

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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HEDINGHAM SCHOOL AND SIXTH FORM

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HEDINGHAM SCHOOL AND SIXTH FORM

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

| | |
|--|--|
| Members | Mr M Scrivens Ms J King Mrs J Barnes |
| Trustees | Mr M Scrivens, Chairman Ms J King Mrs J Barnes, Chair of Personnel and Curriculum Committee Mr J Panayi, Headteacher Mr D Hopper Mr S Jarvis Mrs G Massey, Chair of Student Welfare and Final Warning Committee (resigned 1 November 2015) Mr A Harvison, Deputy Headteacher Mr A Polley, Chair of Finance and Premises Committee Mrs R Poynter Mrs S Ford |
| Company Secretary | Mrs H Carter |
| Senior Management Team | Mr J Panayi, Headteacher Mr A Harvison, Senior Deputy Headteacher Mr P Finch, Deputy Headteacher Mr C Johnston, Assistant Headteacher Mr D Margery, Assistant Headteacher Mrs E Oakes, Assistant Headteacher Mr J Pearson, Assistant Headteacher Mrs H Carter, Bursar |
| Company name | Hedingham School and Sixth Form |
| Registered and principal office | Yeldham Road Sible Hedingham Halstead Essex CO9 3QH |
| Company registered number | 08330173 |
| Independent Auditors | Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT |

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Hedingham School and Sixth (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School (the School) for pupils aged 11 to 19 serving a catchment area in North West Essex. It has a pupil capacity of 1168 and had a roll of 1091 in the Summer 2016 school census.

Structure, Governance and Management

The Trust is a Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Hedingham School and Sixth Form.

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. The Headteacher is an ex officio member of the Governing Body. Parent Trustees and the staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for 15 Trustees (5 Parents, 2 Staff – Teaching, 1 Staff non-teaching, 6 others plus the Headteacher).

Policies and Procedures Adopted for the Induction and Training of Trustees

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme continued professional development led by School staff and links with a number of local training providers.

Trustees will complete a skills audit, based on National Governors' Association Template, as a useful way of assessing the skills, knowledge and experience of the Governing Body. The results are used to identify training needs, when recruiting new Trustees, when reviewing the Trustees Self Evaluation Form and for succession planning.

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Headteacher or Deputy Headteacher. All Trustees are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees, which meets on at least 3 occasions per year and the two main committees (Finance and Premises Committee and Personnel and Curriculum Committee) at least 3 times per year and the Pay and Headteacher's Pay Committees which meet at least once a year, is responsible for the strategic direction of the Trust. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

The Headteacher is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Senior Management Team (SMT). The SMT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board of Trustees as required for approval. Each Member of the SMT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

Arrangements for setting pay and remuneration of the key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Key Management Personnel at the School have been identified as it's Senior Management Team (Headteacher, 2 Deputy Headteachers, 4 Assistant Headteachers and the Bursar). The process for determining the pay and remuneration of the Academy's key management personnel is laid out in the School's pay policy.

Progression

Progression within the salary range for all Key Management Personnel, will be subject to the individual demonstrating a sustained high quality of performance having regard to the most recent review carried out under the performance management policy.

Senior Leadership Team

The Headteacher will be responsible for determining the starting salary, and for making pay progression recommendations, following annual performance management, for posts on the leadership pay ranges. Such decisions will be ratified by the Governing Body Pay Committee.

Headteacher

The Headteacher's Pay Committee will approve annual pay progression for the Headteacher having carried out an annual performance review, supported by an independent external advisor. When determining annual pay progression they take into account of outcome and recommendations arising from the annual review

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Acorn and Rainbow Children's Centre
- Anglia Ruskin University
- Association of Secondary Headteachers in Essex
- Behaviour and Attendance Partnership
- Braintree Learning Partnership
- Colne Valley Consortiums
- Earls Colne Educational Trust
- Essex County Council Road Safety
- Essex Music Services
- Essex Youth Services
- Families and Schools Together
- Football Foundation
- Jack Petchey Awards Scheme
- Nanjing Jiangning Senior High School
- Saffron Alliance – as a strategic partner of this teaching school
- Sible Hedingham Parish Council

The Trust does not have a formal sponsor.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

The School's aims are as follows: acknowledges and encompasses that we are all learners working together to make a better future:

The school:

- aims to provide a high quality, comprehensive educational experience for all students which ensures that each fulfils their highest academic potential;
- values and addresses students individual needs and the contribution they make to the community;
- provides a supportive, caring and safe learning community within a 21st Century environment which promotes lifelong learning; and
- celebrates achievements at every opportunity because every student is an asset and at the heart of everything the School does.

The School core purpose is personalising learning: At Hedingham School every student will have every opportunity to learn successfully and achieve their targets within a personalised learning programme which has high expectations.

During the academic year the School has worked towards achieving these aims by providing high quality:

Learning and teaching from well-qualified, skilled teachers and associate staff which:

- motivates and challenges students;
- supports students with a curriculum that is appropriate to their personal needs and has a clear learning pathway; and
- allows students to enjoy their learning both actively and independently in a safe, bright and attractive environment with access to the latest technology.

Assessment of Student progress:

- with targets that challenge students, support them and tell them how to improve;
- that gives them the chance to reflect on their own progress;
- with the opportunity for their parents/carers to discuss their progress with teachers and see their improvement online; and
- that recognises and celebrates their achievements at every opportunity in a number of different ways.

