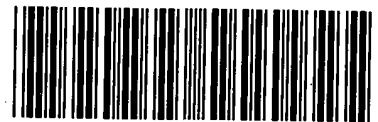


**HANLEY CASTLE HIGH SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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COMPANIES HOUSE

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

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

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

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**Trustees**

Mr D Baker<sup>3,4</sup>  
Mrs J Burrows<sup>3</sup>  
Mr R Carter<sup>1,3</sup>  
Mrs L F Cooke, Headteacher<sup>1</sup>  
Mr J P Ellis<sup>1</sup>  
Mr P S Hoper (resigned 7 October 2015)<sup>2,3</sup>  
Mrs L Mason<sup>3</sup>  
Miss J Millward (appointed 5 October 2015)<sup>3</sup>  
Mrs J Mullan<sup>1,4</sup>  
Mrs E A Norman, Responsible Officer<sup>2,3</sup>  
Ms B I Pope<sup>3</sup>  
Mr J Prior<sup>1,2</sup>  
Mr J Robinson, Chair<sup>1,2,3</sup>  
Mr P G Saunders<sup>1,4</sup>  
Dr R Seabrook<sup>1,4</sup>  
Mr M Shaw<sup>1</sup>  
Mrs K Taylor<sup>1</sup>  
Mr S M Yates<sup>3</sup>

- <sup>1</sup> Resources Committee  
<sup>2</sup> Headteacher's Performance Committee  
<sup>3</sup> Learning and Teaching Committee  
<sup>4</sup> Audit Committee

**Company Registered  
Number**

07690414

**Company name**

Hanley Castle High School

**Principal and Registered  
Office**

Church End  
Hanley Castle  
Worcester  
Worcestershire  
WR8 0BL

**Company Secretary**

Mrs K Barter

**Accounting Officer**

Mrs L F Cooke

**Senior Leadership Team**

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

**Independent Auditors**

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

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

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

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**Advisers (continued)**

**Bankers**

Lloyds Bank plc  
1st Floor  
4 The Cross  
Worcester  
WR1 3PY

**Solicitors**

Stone King LLP  
13 Queen Square  
Bath  
BA1 2HJ

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

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 in Upton and the surrounding area. It has a pupil capacity of 1,005 and had a roll of 1,026 in the school census on 1 October 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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

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

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**Members' Liability**

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

**Trustees' Indemnities**

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

**TRUSTEES**

**Method of Recruitment and Appointment or Election of Trustees**

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

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

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

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

**Policies and Procedures Adopted for the Induction and Training of Trustees**

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

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

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

**Organisational Structure**

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

There are six committees as follows:

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

The following decisions are reserved to the board of trustees: to consider any proposals for changes to the status or constitution of the academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Company Secretary, to approve the School Development Plan and budget.

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

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

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The trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the academy by the use of budgets and other data, and making major decisions about the direction of the academy, capital expenditure and staff appointments. The trustees and board of trustees have devolved responsibility for day to day management of the academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Business and Finance Director, Deputy Headteachers and Assistant Headteachers. The SLT implements the policies laid down by the trustees and reports back to them on performance.

The Headteacher is the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The trustees consider that the board of trustees and the senior leadership team comprise the key management personnel of the academy in charge of directing and controlling, running and operating the trust on a day to day basis. All trustees give their time freely and no trustee received remuneration in the year.

Details of trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

**Connected Organisations, including Related Party Relationships**

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

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

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

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

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

The aims of the academy during the year ended 31 August 2016 are that:

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

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

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This will be achieved through:

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

**Objectives, Strategies and Activities**

Key priorities for the year are contained in the School Development Plan 2016 - 2019 which is available on the school website and from the Company Secretary. Improvement focuses identified for this year included commitments to:

**Teaching, Learning and Assessment**

- Maintain current strong student outcomes relative to local and national schools
- Improve the achievement of any underachieving groups or individuals to bring their progress into line with other students
- Ensure school systems for tracking progress / skill development and work ethic are embedded, understood by stakeholders and further refined
- Strengthen further tracking, monitoring and reporting to increase the impact of post-16 teaching and learning strategies in order to improve value added outcomes
- Implement strategies to support students in maximising outcomes for first wave of reformed A-levels and GCSEs
- Strengthen Key Stage 2 to Key Stage 3 academic transition in English and maths in the light of the new KS2 National Curriculum (curriculum and teaching strategies)

**Curriculum and Experience**

- Continue to improve the percentage of lessons judged to be outstanding
- Support students development of greater autonomy, resilience and 'academic buoyancy' to enable them to overcome difficulties and challenges
- Support students' development of greater understanding of teaching processes (metacognition) to activate them as leaders of their own learning
- Enhance further student progress through more rigorous (yet manageable) use of assessment for learning
- Ensure staff and students benefit from more focussed use of ICT for communication and collaboration

**Safety, support and behaviour**

- Continue to reduce persistent absenteeism of individuals within some student groups
- Increase efficiency and further increase impact of positive behaviour management
- Improve further the impact of safeguarding practices in response to national and local guidance
- Improve support available to post-16 students to improve further outcomes
- Develop resources for SEN provision in order to further improve outcomes for students with SEN/D
- Further develop IAG and Careers education to enhance opportunities and outcomes for all students



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

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**Leadership and Management**

- Enhance further partnerships within our cross-phase pyramid, including converting our single academy trust to a cross-phase multi-academy trust
- Increase contribution of the school to system leadership through a successful sponsor school application
- Further develop and formalise the role of the school in training new teachers
- Introduce further measures to address staff workload, stress and morale issues
- Maintain financial stability by exploring new avenues, until 'fairer funding' is implemented
- Refine further self-evaluation across the school through a coordinated monitoring, evaluation and review cycle
- Further improve health and safety across the school
- Further improve accommodation and facilities

**Public Benefit**

The trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

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

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

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

**STRATEGIC REPORT**

**Achievements and Performance**

In its fifth year as an academy the progress made by the school has continued, culminating in a third year of outstanding examination success.

