

**HANLEY AND UPTON EDUCATIONAL TRUST
(FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

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**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	<p>HUET Members</p> <p>Mr J Robinson, Chair (appointed 1 April 2017)</p> <p>Revd. B Unwin (appointed 1 April 2017)</p> <p>Sir N Lechmere (appointed 1 April 2017)</p> <p>Mrs M Walters MBE (appointed 1 April 2017)</p> <p>Dr D Webster (appointed 1 April 2017)</p>
Trustees	<p>HUET Trustees</p> <p>Mr J Robinson, Chair (appointed 1 April 2017)</p> <p>Mrs L F Cooke, Chief Executive Officer and Accounting Officer (appointed 1 April 2017)⁵</p> <p>Mrs G Black (appointed 1 April 2017)⁵</p> <p>Mr R Carter (appointed 1 April 2017)</p> <p>Mrs S Fitzjohn (appointed 1 April 2017)⁵</p> <p>Mr S Morris (appointed 1 April 2017)</p> <p>Mr S Price (appointed 1 April 2017)⁵</p> <p>Mrs A Randall-Brandwood (appointed 1 April 2017)</p> <p>Mrs K Taylor (appointed 1 April 2017)⁵</p> <p>HCHS Trustees</p> <p>Mr D Baker (resigned 31 March 2017)^{3,4}</p> <p>Mrs J Burrows (resigned 31 March 2017)³</p> <p>Mr R Carter (resigned 31 March 2017)^{1,3}</p> <p>Mrs L F Cooke, Head Teacher (resigned 31 March 2017)^{1,2,3,4}</p> <p>Mr J P Ellis (resigned 31 March 2017)¹</p> <p>Mrs L Mason (resigned 31 March 2017)³</p> <p>Miss J Millward (resigned 31 March 2017)³</p> <p>Mrs J Mullan (resigned 31 March 2017)^{1,4}</p> <p>Mrs E A Norman, Responsible Officer (resigned 31 March 2017)^{2,3}</p> <p>Ms B I Pope (resigned 31 March 2017)³</p> <p>Mr J Prior (resigned 31 March 2017)^{1,2}</p> <p>Mr J Robinson (resigned 31 March 2017)^{1,2,3}</p> <p>Mr P G Saunders (resigned 31 March 2017)^{1,4}</p> <p>Dr R Seabrook (resigned 31 March 2017)^{1,4}</p> <p>Mr M Shaw (resigned 31 March 2017)¹</p> <p>Mrs K Taylor (resigned 31 March 2017)¹</p> <p>Mr S M Yates (resigned 31 March 2017)³</p> <p>¹ Resources Committee</p> <p>² Headteacher's Performance Committee</p> <p>³ Learning and Teaching Committee</p> <p>⁴ Audit Committee</p> <p>⁵ Local Governing Body</p>
Company Registered Number	07690414
Company name	Hanley and Upton Educational Trust (formerly known as Hanley Castle High School)
Principal and Registered Office	Church End Hanley Castle Worcester Worcestershire WR8 0BL

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Company Secretary Mrs K Barter (resigned October 2016)
Mrs M Snape (appointed November 2016)

Accounting Officer Mrs L F Cooke

Senior Leadership Team

L F Cooke, Chief Executive Officer & Accounting Officer HUET, Headteacher Hanley
Castle High School
E Wilkins, Chief Financial Officer HUET, Business & Finance Director Hanley Castle
High School
A Pratley, Headteacher, Hanley Swan, St Gabriel's with St Mary's Church of England
Primary School
B Baynes, Headteacher Kempsey Primary School

Independent Auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

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

Solicitors Stone King LLP
13 Queen Square
Bath
BA1 2HJ

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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The academy trust operates 2 primary academies and 1 secondary academy for pupils aged 4 to 19 in Upton-upon-Severn and the surrounding area. Up until 31 March 2017 the trust was a single unit academy and was known as Hanley Castle High School (referred to in this report as HCHS). From 1 April 2017 the trust expanded to 3 schools and is now known as the Hanley and Upton Educational trust (HUET). The two new schools that joined the trust on 1 April 2017 are Kempsey Primary School and Hanley Swan St Gabriel's with St Mary's Church of England School.

The financial statements of the charitable company are therefore for the year to 31 August 2017 but the primary schools only form part of the accounts for the last 5 months of the financial year as they converted to academy status on 1 April 2017. The accounts show a full year for the secondary school.