Information, Advice and Guidance from teachers and associate staff about:

- how they learn best and how they can become a better learner;
- what their next step in education should be; and
- how they can get a career that matches their skills and ambition.

Active Citizenship Opportunities through:

- a supportive mentoring programme from their personal tutor which supports their learning and social skills;
- a wide range of school clubs and societies;
- the opportunity to work with the local, wider and international community; and
- the opportunity to express their opinions through student voice.

Our success in fulfilling our aims can be measured by:

Achievement:

- performance targets for different groups eg. Gender, Pupil Premium students , SEND.
- current progress of groups (KS 3,4 and 5):
- students achieving 'More than expected progress; and
- A Level achievement.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

Quality of Teaching:

- progress;
- all students (including groups of students) to be making progress in line with aspirational targets KS3-5;
- assessment to support learning;
- established assessment systems;
- effective forms of feedback and marking;
- challenge;
- forensic use of performance data;
- appropriate tasks to meet the needs of students ;
- engagement & enthusiasm;
- learning tasks employed that bring variety, inspiration and motivation; and
- students' attitudes to learning.

Behaviour and Safety:

- health and safety in lessons;
- pupils' attitudes to learning;
- managing behaviour-systematic and consistent approach;
- attendance and punctuality; and
- E-safety.

Quality of Leadership and Management:

- impact on teaching and learning;
- self-evaluation;
- curriculum Reform;
- Key Stage 3 Assessment;
- expectations and target setting; and
- address areas of underachievement

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the School.

Exam results

The Trustees are delighted with another good year for examination results.

GCSE

Students achieved the School's best ever GCSE examination results with students achieving on average half a grade higher than expectation in every subject. Overall 70% of students achieved an A*-C grade in both English and Mathematics, and 68% of students achieved 5 A*-C grades including English and Mathematics. The examination results show a consistency in excellent outcomes for students but also an improving and upward trend.

Post 16

It has been another successful year at A Level with students achieving a good set of results. 99% of students gained a pass in their A Level examinations and a pleasing 61% achieved a pass rate at A* to C grade. In the Level 3 vocational courses there was a 100% pass rate with 40% of students registering Distinctions. These positive results continued to consolidate recent improvements made by students of the School.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

Key Performance Indicators

The Trustees serving on the Finance and Premises Committee and the SMT receive monthly financial information to enable them to monitor the financial performance of the School compared to aims, strategies and financial budgets.

Governors unanimously agreed the Key Performance Indicators as below:

- achieve the attainment targets set for all students
- to achieve the key priorities identified within the School Development Plan

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2015/16 were 1099 against a forecast of 1088. The Year 7 intake for September 2016 is oversubscribed. Pupil numbers from the Local Authority indicate that the School should continue to be able to admit full cohorts in future years.

Five Year Budget Plan

Included in the Budget Plan is a five year forecast representing anticipated pupil numbers and known changes in staffing. The plan demonstrates the School's continued financial viability over time. The Five Year plan will be kept under review and careful financial planning monitoring will continue to ensure a balanced budget can be set in the future.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 Statement of Accounting Policies.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education Funding agency (EFA). For the year ended 31 August 2016 the Trust received £5,491,848 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,160,748 on expenditure and spent £88,974 to support capital maintenance and improvement projects on the School site. The Academy brought forward from 14/15, £10,787,855 restricted funds and £297,290 unrestricted funding. The carry forward for 15/16 is £123,569 restricted funding, £88,081 Capital Funding, £3,800 Funds held on behalf of the Braintree Learning Partnership and £42,322 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £3,444,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees will monitor estimated year-end carry forward figures via the monthly reports from the Bursar. The budget plan will identify how any carry forward will be allocated in the budget plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose eg. sink fund for artificial pitch.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £42,322. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

The School's carry forward breaks down as follows:

| | |
|--|-----------------|
| Capital Carry Forward | |
| Condition Improvement Fund Expenditure – works to be completed October half term | £8,952 |
| Earmarked Carry forward | |
| Artificial Pitch Sink Fund | £82,846 |
| Design & Technology Contributions | £288 |
| Stationery Shop | £290 |
| Sixth form Bursary 2015/16 | £5,235 |
| Work Related Learning Grant | £1,066 |
| Recruitment & Retention Project | £416 |
| School Fund Cost Centre Carry Forward | £33,429 |
| Non Earmark Carry Forward | £10,633 |
| Total Revenue Carry Forward | £134,203 |

The Trustees are obliged to restrict balances of £83k for Artificial Pitch Sinking, and is holding other unrestricted funds of £11k to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds £5k for in year contingencies and always plans to maintain this level of carry forward to assist the Trustees in making strategic decisions to keep in line with national funding changes and curriculum needs.

Reserves Context:

This year the School has no reserves earmarked for staffing brought forward from the previous financial year.

- The staffing reserve was instituted when the School converted to an academy 2013 in the light of a nationwide demographic dip in pupil numbers. The School is oversubscribed for September 2016 and pupil forecast numbers suggest the School will maintain a full intake into year 7 in future years.
- Up until the academy programme schools were not permitted to hold reserves as funding is for the students in school at the time the funding is given and any unspent funds were clawed back to the DfE.

The model of funding matching expenditure is a familiar way of working for the School's Management Team.

The budget plan 2016/17 has been prepared based on current and known staffing changes which indicates that a balanced budget can be set with a small (£3k) unallocated funds.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £281,415. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £82,000 to cover short term cash flow variances.