**Teaching and Learning**

The academy continues to focus relentlessly on the progress of all students, but particularly on the progress of lower ability students and those who are disadvantaged. The percentage of lessons judged to be outstanding continues to improve, and our commitment to increasing students' independence, resilience, academic buoyancy and understanding of the learning process is paying dividends. A new system of assessment, based on the new GCSE numerical grading system, was introduced in September 2015, and much work was done to ensure that parents understood this new way of reporting attainment.

**Curriculum and Experience**

New schemes of work have been prepared to meet the demands of the new National Curriculum, new GCSEs and new A-levels. Significant changes were made to the post-16 curriculum offer for Year 12 in recognition of the decoupling of AS and A2 and the return of a linear assessment structure. Curriculum provision has been reviewed to ensure that the school's performance against the accountability measures of 'Attainment 8' and 'Progress 8' is maximised, whilst still ensuring that the best interests of all students are supported. A highly successful inter-faith day was held in October 2015 as opportunities to develop students' SMSC awareness increased further.

**Safety, Support and Behaviour**

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

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

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Work was done to develop further students' confidence and protective behaviours online and to empower staff and parents to monitor and support children. The transfer of SEN statements to Education, Health and Care Plans continues. Behaviour remains generally excellent and our new policy on mobile phones was introduced with notable success.

**Leadership and Management**

Considerable progress has been made in establishing a new multi-academy trust in partnership with three of our feeder primary schools. It is hoped that our single academy trust will be converted to a MAT by April 2017. The quality of our self-evaluation has improved further and sharply focused intervention has ensured that performance management procedures are having a strong impact on improving the quality of teaching. Prudent financial management has ensured that the school is well placed to remain viable until a fairer national funding formula is introduced. Much progress has been made on facilities with the new sixth form centre now open and the old sixth form centre refurbished to accommodate our special needs department (Aspire@Hanley). The school continues to seek ways in which to improve staff morale and well-being, but recognises that this is a challenge at a time of increasing workload and diminishing resources.

**Further strengthening the school's unique ethos**

Music plays a central role in the life of Hanley Castle and "Our House" was the high point of a superb year, which included the school's Swing Band performing in the headline slot at the Upton Jazz Festival. The school's talented musicians have also benefited from major investment in music - with a new grand piano taking centre stage on numerous occasions.

The school has also enjoyed considerable success in external competitions – locally and even internationally. A Year 12 team won the West Midlands CIPFA Sixth Form Management Game at Worcester University. A team of KS3 boys took part in the Jaguar Cars Challenge, a world-wide competition. Hanley Castle students took 5th and 11th places, an extremely noteworthy achievement.

Our sports teams and individuals continue to compete successfully, with our girls' football team finally taking the County Cup after finishing runners up in the two preceding seasons.

Traditional events, such as the Hanley Run, the Malvern Hills walk, the carol service and Christmas Cracker, as well as new traditions, such as the formal act of remembrance in the school hall and the inter-faith day, have ensured that the distinctive character of the school continues to be enhanced.

The school is also continuing to develop its close links with the business community. Existing partnerships with companies such as QinetiQ and 3SDL are flourishing, while a new partnership has been agreed with Speller Metcalfe, resulting in work experience, work placements and curriculum opportunities for our students.

Hanley Castle was delighted to see the breadth and quality of its work in this area recognised at the Worcestershire Apprenticeship Awards for 2015 where it was named 'School of the Year'.

**Aligning teachers' pay more closely with performance**

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

**Improving the schools environment and facilities**

As mentioned above, the new sixth form centre is now in use, although some minor landscaping issues remain. Priorities for the near future include re-roofing the main Victorian building, replacing the final temporary classroom block and improving the schools external spaces.

**Ofsted**

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

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

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**KS4 outcomes**

Hanley Castle's GCSE results for 2015 placed the school amongst the top 100 non-selective state-funded schools in England, showing the greatest sustained improvement in the percentage of students achieving five or more A\*-C grades, including English and mathematics. The school's Humanities faculty was ranked in the top 1% of English schools, while its Science faculty was ranked in the top 3%. In 2016 Hanley Castle High School students are again celebrating superb GCSE results. Over 30% of all grades were awarded at A\* and A grade, with 10% of grades at the top A\*. 71% of students gained five or more GCSEs at grades A\*-C including English and mathematics, while 38% of students achieved the English Baccalaureate – A\*- C passes in English, mathematics, the sciences, a humanities subject and a modern foreign language.

It was another excellent year for the school's top performing subjects. 57% of all chemistry grades were awarded at either A\* or A, while the percentages for biology and physics were 51% and 48% respectively. Over a third of all grades in English were A\* or A, while a massive 41% of students gained A\* or A history and 39% gained A\* or A in geography.

The school also underlined its academic credentials with 100% of its Year 10 and Year 11 Latin candidates achieving A\* grades in their short course GCSE – boding well for the GCSE results in 2017.