The academies have a combined pupil capacity of 1,393 and had on roll 1,409 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 and Upton Educational Trust (HUET) (formerly known as 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 and Upton Educational Trust (HUET).

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

From 1 September 2016 until 31 March 2017, the academy trust retained members and trustees as set out in its Articles of Association and Funding Agreement and as reported in the Annual Report and Financial Statements for year ended 31 August 2016.

As from 1 April 2017, the academy trust shall have the following members and trustees as set out in its Articles of Association and funding agreement:

Members

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Trustees

- 6 trustees appointed by the members
- 2 trustees appointed by the Diocesan Board of Education
- The Chief Executive Officer

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

When appointing new trustees, members 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 trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The trust has a recruitment, induction and training procedure which is followed for every new appointment, whether member or trustee. The training and induction provided will depend upon their existing experience but would always include attendance at an induction course, the provision of an induction handbook, a tour of the schools within the academy trust and a chance to meet staff and pupils. All members and trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their respective roles. All HUET members and trustees appointed on the 1 April 2017 are working their way through this induction programme. 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 four times per annum. The board establishes an overall framework for the governance of the trust and determines membership, terms of reference and procedures for committees, lead trustees and other groups. It receives reports including policies for ratification. It monitors the activities of the committees and lead trustees through the minutes of their meetings and reports. The board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two committees as follows:

- **Audit Committee** - this meets a minimum of twice a year and is responsible for examining and reviewing the risk management process and agreeing a programme of work to address these risks, undertaking a programme of internal audit through a responsible officer, ensuring due compliance with public accountability, appointing the external auditors and receiving the report of the auditors and ensuring any recommendations are actioned.
- **Pay and Performance Committee** - meets at least twice a year to assist the board in fulfilling its responsibilities for the implementation of both its Pay and Performance Management Policies. In particular, it will monitor throughout the year and formally review annually the overall performance of staff and make recommendations to the board in respect of pay awards to staff. With the External Adviser, it will monitor throughout the year and formally review annually the performance of the Chief Executive Officer, the Chief Finance Officer and headteachers, as a result of which it will make recommendations to the board in respect of their pay awards based on judgements of their overall performance and success in meeting the objectives set.

Additional committees to those mentioned above are convened as appropriate.

With the incorporation of HUET on 1 April 2017 there have been consequent changes in the decision making structure and areas of responsibility for members, trustees and local governing bodies. These are delineated in the schemes of delegation. As all 3 of HUET's current member schools have been defined as supporting schools, they have been given the maximum delegation of governance functions and responsibilities. This in turn helps to delineate the decision making and responsibility areas of the board of trustees.

The following decisions are the responsibility of members: amendments to the articles of association; the appointment of new members or removal of current ones; the appointment and removal of trustees, the

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

appointment of the trust's auditors; by special resolution, direct the trustees to take a specific action; and the power to change the name of the charitable company and, ultimately, wind up the academy trust.

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

As both charity trustees and directors of the academy trust, trustees must ensure compliance with HUET's charity objectives and with company and charity law. As such, the board of trustees is accountable to the Secretary of State for the trust's adherence to its funding agreement. It is also accountable to the Diocesan Board of Education for any church schools within HUET.

As set out in the schemes of delegation, responsibility for the day-to-day management of each academy is devolved to the headteacher and senior leadership team, with responsibility for strategic governance and other matters devolved to the local governing body. In the first few months of HUET's existence, the trustees are developing working structures to ensure their oversight of internally delegated responsibilities and their understanding of and ability to deliver against external responsibilities meets all requirements.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

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

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 the pay policy of the HUET when affordability issues are also taken into consideration.

Connected Organisations, including Related Party Relationships

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

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the HUET 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, Hanley Swan St Gabriel's with St Mary's Church of England Primary School and Kempsey Primary School to provide free education and care for students of all abilities between the ages of 4 and 19.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The aims of the HUET during the year ended 31 August 2017 are:

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

This will be achieved through:

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

Objectives, Strategies and Activities

Broad themes have been agreed for the HUET development plan. Priorities identified include:

- **Governance** – communication between leadership/chairs' forums and HUET / induction training for members and trustees / development of capacity in advance of HUET expansion
- **Leadership and management** – Kempsey expansion / development of capacity in advance of HUET expansion / update HUET systems to comply with the EU General Data Protection Regulation (GDPR)
- **Curriculum, teaching, learning, assessment and outcomes** – transition curriculum / joint projects / emerging priorities from SATs, GCSE and A level outcomes / exploring curriculum flexibilities offered by academy status
- **Personal development and welfare** – safeguarding – audits and actions / attendance of disadvantaged pupils
- **Finance and facilities** – completion of year end accounts and audit, Education and Skills Funding Agency (ESFA) reporting obligations, and regular financial monitoring / HUET risk register and internal audit programme / group procurement and resource sharing across HUET / Condition Improvement Funding (CIF) Bids / HUET wide approach to health & safety, asbestos and fire / website solution for HUET and review compliance of each academy / 5-year IT strategy / premises development – quality and safety