Investment Policy

An investment policy was reviewed and approved by the Board of Trustees on 22nd June 2016 as part of the school's financial regulations.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

The Academy does not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow. Investments must be made only in accordance with written procedures approved by the Governing Body and clearly held in the Academy's name.

Aspects to consider include:

- objectives;
- risk;
- type of investment and term;
- Academy's financial position;
- financial limit for type of investment;
- spreading investments between providers to ensure savings are covered by the Financial Services Authority
- security of access;
- rate of return;
- charges;
- business interests of Trusts and Academy staff;
- ethical, social and environmental considerations; and
- review including review of performance.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.

The School has no investments at the present time.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees by the Finance and Premises Committee. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an Academy School, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- Presence of other organisations with similar objects and little scope for differentiation. This risk is mitigated by having an effective Marketing Strategy and forward financial planning. The school is over subscribed for Year 7 Students in September 2016. Maximising Sixth form Numbers has been a priority over the past few years and has been successful.
- Change of funding policy and introduction of new education priorities by Government – This risk is mitigated as Policy is monitored by the SMT and core strategy is checked for compliance and flexible staffing policy to mitigate the risk. Sound forward financial planning supports this.
- Risk that budget will be in deficit and that it cannot be met by reserves. This risk is mitigated by effective budget planning and forecasting against staffing model and pupil numbers.

Other areas of risk

- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. This is an area of strength for the School.
- Staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning:
- Fraud and mismanagement of funds - The Academy has appointed Price Bailey and Essex County Council to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area:
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

HEDINGHAM SCHOOL AND SIXTH FORM

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2016

Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

The Trustees intend to enhance and expand facilities in pursuance of the School's commitment to ensure that all students achieve their potential. It is recognised that students with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these.

The Trust continues to seek opportunities to engage with local schools with the ultimate aim of building a family of schools of exceptional quality.

Funds Held as Custodian Trustee on Behalf of Others

The Trust hold funds for the Braintree Learning Partnership which is a group arising from the Braintree Deputy Headteacher's group. These funds are used to provide a Careers Fair each September for Year 11 students. The Trust holds these fund in a separate cost centre. It receives funding from participating schools and uses these to meet the cost of the Careers Fair. Any funds being held at year end are carried forward into the following year. This year £ 3,800.10 was carried forward.

Auditor

Insofar as the Trustees are aware:

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

At its meeting on 25th November 2015 the Governing Body approved the appointment of:

- Price Bailey as external Auditor and accountants for 2015/16
- Essex County Council Responsible Officer Service to perform the review of Internal Controls and financial Management and approval of their Scope of work in 2015/16

The Trustees' Report was approved by the Board of Trustees on 24th November 2016 and signed on the Board's behalf by:



Mr M Scrivens
Chairman

HEDINGHAM SCHOOL AND SIXTH FORM

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 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 |
|---|-------------------|-------------------|
| Mr M Scrivens, Chairman | 3 | 3 |
| Ms J King | 2 | 3 |
| Mrs J Barnes, Chair of Personnel and Curriculum Committee | 3 | 3 |
| Mr J Panayi, Headteacher and Accounting Officer | 3 | 3 |
| Mr D Hopper | 2 | 3 |
| Mr S Jarvis | 3 | 3 |
| Mrs G Massey (resigned November 2015) | 0 | 0 |
| Mr A Harvison | 3 | 3 |
| Mr A Polley | 3 | 3 |
| Mrs R Poynter | 2 | 3 |
| Mrs S Ford | 2 | 3 |

There has been one resignation from the Board of Trustees following a Board member moving away from the area.

Governance reviews

Governing Body Skills Audit 2016 and Self Evaluation Form

Trustees have completed a Governing Body Skills Audit in the summer term 2016. This is based on National Governors' Association Template, and is a useful way of assessing the skills, knowledge and experience of the Governing Body. The results have been used to identify training needs, when recruiting new Trustees, when reviewing the Governors Self Evaluation Form and for succession planning. This audit document will be given to new Trustees as they are elected or appointed. As Parent Trustee Elections take place Autumn 2016 the results will be collated and considered by the Governing Body at its Autumn Term 2016 Meeting and be incorporated into the Governing Body's self-evaluation form.

Self-Evaluation

The Governing Body have a variety of strategies to ensure as a group they have the required skills and expertise to discharge their duties:

Training Programme - Trustees training programme for 2014-16 is based on current Trustees' skills focusing on ensuring they fully understand the new inspection and assessment frameworks and curriculum changes.

Specific Reviews - Trustees with specific responsibility have met with appropriate Senior Staff to review the following areas: teaching and learning review, marking review, pupil premium, safeguarding audit and risk register. These reviews have fed into the work of Committees and the Governing Body.

Recruitment - A new recruitment process for Trustees was introduced in the school in 2013 where by people expressing an interest in joining the Governing Body meet with the Chairman of Trusts and Deputy Headteacher prior to appointment. This ensures new Trustees understand the role and identify their training needs and where their skills can best be used to support the Governing Body's work.

Learning Area Presentations – Each Full Governing Body meeting is now preceded by a presentation from a learning area by staff and students, followed by a question and answer session.

HEDINGHAM SCHOOL AND SIXTH FORM

GOVERNANCE STATEMENT (continued)

Following the skills audit the Governors Self Evaluation Form has been approved. The document links to Ofsted descriptors. It follows the same format as the self evaluation forms used throughout the school.