**Post 16 outcomes**

A level results were also excellent. A third of all passes were at either A\* or A grade – breaking school records and ensuring that a record number of students have secured their places at Oxford, Cambridge and Russell Group universities.

The school's Year 13 leavers gained 33% of passes at either A\* or A grade, 55% at A\* - B and 80% at grades A\*-C. The overall pass rate was 100%.

The percentage of A\* and A grades was over 40% in a large number of subjects, including art, biology, chemistry, economics, English Literature, geography, German, history, mathematics, physics and Spanish.

Hanley Castle also continues to offer a small number of well-regarded vocational qualifications which offer an alternative route to university. Results were outstanding with 76% of BTEC passes were at either Distinction or Distinction\* - equivalent to A or A\* at A level.

**Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date, which excluding fixed assets and pension reserve was £421k or 9% of income as at August 2016. In total at the end of August 2016 £345k of restricted funds was carried forward, together with £6,309k restricted fixed asset funds and £76k unrestricted funds. This is then offset by the pension deficit of £1,730k leaving net assets as at 31st August 2016 of £5,000k.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers as at October 2015 were 1,003 and at October 2016 census were 1,026 in line with our Year 7 increase in PAN and growing sixth form numbers.

Another key financial performance indicator is staffing costs as a percentage of income. For 2016 this was 85.5%, which compared favourably to budget, 86.3%.

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

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

<b>KPIs for the year</b>	<b>Budget</b>	<b>Actual</b>
In year revenue deficit/ surplus - before capital transfer	-£49k	£14k
Reserves as at 31 August	£249k	£421k
Reserves as a % of income	5%	9%
Pupil numbers (as at October 2015)	988	1,003
7-11	798	806
12-13	190	197
Total	988	1,003
Staff costs as a percentage of income	86.3%	85.5%
Student Attendance	95.0%	95.4%
Exams (GCSE and equivalent)		
5+A*-C (including English and Maths)	70%	71%
Progress 8	0.00	0.16*
A*-A	21%	30%
EBACC	36%	38%
Exam (A Level/BTEC)		
A*-A	26%	33%
A*-C	78%	80%

\*Progress 8 measure

This means that on average a student's attainment has an extra 0.28 of a grade across 8 subjects compared to national expectations.

**Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy.

**FINANCIAL REVIEW**

**Financial Review**

Most of the academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2016, total expenditure of £4,952k (excluding depreciation charge of £247k and actuarial losses of £617k), was covered by recurrent grant funding from the DfE of £4,619k, together with other incoming resources of £314k. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £26k. After making adjustments for fixed asset transfers of £85k and actuarial loss of £617k the net decrease in funds for the year (excluding fixed asset funds) was £675k.

The increase in the LGPS pension deficit of £635k to - £1,730k was due to a significant decrease in the discount rate during the year with a far smaller reduction in the CPI inflation assumption. The effect is therefore a large increase in liabilities (64%) and the gains on the investment market of £111k (20% of opening asset value) have done little to offset this resulting in an overall increase in the scheme deficit of 58% year on year.

Restricted fixed asset funds in the year of £221k included fundraising and donations for the new sixth form centre of £106k as well as £78k S106 contribution to the build. After the annual depreciation charge of £247k and the transfer from revenue of £73k the net movement in Fixed Asset funds in the year was £47k.

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

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

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Total net movement in funds in the year was -£629k (£47k fixed assets, -£635k pension reserve and -£41k general funds. Together with the brought forward funds from the previous financial year of £5,629k this resulted in carry forward funds of £5,000k of which £4,925k is restricted (£345k general, £6,309k fixed assets and -£1,730k pension reserve) and £76k is unrestricted.

At 31 August 2016 the net book value of fixed assets was £6,277k and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy. In addition to the capital investment funded by the ACMF/CIF the academy has continued to invest heavily in both its IT and facilities including a virtualisation project, new laptops for sixth form, a new telephone system, AV equipment for the hall and a new Grand Piano for the music department.

The academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 24 to the financial statements.

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

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

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

**Reserves Policy**

The trustees review the reserve levels of the academy annually and this review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees take into consideration the future plans of the academy, the uncertainty over future income streams and other key risks identified during the risk review. At the end of the year of the total reserves of £5,000k the academy's level of general reserves were £421k of which £345k was restricted and £76k was unrestricted. The general reserves of £421k are held for future expenditure, for example one off building and maintenance work. The fixed asset reserves of £6,309k were invested in fixed assets. Whilst the academy trust recognises a significant pension deficit of -£1,730k due to the accounting treatment of the Local Government Pension Scheme (LGPS), this does not mean that an immediate liability for this amount crystallises.

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

The trustees have reviewed the future plans of the academy and have approved significant IT investment since converting as an academy as well as a plan to build up a 5% overall contingency over the same period. The current school contingency of £421k compares favourably to this target at 9.0%.

**Investment Policy**

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

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

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

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

The principal risks and uncertainties facing the academy are as follows:

**Financial** - the academy has considerable reliance on continued Government funding through the Education Funding Agency (EFA). In the last year 97.9% of the academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

**Reputational** - the success of the academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk trustees ensure that student success and achievement are closely monitored and any impact from the risks associated with the development of the MAT are minimised.

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

**Staffing** - the success of the academy is reliant on the quality of its staff and so the trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The trustees are aware of the potential pressures on staff due to ongoing funding issues and as result work with the senior leadership team to monitor any impact on staff.