In addition, each school has its own individual development priorities. These include:

- **Hanley Castle** – attainment of more able Year 11s / progress of low prior attainers / pride, quality and reasoning agenda / persistent absenteeism
- **Hanley Swan** – raising overall attainment in literacy and numeracy throughout the school / further improving the curriculum to promote Social, Moral, Spiritual and Cultural (SMSC) and physical development and to prepare pupils for later life
- **Kempsey** – children's mental health / further developing extra-curricular provision / further developing

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**TRUSTEES' REPORT (continued)
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accuracy / developing community links / developing spelling skills

Public Benefit

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

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

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

As a multi-academy trust (Hanley Castle was successful in gaining sponsor school status) we have a duty to support other schools. We support these schools, especially our feeder primary schools, through use of our premises and specialist skills including secondments where appropriate.

STRATEGIC REPORT

Achievements and Performance

On 1 April 2017 the Hanley Castle single academy trust was converted to a multi-academy trust, the Hanley and Upton Educational Trust (HUET). Hanley Castle High School, Hanley Swan St Gabriel's with St Mary's Church of England Primary School and Kempsey Primary School have a shared ethos of excellence and family values and have worked in close partnership for many years. The creation of the HUET sought to improve further the quality of educational provision for all children from the age of 4 to 19 within the three schools, whilst retaining the distinctive character of each. This includes respecting and preserving the Christian ethos of Hanley Swan and the commitment of Hanley Castle and Kempsey to the spiritual, moral and cultural development of all of their students.

The new MAT has already made significant progress towards its aims and objectives. A huge amount of work has been completed in terms of uniting financial systems and raising and implementing common policies, particularly those around the terms and conditions of the employees of the three schools who are now employed directly by the HUET board.

Teaching and Learning

The HUET continues to focus relentlessly on the progress of children and young people across all key stages. At Hanley Castle a particular focus has been the progress of lower prior attaining students, including disadvantaged lower prior attaining students. The GCSE results of 2017 saw a significant improvement in the attainment and progress made by this group with the majority returning positive or strongly positive value added scores. This was particularly pleasing in the light of the introduction of the new, more rigorous GCSEs in English, English literature and mathematics.

The very strong quality of teaching across the HUET schools is evidenced in the very pleasing end of key stage outcomes, and highlighted in the letter received by Hanley Castle following its recent Section 8 Ofsted inspection, where the school was rated as 'deeply good'. The HUET has allowed much closer cooperation between teachers of Key Stage 2 and Key Stage 3. A particular focus has been on the quality of writing. This has fed directly into the pride, quality and reasoning agenda for 2017/18 at Hanley Castle and will be built on with work planned in maths, sport and music.

Other highlights at Hanley Castle include a visit by a group of teachers from Texas who spent time observing lessons. The feedback from them was extremely positive. In addition, the school's Head of Humanities, Ben Kingswood, visited Oxford at the invitation of Martin Conway, Head of the History Faculty. This is a direct result of the brilliant teaching in history which has led to so many Hanley students making such an impact at Oxford, particularly at Balliol College.

Over the last year teachers have been working in cross-departmental 'triads' to undertake and implement action research into raising the achievement of specific groups of individuals in their classes. Outcomes will be shared

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

as professional development in autumn 2017.

The emphasis that Hanley Swan has placed on developing middle leaders and teaching assistants has had a significant impact in terms of teaching and learning. Teachers, teaching assistants and pupils engage daily in small group reading activities which are designed to stretch more able readers and provide support for those children who require a more structured and supported approach. Pupil Premium funding has been used to reduce the size of groups, although all children, disadvantaged and non-disadvantaged, have clearly benefited hugely from this. Training for teaching assistants has focused on developing questioning skills.

At Kempsey there has been a sustained focus on creativity and innovation supported by targeted CPD. Teachers have created novel and engaging starts for new topics, including setting fire to London in the playground to introduce the Great Fire of London and a live action role play in the style of Dungeons and Dragons to introduce Myths and Legends. A number of themed days and weeks have also taken place, including science and geography. Work on improving the quality of writing is paying dividends. The calibre of children's writing is impressive and stood the test of moderation well when compared with children's writing in other cluster schools. An audit of SMSC indicates that this is a strength in planning and pupils' work and is firmly embedded in learning. Staff training has included conflict management, PE and questioning techniques for teaching assistants.

