gains	1,285,000	(426,000)
Benefits paid	(18,000)	(12,000)
Past service cost	43,000	-
At 31 August	6,505,000	4,275,000

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

	2019 £	2018 £
At 1 September	2,013,000	1,573,000
Interest income	61,000	41,000
Actuarial losses	34,000	70,000
Employer contributions	296,000	276,000
Employee contributions	75,000	69,000
Benefits paid	(18,000)	(12,000)
Admin expenses	(5,000)	(4,000)
At 31 August	2,456,000	2,013,000

30. OPERATING LEASE COMMITMENTS

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	37,746	33,034
Later than 1 year and not later than 5 years	42,362	68,847
	80,108	101,881

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

31. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

32. RELATED PARTY TRANSACTIONS

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

During the year the Academy Trust received income from Upton CofE Primary School, a school in which B Unwin is also a governor, totalling £1,250 (2018: £1,015). The income was received on an arm's length basis and in entering the transaction the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

33. GENERAL INFORMATION

Hanley and Upton Educational Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Church End, Hanley Castle, Worcester, Worcestershire, WR8 0BL.