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

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

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

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

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

The board of trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme),

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

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

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which is set out in note 26 to the financial statements, represents a significant potential liability. However as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

**PLANS FOR FUTURE PERIODS**

The academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels, continue to aim to attract high quality teachers and support staff in order to deliver its objectives and continue to work with partner schools to improve the educational opportunities for students in the wider community.

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

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

Hanley Castle is a highly successful school which has the capacity to play a more prominent role in system improvement. As a result it is applying for 'sponsor school' status. Sponsor schools are successful schools which work, on a formal basis, with those schools which are underperforming. In addition, the school is developing the scope of its work in initial teacher training in partnerships which include the University of Worcester and Woodrush Teaching School.

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

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The academy and its trustees do not act as the custodian trustees of any other charity with the exception of those trustees who are trustees of the Hanley Castle High School Foundation Trust.

**AUDITORS**

In so far as the trustees are aware:

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

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as company directors, on 5/12/16 and signed on the board's behalf by:



**Mr J Robinson  
Chair of Academy Trust**

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

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As trustees, we acknowledge we have overall responsibility for ensuring that Hanley Castle High School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hanley Castle High School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

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

\* Staff Governor

**Governance Review**

The quality of governance continues to be monitored and evaluated as a central part of the school's self-evaluation procedures. Two frameworks are used – Ofsted and the National Governors' Association - in order to provide an appropriately high level of challenge. The outcomes of this self-evaluation are recorded in the school's SEF. The 2016 version rates the quality of governance as outstanding due to the sustained improvement in the overall performance of the school. KS4 and post-16 outcomes are excellent. The school's financial position is now stable following the eradication of its historical deficit. Resources have been managed effectively and efficiently to facilitate improvement in staffing levels, facilities, and accommodation to benefit all student groups. Governors' expertise, experience and knowledge of the school ensures that they are well placed to shape its direction and policies, identify strategic priorities, and to monitor and evaluate actions taken by the leadership of the school. Individual "link" governors take responsibility jointly with a member of the SLT for themes in the school development plan, playing a major role shaping strategic priorities, and monitoring progress towards school targets with a particular emphasis on the progress of key student groups such as premium pupils or those with gifts and talents. We continue to keep governor training up to date including safeguarding, exclusions and complaints, finance and new governor induction.



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

**GOVERNANCE STATEMENT (continued)**

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The Resources Committee is a sub committee of the main board of trustees. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. The Resources Committee has formally met 4 times during the year.

Attendance at meetings in the year was as follows:

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

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Mullan	2	2
Mr P Saunders (Chair)	2	2
Dr R Seabrook	2	2
Mrs E Wilkins (in attendance)	2	2
Mr D Baker	0	2

**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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Delivering an in year revenue surplus before transfer of capital of £14k compared to a budgeted deficit of -£49k
- Maintaining strict control over staff costs. The number of staff has remained fairly static over the last five years whereas pupil numbers continue to rise – from 910 on conversion to 1026 in September 2016. Staff costs per pupil are significantly lower than both the Worcestershire and National average.
- Delivering significantly improved GCSE results in terms of progress and attainment. In 2016, 71% of Year 11 students gained five or more GCSEs at A\*-C. The percentage which achieved the EBACC performance measure was 38%.
- Conducting an annual benchmarking exercise which indicated that the school's costs are lower than most other similar schools, whilst income is considerably lower than the national average due to the low funding

**GOVERNANCE STATEMENT (continued)**

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of Worcestershire Local Authority.

- Investing significant sums in improving facilities and accommodation. During the year we have invested a further £124k on the school's facilities including a virtualisation project, new laptops for sixth form, a new telephone system, AV equipment for the hall and a new Grand Piano for the music department.
- Renegotiating supplier contracts; Our catering supplier has supported the refurbishment of our kitchen and saved the school over £40k
- Our new sixth form centre was also completed in the year on time and within budget
- Reducing its energy costs significantly by entering into prudent and timely oil purchase contracts, installing solar panels and bringing energy management in house. Energy costs for 15/16 were over 30% lower than any of the previous 4 years despite increase in building capacity.
- Maintaining a small contingency reserve equivalent to 9% of income (excluding fixed asset funds).
- Continuing to explore ways of raising additional income. £120,000 has been generated since conversion through our commercial arrangement with Suzhou Foreign Language School in China, while a major fund raising initiative in support of our new sixth form centre has generated £104k of additional funding for the school. This money was raised through fundraising events at school including a Grand Spring Ball and Auction as well as donations from staff, parents, local businesses and charitable organisations.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hanley Castle High School for the year 1 September 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.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

**GOVERNANCE STATEMENT (continued)**

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

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

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

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

**REVIEW OF EFFECTIVENESS**

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on their behalf, by:



**Mr J Robinson  
Chair of Trustees**



**Mrs L F Cooke  
Accounting Officer**

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Hanley Castle High School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy 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.

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



**Mrs L F Cooke  
Accounting Officer**

Date: 7 December 2016

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

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

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The trustees (who act as governors of Hanley Castle High School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable 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 order of the members of the board of trustees and signed on its behalf by:



**Mr J Robinson  
Chair of Academy Trust**

**Date:** 07/12/16

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES  
OF HANLEY CASTLE HIGH SCHOOL**

We have audited the financial statements of Hanley Castle High School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 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.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES  
OF HANLEY CASTLE HIGH SCHOOL**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date:

*15th December 2016.*

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

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

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In accordance with the terms of our engagement letter dated 19 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hanley Castle High School during the year 1 September 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 Hanley Castle High School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hanley Castle High School and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hanley Castle High School and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HANLEY CASTLE HIGH SCHOOL'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Hanley Castle High School's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 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 EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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



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

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.