Curriculum and Experience

Initial priorities for cross-HUET collaboration on curriculum have been identified. ICT coordinators from the primary schools have met with the IT Systems Manager at Hanley Castle to discuss streamlining email and the sharing of documents between the three schools, licences and latest versions of software. A future meeting has been scheduled to look more closely at schemes of work.

Examples of Key Stage 2 writing from students below, meeting and working beyond expectations have been shared with Hanley Castle with the intention of preventing any dip in either the quality of content or presentation on transition.

At Hanley Castle work has continued to meet the demands of the new National Curriculum, new GCSEs and new A levels. A review of curriculum provision has resulted in changes 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 notable change is the increase in mathematics teaching time in Years 7 and 11.

Hanley Swan has played a key role in developing literacy across the Upton Pyramid through hosting meetings for literacy coordinators, including the literacy coordinator of Hanley Castle, in order to improve further transition arrangements and explore successful teaching strategies of literacy in the primary schools. In addition, Hanley Swan teachers have visited other primary schools as external moderators. Hanley Swan also hosted teachers from the Maweni School in Tanzania. The school's bee project is also going from strength to strength with 44kg of honey extracted in the first harvest and candles made from the wax. Pupils have benefited hugely from both of these initiatives.

Curriculum priorities for Kempsey have included a focus on PE provision in the light of changes to PE funding as well as further exploration of the use of questioning to deepen children's understanding. The school is also working towards an Eco Green Flag award in recognition of its excellent work in this area.

All three schools continue to promote and foster the British values of tolerance and understanding of different cultures. A second highly successful inter faith day was held at Hanley Castle in October 2016 while assemblies, trips and visits (for example the Kempsey Primary School mosque visit) seek to deepen understanding in this area.

Safety, Support and Behaviour

Safeguarding is an overarching priority for the HUET and all three of its schools. Regular training for staff, members, trustees and governors is compulsory, and the pace of change in this area has made training sessions and follow-up essential to ensure that knowledge is kept up-to-date through accredited sessions. A number of trustees and members of the LGB received excellent training on Monday 3 July 2017 from Sally Mills, previously employed by Worcestershire LA and now a highly respected independent consultant.

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**TRUSTEES' REPORT (continued)
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A cross-HUET safeguarding policy has been raised and ratified. Hanley Castle has recently completed a successful safeguarding audit which has involved key governors and trustees. The Designated Safeguarding Lead at Hanley Castle will now work with Hanley Swan and Kempsey to design a suitable audit process to ensure consistency between the three HUET schools.

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

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

Leadership and Management

Much of the year has been focused on establishing the HUET and we were delighted to meet our conversion date of 1 April 2017.

The benefits of the MAT are already being seen, with collaboration and good practice being shared at both senior and middle leadership level. Joint staff training, as well as work on the transition curriculum in English, mathematics and IT, are already ensuring that students are feeling the benefits.

Policies have been raised and ratified in a number of key areas, including finance, pay, performance management, safeguarding and whistleblowing. The quality of self evaluation has improved further, while the consolidation of resources and prudent financial management has ensured that the HUET is well placed to remain viable until the introduction of the National Funding Formula in 2018.

All three schools are heavily oversubscribed, and Kempsey has been given the go-ahead by the Local Authority to expand to 1.5 forms of entry to meet the growing demand from the large-scale housing developments under construction in Kempsey itself and planned for south of Worcester.

Capacity is also being built in preparation for expanding the HUET as negotiations with a number of interested parties have begun.

All three schools continue to work hard on their internal development plan priorities, including further improving provision for premium pupils, continuing to raise attainment in literacy and numeracy, further improving the quality of teaching and learning and developing middle managers.

External Awards

Following its success in 2015, Hanley Castle High School was again named 'School of the Year' at the Worcestershire Apprenticeship Awards for 2016. The school also achieved recognition on the national stage in March, when Julia Wright, the school's Special Needs Coordinator, travelled to London to take part in the 'Shine a Light' awards ceremony which recognises outstanding performance nationally in speech, language and communication provision. The Special Needs department, Aspire@Hanley, took the runner up spot, but then went on to take the top prize just a few weeks later at the Worcestershire Education Awards for the outstanding care and support it offers to children with special needs.