Finance and Premises Committee

The Finance and Premises Committee is responsible for four key aspects of the School's management: budget setting; budget monitoring; premises and health & safety. The committee met five times in 2015/16 and outside of standing items its key challenge has been ensuring the School maintains its high standards, staff morale and financial viability in an era of public sector funding cuts. Reserves earmarked to maintain staffing levels during a demographic dip in students numbers were fully utilised in 2015/16 year. Increases in pupil numbers and structural changes and efficiency saving have ensured a balanced budget has been set for 2016/17 and that projections support the financial viability of the School over time.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------------|-------------------|-------------------|
| Mr J Panayi | 5 | 5 |
| Mr M Scrivens | 3 | 5 |
| Mr S Jarvis | 4 | 5 |
| Ms J King | 5 | 5 |
| Mr A Polley, Chairman | 4 | 5 |
| Mr A Harvison | 3 | 5 |
| Mrs S Ford | 4 | 5 |

Audit Committee

The Audit Committee is responsible for keeping under review the strategic objectives of the school and to be responsible for advising the Governing Body through Finance & Premises Committee in matters relating to the Accounting Policy. They have particular responsibility for internal and external audit.

The committee met three times in 2015/16 and considered the following.

Internal audit:

The committee received three reports from the Responsible Officer Support Service visits. There were few recommendations and all were implemented and their implementation monitored. Trustees confirmed that they were satisfied with the Responsible Officer's Reports and confident that the controls, security measures and the precautions the school had in place were exceptional.

External Audit and Year End 2015/16 Agree Audit Process:

The Trustees received and discussed the External Audit and Year End 2015/16. There was consideration of the external audit summary and the full accounts.

There have not been any changes to the Audit Committee in 2015/16.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------|-------------------|-------------------|
| Mr J Panayi | 3 | 3 |
| Ms J King, Chair | 3 | 3 |
| Mr A Polley | 3 | 3 |

HEDINGHAM SCHOOL AND SIXTH FORM

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy 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 Academy has delivered improved value for money during the year by the following measures:

1. GCSE - Students achieved the School's best ever GCSE examination results with students achieving on average half a grade higher than expectation in every subject. Overall 70% of students achieved an A*-C grade in both English and Mathematics, and 68% of students achieved 5 A*-C grades including English and Mathematics. The examination results show a consistency in excellent outcomes for students but also an improving and upward trend.
2. Attendance - There has been a significant improvement in attendance over the past year and a reduction in persistent absentees. These improvements demonstrate the positive impact of the following strategies:
 - Pupil Premium Group – The creation of a Pupil Premium Grant Group led by the Deputy Headteacher responsible for vulnerable groups which meets bi-weekly looking in detail at PPG students ensuring there is a targeted and personalised approach to supporting the students including improving attendance where applicable.
 - Early Intervention – Eight unauthorised absences in the previous 4 weeks allows the Attendance Officer to trigger intervention by ESW. The School was part of a pilot for the scheme in spring 2015 and this has now become standard practice in Essex due to its significant positive results.
 - Raising the profile of attendance – The Deputy Headteacher responsible for vulnerable groups and Attendance Officer have led raising awareness of the importance of good attendance. This has involved engaging with all stakeholders for example: letter to all parents who are more aware of the potential impact absence and increased support and understanding of the School's strategy and form tutors actively engaging with students regarding their attendance
 - The Attendance Officer has been meeting with individual students who are approaching 90% attendance and this has had a very positive impact.
 - Heads of House supporting the Attendance Officer, tutors and families – taking a consistent and proactive approach to support students improve their attendance.
3. Asbestos removal - The Academy worked with the Archer Building Consultancy to devise a scheme to remove asbestos from the service voids under the main building. This included running a full tender process and successfully bidding for funding from the Government's Condition improvement Fund. The £74k project was delivered on time and within budget and was fully funded by the Condition improvement Grant, representing very good value for money. This project ensures that any required repairs to the gas main in the void can be carried out without any asbestos removal costs.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

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

HEDINGHAM SCHOOL AND SIXTH FORM

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Premises 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Essex County Council as Internal Auditor to support, and report to, the academy's Audit Committee by performing checks on their behalf in accordance with the Academy Financial Handbook, Department for Education and best practice guidelines. The Academy Internal Controls Evaluation service comprises of three on-site visits throughout the year to test the adequacy of internal financial controls via sampling transactions, questioning and giving advice and recommendations, following a structured programme that covers all aspects of the school's financial risk:

- Governance & Financial Accounting
- Income
- Expenditure
- Banking
- Payroll
- Assets

A detailed report is produced after each visit which the Audit Committee reviews and takes appropriate action if required.

The Internal Auditor completed their Scheduled work as planned in 2015/16. There were no material control issues arising from internal audit visits in 2015/16. However, any recommendations for best practice have been implemented.