Andrew Wood FCCA (Reporting Accountant)

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

Date: *15<sup>th</sup> December 2016*

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

**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 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	426	3,033	127,677	131,136	1,213,406
Charitable activities	3	281,631	4,649,105	93,312	5,024,048	4,594,976
Other trading activities	4	26,233	-	-	26,233	86,823
Investments	5	6,467	-	-	6,467	5,602
<b>TOTAL INCOME</b>		<b>314,757</b>	<b>4,652,138</b>	<b>220,989</b>	<b>5,187,884</b>	<b>5,900,807</b>
<b>EXPENDITURE ON:</b>						
Raising funds		-	-	11,620	11,620	35,793
Charitable activities		282,101	4,658,614	247,432	5,188,147	4,771,865
<b>TOTAL EXPENDITURE</b>	6	<b>282,101</b>	<b>4,658,614</b>	<b>259,052</b>	<b>5,199,767</b>	<b>4,807,658</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>32,656</b>	<b>(6,476)</b>	<b>(38,063)</b>	<b>(11,883)</b>	<b>1,093,149</b>
Transfers between Funds	18	(10,708)	(74,000)	84,708	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>21,948</b>	<b>(80,476)</b>	<b>46,645</b>	<b>(11,883)</b>	<b>1,093,149</b>
Actuarial losses on defined benefit pension schemes	24	-	(617,000)	-	(617,000)	(78,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>21,948</b>	<b>(697,476)</b>	<b>46,645</b>	<b>(628,883)</b>	<b>1,015,149</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		53,865	(686,961)	6,262,396	5,629,300	4,614,151
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>75,813</b>	<b>(1,384,437)</b>	<b>6,309,041</b>	<b>5,000,417</b>	<b>5,629,300</b>

The notes on pages 27 to 46 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	2015 £
<b>FIXED ASSETS</b>				
Tangible assets	13		6,277,257	5,059,821
<b>CURRENT ASSETS</b>				
Debtors	14	254,732	1,036,681	
Cash at bank and in hand		689,194	1,031,491	
		<u>943,926</u>	<u>2,068,172</u>	
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(454,766)</u>	<u>(392,360)</u>	
<b>NET CURRENT ASSETS</b>			<u>489,160</u>	<u>1,675,812</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,766,417</u>	<u>6,735,633</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16		<u>(36,000)</u>	<u>(11,333)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<u>6,730,417</u>	<u>6,724,300</u>
Defined benefit pension scheme liability	24	(1,730,000)	(1,730,000)	(1,095,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>5,000,417</u></u>	<u><u>5,629,300</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>				
Restricted income funds:				
General funds	18	345,563	408,039	
Fixed asset funds	18	<u>6,309,041</u>	<u>6,262,396</u>	
Restricted income funds excluding pension liability		6,654,604	6,670,435	
Pension reserve		<u>(1,730,000)</u>	<u>(1,095,000)</u>	
Total restricted income funds			<u>4,924,604</u>	<u>5,575,435</u>
Unrestricted income funds	18		<u>75,813</u>	<u>53,865</u>
<b>TOTAL FUNDS</b>			<u><u>5,000,417</u></u>	<u><u>5,629,300</u></u>

The financial statements were approved by the trustees, and authorised for issue, on 07/12/16 and are signed on their behalf, by:



**Mr J Robinson**  
**Chair of Academy Trust**

The notes on pages 27 to 46 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<u>1,239,631</u>	<u>1,598,618</u>
<b>Cash flows from investing activities:</b>			
Interest received		(6,467)	(5,602)
Purchase of tangible fixed assets		(1,464,868)	(131,562)
Capital grants from DfE/EFA		(21,274)	(1,203,733)
Capital funding received from sponsors and others		<u>(89,319)</u>	<u>(5,385)</u>
<b>Net cash used in investing activities</b>		<u>(1,581,928)</u>	<u>(1,346,282)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(342,297)</b>	<b>252,336</b>
Cash and cash equivalents brought forward		<u>1,031,491</u>	<u>779,155</u>
<b>Cash and cash equivalents carried forward</b>	21	<u><u>689,194</u></u>	<u><u>1,031,491</u></u>

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

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

Hanley Castle High School constitutes a public benefit entity as defined by FRS 102.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

**First time adoption of FRS 102**

These financial statements are the first financial statements of Hanley Castle High School 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 Hanley Castle High School 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.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

**1.2 GOING CONCERN**

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.3 FUND ACCOUNTING**

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

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

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

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

**1.4 INCOME**

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

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

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

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.

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

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

All resources expended are inclusive of irrecoverable VAT.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets costing more than £2,000 are capitalised.

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

On conversion the Academy was granted a 125 year lease from the Hanley Castle High School Foundation Trust for the land and buildings. On conversion the long term leasehold property was recognised as a donation from the Hanley Castle High School Foundation Trust and was valued using the depreciated replacement cost method.

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

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

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

**1.7 LIABILITIES AND PROVISIONS**

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

**1.8 TAXATION**

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

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

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**1. ACCOUNTING POLICIES (continued)**

**1.9 PENSIONS**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**1.10 OPERATING LEASES**

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

**1.11 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**1.12 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.