Aligning teachers' pay more closely with performance

Performance management outcomes, confirmed by this summer's outstanding KS1, KS2, GCSE and A level results, suggest that levels of performance by teachers remain at a high level. Internal analysis of exam results confirms that there is a strong correlation between pay and performance, ensuring that the HUET and its schools achieve value for money.

Improving the schools environment and facilities

As noted above, Kempsey has been given approval to expand to 1.5 form entry and negotiations are continuing to determine how the new accommodation required for this will be funded – by the Local Authority, the ESFA, Section 106 contributions or a combination of two or more of these. The re roofing of the main Victorian building

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at Hanley Castle has commenced, while the removal of asbestos from a boiler room has been successfully completed. The addition of new changing facilities to the sports hall will follow, funded by Section 106 contributions. Condition Improvement Fund bids are planned by all three schools to address urgent condition issues or the demand for additional accommodation.

Ofsted

The HUET has experienced its first Ofsted inspection since its inception. On Wednesday 14 June 2017 Deborah James and Mark Feldman visited Hanley Castle High School. This inspection was what is known as a "Section 8" inspection – a one day visit for schools which were rated "good" by Ofsted in a previous inspection. These shorter inspections do not result in a detailed report, but in a letter which outlines the team's findings in a small number of specific areas.

The letter confirms that Hanley Castle remains a 'deeply good' school and highlights some of the areas of which it is most proud:

- The excellent behaviour and attitudes of its students. The inspection team described students as "polite, respectful and welcoming". Students are keen to learn, behave well, work hard together, support each other and take pride in their school.
- The excellent progress made by students resulting in academic success in a wide variety of subject areas. This was attributed to teaching which is engaging and motivating and 'closely matched to pupils' needs'.
- The "wealth of enrichment activities" offered by the school, including its international programme, music, drama, sport and work experience and volunteering opportunities.
- The quality of its sixth form which continues to be "a real strength with excellent results in academic and vocational courses". The inspectors commented on the great success of students in progressing to top universities, training and work.
- The fact that students feel safe, confident and protected in a school which provides a "remarkable level of care".
- The "warm and friendly" relationships which characterise the school, its staff and its students.

The inspectors also agreed that the areas identified in Hanley Castle's own self-evaluation - lower prior attainers and persistent absenteeism – were the correct priorities.

KS1 outcomes

In general, KS1 outcomes were very pleasing. Strengths at both primary schools included the proportion of pupils meeting or exceeding the expected standard in reading, writing and mathematics. The proportion of children meeting the same standard in greater depth at Kempsey was particularly high; Hanley Swan's figures were affected by the small cohort size. Reading and writing were a particular strength at Hanley Swan, while writing outcomes were particularly strong at Kempsey.

	No. Pupils	Reading Meeting/ exceeding	Reading Greater depth	Writing Meeting / exceeding	Writing Greater depth	Maths Meeting / exceeding	Maths Greater depth	RWM Meeting / exceeding	RWM Greater depth
Hanley Swan	16	87.50%	31.30%	87.50%	12.50%	75%	25%	68.80%	6.30%
Kempsey	43	74.40%	27.90%	74.40%	25.60%	76.70%	18.60%	72.10%	16.30%
Worcs	-	76.70%	28.10%	69.40%	17.40%	75.90%	22.10%	64.60%	12.10%
National	-	75.90%	25.50%	68.60%	15.80%	75.30%	20.60%	64%	11.10%

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

KS2 outcomes

Hanley Swan

Subject	Number of pupils (All)	Percentage achieving scaled score of 100	2016 Result	% Working at Greater Depth (WGD)	% WGD 2016
READING	15	93%	79%	47%	29%
WRITING (TEACHER ASSESSMENT)	15	73%	71%	40%	0%
MATHS	15	87%	86%	67%	14%
SPAG	15	87%	64%	47%	29%
COMBINED R/W/M	15	73%	57%	40%	0%

*SPAG = Spelling, punctuation and grammar.