REVIEW OF EFFECTIVENESS

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

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

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

Approved by the Board of Trustees on 24/11/16 and signed on their behalf, by:


.....
Mr M Scrivens
Trustee


.....
Mr J Panayi
Accounting Officer

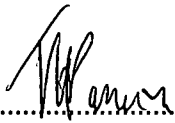
HEDINGHAM SCHOOL AND SIXTH FORM

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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


.....
Mr J Panayi
Accounting Officer

24/11/16

HEDINGHAM SCHOOL AND SIXTH FORM

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as Governors of Hedingham School and Sixth Form and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by the Board of Trustees on 24/11/16 and signed on its behalf by:



Mr M Scrivens
Trustee

HEDINGHAM SCHOOL AND SIXTH FORM

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HEDINGHAM SCHOOL AND SIXTH FORM

We have audited the financial statements of Hedingham School and Sixth Form for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 Members for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

HEDINGHAM SCHOOL AND SIXTH FORM

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HEDINGHAM SCHOOL AND SIXTH FORM

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
5 December 2016

HEDINGHAM SCHOOL AND SIXTH FORM

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HEDINGHAM SCHOOL AND SIXTH FORM AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heddingham School and Sixth Form during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF HEDINGHAM SCHOOL AND SIXTH FORM'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Heddingham School and Sixth Form's funding agreement with the Secretary of State for Education dated 31 December 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

HEDINGHAM SCHOOL AND SIXTH FORM

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

CONCLUSION

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

Reporting Accountant

Price Bailey LLP

Chartered Accountants

5 December 2016

HEDINGHAM SCHOOL AND SIXTH FORM

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

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | - | 159,950 | 97,926 | 257,876 | 424,224 |
| Charitable activities | 4 | 15,671 | 5,491,848 | - | 5,507,519 | 5,592,866 |
| Other trading activities | 5 | 110,777 | 4,600 | - | 115,377 | 134,745 |
| Investments | 3 | 750 | - | - | 750 | 1,162 |
| TOTAL INCOME | | <u>127,198</u> | <u>5,656,398</u> | <u>97,926</u> | <u>5,881,522</u> | <u>6,152,997</u> |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | <u>382,166</u> | <u>5,778,582</u> | <u>372,422</u> | <u>6,533,170</u> | <u>6,760,439</u> |
| TOTAL EXPENDITURE | 6 | <u>382,166</u> | <u>5,778,582</u> | <u>372,422</u> | <u>6,533,170</u> | <u>6,760,439</u> |
| NET EXPENDITURE BEFORE OTHER GAINS AND LOSSES | | (254,968) | (122,184) | (274,496) | (651,648) | (607,442) |
| Actuarial gains/(losses) on defined benefit pension schemes | 20 | - | (1,227,000) | - | (1,227,000) | 78,000 |
| NET MOVEMENT IN FUNDS | | <u>(254,968)</u> | <u>(1,349,184)</u> | <u>(274,496)</u> | <u>(1,878,648)</u> | <u>(529,442)</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | <u>297,290</u> | <u>(2,002,935)</u> | <u>12,790,790</u> | <u>11,085,145</u> | <u>11,614,587</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u>42,322</u> | <u>(3,352,119)</u> | <u>12,516,294</u> | <u>9,206,497</u> | <u>11,085,145</u> |

The notes on pages 23 to 36 form part of these financial statements.

HEDINGHAM SCHOOL AND SIXTH FORM
REGISTERED NUMBER: 08330173

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | 2015 £ |
|--|------|--------------------|-------------------------|--------------------------|
| FIXED ASSETS | | | | |
| Tangible assets | 12 | | 12,507,342 | 12,790,790 |
| CURRENT ASSETS | | | | |
| Debtors | 13 | 127,364 | 147,570 | |
| Cash at bank and in hand | | 281,415 | 571,790 | |
| | | <u>408,779</u> | <u>719,360</u> | |
| CREDITORS: amounts falling due within one year | 14 | (265,624) | (336,005) | |
| NET CURRENT ASSETS | | | <u>143,155</u> | <u>383,355</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>12,650,497</u> | <u>13,174,145</u> |
| Defined benefit pension scheme liability | 20 | (3,444,000) | | (2,089,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>9,206,497</u></u> | <u><u>11,085,145</u></u> |
| FUNDS OF THE ACADEMY | | | | |
| Restricted funds : | | | | |
| Restricted funds | 15 | 91,881 | 86,065 | |
| Restricted fixed asset funds | 15 | 12,516,294 | 12,790,790 | |
| Restricted funds excluding pension liability | | <u>12,608,175</u> | <u>12,876,855</u> | |
| Pension reserve | | <u>(3,444,000)</u> | <u>(2,089,000)</u> | |
| Total restricted funds | | | <u>9,164,175</u> | <u>10,787,855</u> |
| Unrestricted funds | 15 | | <u>42,322</u> | <u>297,290</u> |
| TOTAL FUNDS | | | <u><u>9,206,497</u></u> | <u><u>11,085,145</u></u> |

The financial statements were approved by the Trustees, and authorised for issue on 24/11/16 and are signed on their behalf, by:


Mr M Scrivens
Chairman

The notes on pages 23 to 36 form part of these financial statements.

HEDINGHAM SCHOOL AND SIXTH FORM

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------|-----------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 17 | (291,125) | (127,622) |
| Returns on investments and servicing of finance | | | |
| Interest received | | 750 | 1,162 |
| Capital expenditure | | - | (128,981) |
| Net cash provided by/(used in) investing activities | | 750 | (127,819) |
| Change in cash and cash equivalents in the year | | (290,375) | (255,441) |
| Cash and cash equivalents brought forward | | 571,790 | 827,231 |
| Cash and cash equivalents carried forward | | 281,415 | 571,790 |

HEDINGHAM SCHOOL AND SIXTH FORM

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

First time adoption of FRS 102

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

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

Any reconciliations to previous UK GAAP for the comparative figures are included in note 23.