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

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**1. ACCOUNTING POLICIES (continued)**

**1.13 FINANCIAL INSTRUMENTS**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

**1.14 AGENCY ARRANGEMENTS**

The academy acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy does not have control over the charitable application of the funds. The academy can use a percentage of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 23.

**1.15 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 24, 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.

Critical areas of judgement:

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

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

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

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	426	3,033	106,403	109,862	9,673
Capital Grants	-	-	21,274	21,274	1,203,733
	<u>426</u>	<u>3,033</u>	<u>127,677</u>	<u>131,136</u>	<u>1,213,406</u>
Total donations and capital grants	426	3,033	127,677	131,136	1,213,406

In 2015, of the total income from donations and capital grants, £375 was unrestricted, £9,298 was restricted and £1,203,733 was to restricted fixed asset funds.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant	-	4,486,659	4,486,659	4,271,635
Other DfE/EFA grants	-	131,879	131,879	140,278
Other capital grants	-	93,312	93,312	5,385
	<u>-</u>	<u>4,711,850</u>	<u>4,711,850</u>	<u>4,417,298</u>
<b>Other Government grants</b>				
High Needs	-	30,567	30,567	37,811
	<u>-</u>	<u>30,567</u>	<u>30,567</u>	<u>37,811</u>
<b>Other funding</b>				
Internal catering income	4,680	-	4,680	4,500
Income for hosting trainee teachers	140	-	140	2,150
Sales to students	17,450	-	17,450	16,476
Other	259,361	-	259,361	116,741
	<u>281,631</u>	<u>-</u>	<u>281,631</u>	<u>139,867</u>
	<u>281,631</u>	<u>4,742,417</u>	<u>5,024,048</u>	<u>4,594,976</u>

In 2015, of the total income from charitable activities, £139,867 was unrestricted funds and £4,455,109 was restricted funds.

**HANLEY CASTLE HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	11,203	-	11,203	11,487
Other	15,030	-	15,030	75,336
	<u>26,233</u>	<u>-</u>	<u>26,233</u>	<u>86,823</u>

In 2015, the total income from other trading activities of £86,823 was unrestricted.

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	6,467	-	6,467	5,602
	<u>6,467</u>	<u>-</u>	<u>6,467</u>	<u>5,602</u>

In 2015, the total investment income of £5,602 was unrestricted.

**6. EXPENDITURE**

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	-	-	11,620	11,620	35,793
Education:					
Direct costs	3,450,612	87,191	531,626	4,069,429	3,709,323
Support costs	562,723	215,840	340,155	1,118,718	1,062,542
	<u>4,013,335</u>	<u>303,031</u>	<u>883,401</u>	<u>5,199,767</u>	<u>4,807,658</u>

In 2016, of the total expenditure, £282,101 (2015: £83,917) was to unrestricted funds and £4,917,666 (2015: £4,723,741) was to restricted funds.

**HANLEY CASTLE HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**7. DIRECT COSTS**

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Pension finance costs	17,630	4,230
Educational supplies	23,193	17,384
Examination fees	83,653	83,790
Staff development	14,916	13,021
Other costs	231,993	86,192
Supply teachers	18,187	19,334
Wages and salaries	2,763,798	2,651,390
National insurance	239,364	194,332
Pension cost	429,263	360,870
Depreciation	247,432	278,780
	<b>4,069,429</b>	<b>3,709,323</b>

**8. SUPPORT COSTS**

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Pension finance costs	23,370	20,770
Other costs	23,626	20,220
Maintenance of premises and equipment	131,160	149,460
Cleaning	3,309	6,722
Rent and rates	32,756	22,623
Energy costs	53,440	64,960
Insurance	36,845	35,716
Security and transport	22,607	21,504
Catering	22,958	21,523
Technology costs	64,131	56,871
Office overheads	82,063	37,764
Legal and professional	47,645	57,600
Bank interest and charges	934	643
Governance	11,151	10,185
Wages and salaries	443,152	420,457
National insurance	25,617	21,157
Pension cost	93,954	94,367
	<b>1,118,718</b>	<b>1,062,542</b>

**HANLEY CASTLE HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**9. NET INCOME / (EXPENDITURE) FOR THE PERIOD**

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	247,432	278,780
Auditors' remuneration - audit	9,070	9,040
Auditors' remuneration - other services	1,300	795
Operating lease rentals	31,602	23,394
	<u>289,404</u>	<u>311,909</u>

**10. STAFF COSTS**

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,206,950	3,071,847
Social security costs	264,981	215,489
Operating costs of defined benefit pension schemes	523,217	455,237
	<u>3,995,148</u>	<u>3,742,573</u>
Supply teacher costs	18,187	19,334
	<u>4,013,335</u>	<u>3,761,907</u>

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

	2016 No.	2015 No.
Teachers	60	60
Administration and support staff (including learning support assistants)	55	55
Management	6	6
	<u>121</u>	<u>121</u>

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	1	1

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Leadership 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 Academy was £466,606 (2015: £442,945).

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

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**11. TRUSTEES' REMUNERATION AND EXPENSES**

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: Mrs L F Cooke: remuneration £95,000-£100,000 (2015: £90,000-£95,000), employer's pension contributions £15,000-£20,000 (2015: £10,000-£15,000). Mrs J Burrows: remuneration £50,000-£55,000 (2015: £50,000-£55,000), employer's pension contributions £5,000-£10,000 (2015: £5,000-£10,000). Mr J P Ellis: remuneration £45,000-£50,000 (2015: £45,000-£50,000), employer's pension contributions £5,000-£10,000 (2015: £5,000-£10,000). Mrs K A Dunstall: ceased to be a Trustee on 9 July 2015 so there is no remuneration disclosure required for this year (2015: £45,000-50,000), employer's pension contributions (2015: £5,000-10,000). Miss J Millward: remuneration for 2016 was £30,000-£35,000, no remuneration disclosure is required for comparative year as she was not a Trustee at that point, employer's pension contributions for 2016 £5,000-£10,000.

During the year ended 31 August 2016, expenses totalling £414 (2015: £531) were reimbursed to 7 trustees (2015: 3).

Other related party transactions involving the trustees are set out in Note 26.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,643 (2015: £1,643).

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

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

**13. TANGIBLE FIXED ASSETS**

	Land and buildings £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>COST</b>					
At 1 September 2015	4,947,992	37,433	175,089	524,665	5,685,179
Additions	1,237,650	16,900	93,274	117,044	1,464,868
Transfer between classes	7,855	-	(7,855)	-	-
At 31 August 2016	<u>6,193,497</u>	<u>54,333</u>	<u>260,508</u>	<u>641,709</u>	<u>7,150,047</u>
<b>DEPRECIATION</b>					
At 1 September 2015	168,073	1,248	91,826	364,211	625,358
Charge for the year	87,191	4,870	38,078	117,293	247,432
At 31 August 2016	<u>255,264</u>	<u>6,118</u>	<u>129,904</u>	<u>481,504</u>	<u>872,790</u>
<b>NET BOOK VALUE</b>					
At 31 August 2016	<u>5,938,233</u>	<u>48,215</u>	<u>130,604</u>	<u>160,205</u>	<u>6,277,257</u>
At 31 August 2015	<u>4,779,919</u>	<u>36,185</u>	<u>83,263</u>	<u>160,454</u>	<u>5,059,821</u>

**14. DEBTORS**

	2016 £	2015 £
Trade debtors	2,989	2,282
Other debtors	100,791	76,636
Capital funding (CIF)	-	848,008
Prepayments and accrued income	60,424	60,413
Tax recoverable	90,528	49,342
	<u>254,732</u>	<u>1,036,681</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
EFA loans	4,000	-
Trade creditors	139,949	75,626
Other taxation and social security	78,275	67,450
Other creditors	88,276	77,682
Accruals and deferred income	144,266	171,602
	<u>454,766</u>	<u>392,360</u>

**HANLEY CASTLE HIGH SCHOOL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	2016 £	2015 £
<b>DEFERRED INCOME</b>		
Deferred income at 1 September 2015	110,263	65,749
Resources deferred during the year	51,185	110,263
Amounts released from previous years	(110,263)	(65,749)
	<u>51,185</u>	<u>110,263</u>
Deferred income at 31 August 2016	<u>51,185</u>	<u>110,263</u>

At the balance sheet date the academy was holding funds received in advance for trips due to run in the 2016/17 year.

Included within EFA loans is a Condition Improvement Fund (CIF) loan of £4,000 repayable in six-monthly instalments over 10 years with an applicable annual interest rate of NIL%.

**16. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
EFA loans	<u>36,000</u>	<u>11,333</u>

Included within EFA loans is a Condition Improvement Fund (CIF) loan of £36,000 repayable in six-monthly instalments over 10 years with an applicable annual interest rate of NIL%.

**17. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	689,194	1,031,491
Financial assets measured at amortised cost	254,732	1,036,681
	<u>943,926</u>	<u>2,068,172</u>
Financial liabilities measured at amortised cost	<u>490,766</u>	<u>403,693</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors, accrued income and tax recoverable.

Financial liabilities measured at amortised cost comprise EFA loans, trade creditors, other taxation and social security, other creditors and accruals and deferred income.



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**18. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>UNRESTRICTED FUNDS</b>						
General funds	53,865	314,757	(282,101)	(10,708)	-	75,813
<b>RESTRICTED FUNDS</b>						
General Annual Grant (GAG)	408,039	4,473,851	(4,462,327)	(74,000)	-	345,563
Higher Needs funding	-	30,567	(30,567)	-	-	-
Donations	-	3,033	(3,033)	-	-	-
Pupil Premium	-	131,879	(131,879)	-	-	-
Other grants	-	12,808	(12,808)	-	-	-
Pension reserve	(1,095,000)	-	(18,000)	-	(617,000)	(1,730,000)
	(686,961)	4,652,138	(4,658,614)	(74,000)	(617,000)	(1,384,437)
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Land and buildings transferred in	4,186,371	-	(75,903)	-	-	4,110,468
Fixed assets purchased from GAG and other restricted funds	170,335	199,715	(94,454)	84,708	-	360,304
Devolved Formula Capital funding	44,299	21,274	(10,183)	-	-	55,390
Academies Capital Maintenance Fund	678,123	-	(77,385)	-	-	600,738
Condition Improvement Fund	1,183,268	-	(1,127)	-	-	1,182,141
	6,262,396	220,989	(259,052)	84,708	-	6,309,041
Total restricted funds	5,575,435	4,873,127	(4,917,666)	10,708	(617,000)	4,924,604
Total of funds	5,629,300	5,187,884	(5,199,767)	-	(617,000)	5,000,417

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

**RESTRICTED FUNDS:**

General Annual Grant (GAG) - income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

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

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

Donations - incoming donations received for specific purposes.