1.2 Fund accounting

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

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

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

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

1.3 Income

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

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

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

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

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

HEDINGHAM SCHOOL AND SIXTH FORM

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-----------------------|---|------------------------------|
| Land and buildings | - | 50 - 125 years straight line |
| Plant and machinery | - | 20 years straight line |
| Motor vehicles | - | 20 years straight line |
| Fixtures and fittings | - | 5-20 years straight line |

1.7 Operating leases

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

1.8 Taxation

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

HEDINGHAM SCHOOL AND SIXTH FORM

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

1. ACCOUNTING POLICIES (continued)

1.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 Incorporating Income and Expenditure Account 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.

1.11 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

HEDINGHAM SCHOOL AND SIXTH FORM

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds as restated 2015 £ |
|---|----------------------------------|---|-----------------------------|--|
| Donations | 159,950 | - | 159,950 | 217,423 |
| Capital grants | - | 97,926 | 97,926 | 206,801 |
| Total donations and capital grants | 159,950 | 97,926 | 257,876 | 424,224 |

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £217,423 was to restricted funds and £206,801 to restricted fixed assets funds.

3. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank Interest | 750 | - | 750 | 1,162 |

In 2015, of the total investment income, £1,162 was to unrestricted funds and £ NIL was to restricted funds.

4. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds as restated 2015 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|--|
| DfE/EFA grants | | | | |
| General Annual Grant (GAG) | - | 5,122,411 | 5,122,411 | 5,179,541 |
| Other DfE / EFA grants | - | 210,680 | 210,680 | 242,607 |
| | - | 5,333,091 | 5,333,091 | 5,422,148 |
| Other government grants | | | | |
| Local authority grants | - | 142,246 | 142,246 | 156,045 |
| ATP and sports grants | - | 16,511 | 16,511 | 14,673 |
| | - | 158,757 | 158,757 | 170,718 |
| Other funding | | | | |
| Catering income | 15,671 | - | 15,671 | - |
| | 15,671 | - | 15,671 | - |
| | 15,671 | 5,491,848 | 5,507,519 | 5,592,866 |

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £5,592,866 was to restricted funds.

HEDINGHAM SCHOOL AND SIXTH FORM

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

5. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Rental income | 4,801 | - | 4,801 | 9,407 |
| Other income | 105,976 | 4,600 | 110,576 | 125,338 |
| | <u>110,777</u> | <u>4,600</u> | <u>115,377</u> | <u>134,745</u> |

In 2015, of the total income from other trading activities, £133,495 was to unrestricted funds and £1,250 was to restricted funds.

6. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Provision of education: | | | | | |
| Direct costs | 3,829,386 | - | 783,215 | 4,612,601 | 4,542,907 |
| Support costs | 1,078,610 | 622,289 | 219,670 | 1,920,569 | 2,217,532 |
| | <u>4,907,996</u> | <u>622,289</u> | <u>1,002,885</u> | <u>6,533,170</u> | <u>6,760,439</u> |

In 2016, of the total expenditure, £382,166 (2015 - £366,818) was to unrestricted funds and £6,151,004 (2015 - £6,393,621) was to restricted funds.

7. CHARITABLE ACTIVITIES

| | 2016 £ | 2015 £ |
|---------------|------------------|------------------|
| Direct costs | 4,612,601 | 4,542,907 |
| Support costs | 1,920,569 | 2,217,532 |
| | <u>6,533,170</u> | <u>6,760,439</u> |

| Analysis of support costs | 2016 £ | 2015 £ |
|---------------------------|------------------|------------------|
| Support staff costs | 1,078,610 | 1,085,362 |
| Depreciation | 283,399 | 292,747 |
| Technology costs | 275 | 357 |
| Premises costs | 338,890 | 569,751 |
| Other support costs | 207,785 | 259,265 |
| Governance costs | 11,610 | 10,050 |
| | <u>1,920,569</u> | <u>2,217,532</u> |

HEDINGHAM SCHOOL AND SIXTH FORM

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

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned or leased by the Trust | 283,399 | 292,747 |
| Auditors' remuneration - audit | 7,850 | 7,650 |
| Auditors' remuneration - non-audit | 3,250 | 3,150 |
| Operating lease rentals | 34,733 | 27,858 |
| | <u>329,232</u> | <u>331,395</u> |

9. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 3,880,750 | 3,819,703 |
| Social security costs | 313,680 | 281,374 |
| Operating costs of defined benefit pension schemes | 682,844 | 614,136 |
| | <u>4,877,274</u> | <u>4,715,213</u> |
| Supply teacher costs | 17,722 | 37,401 |
| Settlement agreement | 13,000 | - |
| | <u>4,907,996</u> | <u>4,752,614</u> |

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

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Teachers | 69 | 67 |
| Administration and support | 88 | 90 |
| Management | 8 | 9 |
| | <u>165</u> | <u>166</u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 1 | 0 |
| In the band £ 80,001 - £ 90,000 | 0 | 1 |
| In the band £ 90,001 - £100,000 | 1 | 0 |
| In the band £110,001 - £120,000 | 1 | 1 |

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £632,007 (2015: £670,773).

Included in the above are employer pension contributions of £86,019 (2015: £81,511).