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

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

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

**RESTRICTED FIXED ASSET FUNDS:**

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

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

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

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

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

**OTHER INFORMATION**

Under the funding agreement with the Secretary of State, the academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. discloses whether the limit was exceeded.

**19. 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	-	-	6,277,257	6,277,257	5,059,821
Current assets	217,784	552,167	173,975	943,926	2,068,172
Creditors due within one year	(142,985)	(205,590)	(106,191)	(454,766)	(392,360)
Creditors due in more than one year	-	-	(36,000)	(36,000)	(11,333)
Pension scheme liability	-	(1,730,000)	-	(1,730,000)	(1,095,000)
	<u>75,813</u>	<u>(1,384,437)</u>	<u>6,309,041</u>	<u>5,000,417</u>	<u>5,629,300</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(11,883)	1,093,149
<b>Adjustment for:</b>		
Depreciation charges	247,432	278,760
Interest received	6,467	5,602
Decrease in stocks	-	621
Decrease/(increase) in debtors	781,949	(918,213)
Increase/(decrease) in creditors	87,073	(84,419)
Capital grants from DfE and other capital income	110,593	1,209,118
Defined benefit pension scheme finance cost	18,000	14,000
<b>Net cash provided by operating activities</b>	<b>1,239,631</b>	<b>1,598,618</b>

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	689,194	1,031,491
<b>Total</b>	<b>689,194</b>	<b>1,031,491</b>

**22. CAPITAL COMMITMENTS**

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	1,153,533

**23. AGENCY ARRANGEMENTS**

The academy distributes 16-19 Bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2016 the academy received £11,694 and disbursed £11,694 from the fund. An amount of £NIL is included in other creditors relating to undistributed funds that is repayable to EFA.

**24. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire County Council. Both are local government 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 £64,666 were payable to the schemes at 31 August 2016 (2015: £57,449) and are included within creditors.

**NOTES TO THE FINANCIAL STATEMENTS  
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**24. PENSION COMMITMENTS (continued)**

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the 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 £388,017 (2015: £315,454).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £231,000 (2015: £216,000), of which employer's contributions totalled £187,000 (2015: £163,000) and employees' contributions totalled £44,000 (2015: £53,000). The agreed contribution rates for future years are 14.9% plus annual lump sum deficit contributions for employers and 5.5-9.9% for employees.

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**24. PENSION COMMITMENTS (continued)**

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	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.80 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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	23.5	23.4
Females	25.9	25.8
Retiring in 20 years		
Males	25.8	25.6
Females	28.2	28.1

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	819,000	495,000
Debt instruments	62,000	35,000
Property	44,000	-
Cash	23,000	6,000
Other	37,000	19,000
Total market value of assets	<u>985,000</u>	<u>555,000</u>

The actual return on scheme assets was -£617,000 (2015: -£66,000)

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(164,000)	(138,000)
Net interest cost	(41,000)	(25,000)
Past service cost	(3,923)	(3,269)
Total	<u>(208,923)</u>	<u>(166,269)</u>
Actual return on scheme assets	<u>(140,000)</u>	<u>(175,000)</u>

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**24. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	1,644,000	1,385,000
Current service cost	164,000	138,000
Interest cost	69,000	59,000
Contributions by employees	44,000	40,000
Actuarial losses	728,000	35,000
Benefits paid	60,000	(13,000)
	<u>2,709,000</u>	<u>1,644,000</u>
Closing defined benefit obligation	<u>2,709,000</u>	<u>1,644,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	552,000	382,000
Return on plan assets (excluding net interest on the net defined pension liability)	28,000	37,000
Actuarial gains and (losses)	111,000	(43,000)
Contributions by employer	187,000	149,000
Contributions by employees	44,000	40,000
Assets acquired in a business combination	60,000	(13,000)
	<u>982,000</u>	<u>552,000</u>
Closing fair value of scheme assets	<u>982,000</u>	<u>552,000</u>

**25. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>AMOUNTS PAYABLE:</b>		
Within 1 year	24,558	22,359
Between 1 and 5 years	44,104	33,264
	<u>68,662</u>	<u>55,623</u>
Total	<u>68,662</u>	<u>55,623</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**26. RELATED PARTY TRANSACTIONS**

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

The following related party transactions took place in the year:

Bishops Catering is part owned by Tracey Bishop, wife of Trustee Jon Prior. During the year, the Academy made purchases totalling £4,260 (2015: £nil) from Bishops Catering. The Academy made the purchases at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Prior neither participated in, nor influenced.

**27. 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.

**28. GENERAL INFORMATION**

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

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**29. FIRST TIME ADOPTION OF FRS 102**

It is the first year that the academy 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.

Reconciliations and descriptions of the effect of the transition to FRS102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014</b>	<b>31 August 2015</b>
		£	£
Total funds under previous UK GAAP		4,614,151	5,629,300
Total funds reported under FRS 102		<u>4,614,151</u>	<u>5,629,300</u>

<b>Reconciliation of net income / (expenditure)</b>	<b>Notes</b>	<b>31 August 2015</b>
		£
Net income previously reported under UK GAAP		1,081,149
Change in recognition of LGPS interest cost	A	12,000
Net movement in funds reported under FRS 102		<u>1,093,149</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £12,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.
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