HEDINGHAM SCHOOL AND SIXTH FORM

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

10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

Mr J Panayi (Headteacher)

Remuneration £115,000-£120,000 (2015: £110,000-£115,000)

Employer's pension contributions paid £15,000-£20,000 (2015: £15,000-£20,000)

Mrs A Harvison (Deputy Headteacher)

Remuneration £90,000-£95,000 (2015: £85,000-£90,000)

Employer's pension contributions paid £15,000-£20,000 (2015: £10,000-£15,000)

Mrs S Ford (Trustee)

Remuneration £0-£5,000 (2015: £0-£5,000)

Employer's pension contributions paid £0-£5,000 (2015: £0-£5,000)

Mr S Jarvis (Trustee)

Remuneration £25,000-£30,000 (2015: £25,000-£30,000)

Employer's pension contributions paid £0-£5,000 (2015: £0-£5,000)

During the period 31 August 2016, no Trustees received any reimbursement of expenses for their role as Trustees (2015: £NIL).

Other related party transactions involving the Trustees are set out in note 22.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total insurance cost.

12. TANGIBLE FIXED ASSETS

| | Long term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|-----------------------|---|-----------------------------|------------------------|-------------------------------|------------|
| Cost | | | | | |
| At 1 September 2015 | 12,877,034 | 266,589 | 4,950 | 426,916 | 13,575,489 |
| Disposals | - | - | - | (122) | (122) |
| At 31 August 2016 | 12,877,034 | 266,589 | 4,950 | 426,794 | 13,575,367 |
| Depreciation | | | | | |
| At 1 September 2015 | 559,427 | 52,983 | 1,467 | 170,822 | 784,699 |
| Charge for the year | 212,261 | 17,421 | 550 | 53,167 | 283,399 |
| On disposals | - | - | - | (73) | (73) |
| At 31 August 2016 | 771,688 | 70,404 | 2,017 | 223,916 | 1,068,025 |
| Net book value | | | | | |
| At 31 August 2016 | 12,105,346 | 196,185 | 2,933 | 202,878 | 12,507,342 |
| At 31 August 2015 | 12,317,607 | 213,606 | 3,483 | 256,094 | 12,790,790 |

HEDINGHAM SCHOOL AND SIXTH FORM

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

13. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 12,331 | 4,257 |
| VAT recoverable | 21,317 | 37,114 |
| Prepayments and accrued income | 93,716 | 106,199 |
| | <u>127,364</u> | <u>147,570</u> |

14. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 20,203 | 111,021 |
| Other taxation and social security | 91,302 | 79,954 |
| Other creditors | 74,017 | 68,272 |
| Accruals and deferred income | 80,102 | 76,758 |
| | <u>265,624</u> | <u>336,005</u> |

| | 2016 £ | 2015 £ |
|--------------------------------------|---------------|---------------|
| Deferred income | | |
| Deferred income at 1 September 2015 | 35,950 | 62,407 |
| Resources deferred during the year | 68,387 | 35,950 |
| Amounts released from previous years | (35,950) | (62,407) |
| Deferred income at 31 August 2016 | <u>68,387</u> | <u>35,950</u> |

Resources deferred at the period end relate to contributions towards future educational visits and music tuition.

HEDINGHAM SCHOOL AND SIXTH FORM

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

15. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Resources expended £ | Gains/ (losses) £ | Carried forward £ |
|-------------------------------------|-------------------------|-------------|----------------------------|-------------------------|-------------------------|
| Unrestricted funds | | | | | |
| Unrestricted funds | 297,290 | 127,198 | (382,166) | - | 42,322 |
| Restricted funds | | | | | |
| General Annual Grant (GAG) | 4,140 | 5,122,411 | (5,121,316) | - | 5,235 |
| Other government grants | 7,024 | 142,246 | (145,470) | - | 3,800 |
| Other DfE and EFA grants | - | 210,680 | (210,680) | - | - |
| Restricted donations | - | 164,550 | (164,550) | - | - |
| Restricted ATP sink fund | 74,901 | 16,511 | (8,566) | - | 82,846 |
| Pension reserve | (2,089,000) | - | (128,000) | (1,227,000) | (3,444,000) |
| | (2,002,935) | 5,656,398 | (5,778,582) | (1,227,000) | (3,352,119) |
| Restricted fixed asset funds | | | | | |
| Restricted fixed asset fund | 12,790,790 | - | (283,448) | - | 12,507,342 |
| Devolved Formula Capital grant | - | 23,311 | (23,311) | - | - |
| Condition Improvement fund | - | 74,615 | (65,663) | - | 8,952 |
| | 12,790,790 | 97,926 | (372,422) | - | 12,516,294 |
| Total restricted funds | 10,787,855 | 5,754,324 | (6,151,004) | (1,227,000) | 9,164,175 |
| Total of funds | 11,085,145 | 5,881,522 | (6,533,170) | (1,227,000) | 9,206,497 |

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

Unrestricted funds

This represents income received that does not have restrictions.

Restricted donations

This fund largely represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips.

Other government grants

This represents various grants from local and national government bodies for the provision of specific services to pupils of the Academy. These grants are generally restrictive in nature.

Other DfE and EFA grants

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Restricted ATP sink fund

This represents the value of a sinking fund that the Trust has an obligation to build up under the agreement for funding in preparation for replacing the all weather pitch.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred on conversion from a state controlled school.

Restricted fixed asset fund

HEDINGHAM SCHOOL AND SIXTH FORM

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

15. STATEMENT OF FUNDS (continued)

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

Devolved Formula Capital grant

This represents funding received from EFA specifically for the maintenance and improvement of the Trust's buildings and facilities.

Condition Improvement Fund (CIF)

This represents a Government grant received for asbestos roof removal.

SUMMARY OF FUNDS

| | Brought forward £ | Income £ | Resources expended £ | Gains/ (losses) £ | Carried forward £ |
|------------------------------|----------------------|------------------|-------------------------|----------------------|----------------------|
| General funds | 297,290 | 127,198 | (382,166) | - | 42,322 |
| Restricted funds | (2,002,935) | 5,656,398 | (5,778,582) | (1,227,000) | (3,352,119) |
| Restricted fixed asset funds | 12,790,790 | 97,926 | (372,422) | - | 12,516,294 |
| | <u>11,085,145</u> | <u>5,881,522</u> | <u>(6,533,170)</u> | <u>(1,227,000)</u> | <u>9,206,497</u> |

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|---------------------------------|-------------------------------|---|--------------------------|--------------------------|
| Tangible fixed assets | - | - | 12,507,342 | 12,507,342 | 12,790,790 |
| Current assets | 48,386 | 349,221 | 11,172 | 408,779 | 719,360 |
| Creditors due within one year | (6,064) | (257,340) | (2,220) | (265,624) | (336,005) |
| Provisions for liabilities and charges | - | (3,444,000) | - | (3,444,000) | (2,089,000) |
| | <u>42,322</u> | <u>(3,352,119)</u> | <u>12,516,294</u> | <u>9,206,497</u> | <u>11,085,145</u> |

HEDINGHAM SCHOOL AND SIXTH FORM

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

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

| | 2016 £ | 2015 as restated £ |
|---|------------------|--------------------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (651,648) | (607,442) |
| Adjustment for: | | |
| Depreciation charges | 283,399 | 292,747 |
| Dividends, interest and rents from investments | (750) | (1,162) |
| Loss on the sale of fixed assets | 49 | 1,012 |
| Decrease in debtors | 20,206 | 106,122 |
| Decrease in creditors | (70,381) | (54,899) |
| FRS 17 adjustments | 128,000 | 136,000 |
| Net cash used in operating activities | <u>(291,125)</u> | <u>(127,622)</u> |

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|----------------|----------------|
| Cash in hand | 281,415 | 571,790 |
| Total | <u>281,415</u> | <u>571,790</u> |

19. 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.

20. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £73,753 were payable to the schemes at 31 August 2016 (2015 - £68,019) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

HEDINGHAM SCHOOL AND SIXTH FORM

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

20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £450,319 (2015 - £376,112).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £233,000 (2015 - £234,000), of which employer's contributions totalled £181,000 (2015 - £180,000) and employees' contributions totalled £52,000 (2015 - £54,000). The agreed contribution rates for future years are 12.2% for employers and 6.5% for employees.

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

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.20 % | 4.00 % |
| Rate of increase in salaries | 4.10 % | 4.40 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.60 % |
| Inflation assumption (CPI) | 2.30 % | 2.60 % |
| Inflation assumption (RPI) | 4.10 % | 3.50 % |

HEDINGHAM SCHOOL AND SIXTH FORM

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

20. PENSION COMMITMENTS (continued)

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

| | 2016 | 2015 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.9 | 22.8 |
| Females | 25.3 | 25.2 |
| Retiring in 20 years | | |
| Males | 22.9 | 25.1 |
| Females | 27.7 | 27.6 |

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------------------|---|---|
| Equities | 910,800 | 651,300 |
| Debt instruments | 105,600 | 140,280 |
| Property | 145,200 | 120,240 |
| Cash | 39,600 | 20,040 |
| Alternative assets | 52,800 | 70,140 |
| Other managed funds | 66,000 | - |
| Total market value of assets | <u>1,320,000</u> | <u>1,002,000</u> |

The actual return on scheme assets was £161,000 (2015 - £41,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Current service cost (net of employee contributions) | (229,000) | (235,000) |
| Net interest cost | (80,000) | (81,000) |
| Total | <u>(309,000)</u> | <u>(316,000)</u> |

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

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 3,091,000 | 2,765,000 |
| Current service cost | 229,000 | 235,000 |
| Interest cost | 123,000 | 114,000 |
| Contributions by employees | 52,000 | 54,000 |
| Actuarial losses/(gains) | 1,345,000 | (70,000) |
| Benefits paid | (76,000) | (7,000) |
| Closing defined benefit obligation | <u>4,764,000</u> | <u>3,091,000</u> |

HEDINGHAM SCHOOL AND SIXTH FORM

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

20. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|-------------------------------------|-----------|-----------|
| Opening fair value of scheme assets | 1,002,000 | 734,000 |
| Interest income | 43,000 | 33,000 |
| Actuarial gains and (losses) | 118,000 | 8,000 |
| Contributions by employer | 181,000 | 180,000 |
| Contributions by employees | 52,000 | 54,000 |
| Benefits paid | (76,000) | (7,000) |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | 1,320,000 | 1,002,000 |
| | <hr/> | <hr/> |

21. OPERATING LEASE COMMITMENTS

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

| | 2016 £ | 2015 £ |
|-------------------------|-----------|-----------|
| Amounts payable: | | |
| Within 1 year | 25,717 | 31,928 |
| Between 1 and 5 years | 19,725 | 47,005 |
| | <hr/> | <hr/> |
| Total | 45,442 | 78,933 |
| | <hr/> | <hr/> |

22. RELATED PARTY TRANSACTIONS

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

There were no related party transactions during the year.

23. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.