Subject	Number of pupils (Pupil Premium)	Percentage achieving scaled score of 100	2016 Result	% Working at Greater Depth (WGD)	% WGD
READING	6	83%	67%	50%	0%
WRITING (TEACHER ASSESSMENT)	6	83%	67%	33%	0%
MATHS	6	83%	100%	83%	0%
SPAG	6	83%	67%	50%	33%
COMBINED R/W/M	6	83%	67%	0%	0%

Kempsey

Subject	Number of pupils	Percentage achieving scaled score of 100	2016 Result	% Working at Greater Depth (WGD)	% WGD
READING	31	81.50%	66%	36.80%	17%
WRITING (TEACHER ASSESSMENT)	31	82%	78%	29%	17%
MATHS	28	74%	68%	26%	10%
SPAG	30	78.90%	66%	26%	7%
COMBINED R/W/M	28	74%	59%	10.50%	0%

Subject	Number of pupils (Pupil Premium)	Percentage achieving scaled score of 100	2016 Result	% Working at Greater Depth (WGD)	% WGD
READING	9	66.70%	54.50%	11%	18.20%
WRITING (TEACHER ASSESSMENT)	9	55.60%	45.50%	11%	18.20%
MATHS	9	55.60%	63.60%	0%	9.10%
SPAG	9	55.60%	Not available	11%	Not available
COMBINED R/W/M	9	33%	45.50%	0%	0%

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Early indications are that the percentage of Key Stage 2 children in Worcestershire to have reached the expected standard in reading, writing and maths (Combined R/W/M) has increased to 57% this year from 48% last year. Nationally, it has increased from 53% to 61%. Both schools therefore very comfortably exceed these figures. The percentage of students working at greater depth in reading, writing and mathematics at Hanley Swan was 40% - the highest for any school in Worcestershire. The performance of Hanley Swan pupils in receipt of Pupil Premium was also a particular strength.

Preliminary progress figures for Year 6 children at Hanley Swan and Kempsey in their KS2 SATs have been released. It should be noted that reading and mathematics value added are calculated from test scores which range from 80 to 120. For writing a cruder measure is used – children are awarded scaled scores which have a significant distorting effect. In addition, the reliability of these figures is questionable as the KS1 baseline data refers to the old National Curriculum and the KS2 outcomes to the new, more rigorous curriculum.

KS2 Progress by subject	Hanley Swan	Kempsey	Worcestershire
Reading	+2.3	+1.1	-0.5
Writing	-0.5	-0.7	-0.8
Mathematics	+2.5	+0.4	-1.2

KS4 outcomes

2017 has turned out to be a very pleasing year for Hanley Castle as GCSE students rose to the challenge of new, tougher GCSEs in English, English literature and mathematics. The new qualifications are assessed on a nine point scale, with grade 4 being equivalent to a C grade pass and grade 7 to an A grade, with new grade 8 and grade 9 passes to replace and extend on the old A*.

In English and English literature 90% of students achieved grade 4 or higher. 26% of grades awarded in English were at grade 7 or higher and 32% in English literature. In mathematics 79% of students achieved a grade 4 or higher, with 21% at grade 7 or higher.

78% of students gained good passes (grades 4+) in English and mathematics, while 38% of students achieved the English Baccalaureate. If the 5+ measure is used the figure for English and mathematics drops to 54% - largely due to slightly disappointing maths results on this margin. However, even using the strong pass (5+) measure the EBacc numbers hold up well at 32% - the second highest for any school in Worcestershire.

It was another excellent year for the school's top performing subjects. 100% of all Latin grades were awarded at either A* or A, while the percentages for chemistry, biology and physics were 45%, 31% and 42% respectively. It was also a very strong year for music, with almost 40% of students achieving A or A* grades in music GCSE and 35% achieving an A or A* equivalent in music technology. Other strong performers included double science, geography, history, German, drama, IT and PE.

Preliminary progress figures have been released. Hanley Castle's performance against the Progress 8 measure is +0.24 – significantly above the national average (the second time in three years that the school has achieved this). The progress made in English and maths by our lower prior attaining students has improved, while strong performing subjects include BTEC sport, music and business, English literature, geography, core science, additional science, chemistry, history, English language, drama and physics.

Post 16 outcomes

Despite some fears regarding some of the reformed A levels, A level results at Hanley Castle held up well in 2017. 28% of all passes were at either A* or A grade (2016 – 33%), while the percentage of students achieving AAB or better in the so-called facilitating subjects was 31% - the best performance for any non-selective school in Worcestershire by this measure for the second year running. Results in these academic subjects have again

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ensured that students have secured their places at Russell Group and other top universities.

Year 13 leavers gained 51% of passes at A* - B (2016 – 55%) and 76% at grades A*-C (2016 – 80%). The overall pass rate was a 99%. The percentage of A* and A grades was over 35% in a large number of subjects, including biology, chemistry, French, German, geography, mathematics and further mathematics, PE and physics.

Hanley Castle also continues to offer a small number of well-regarded vocational qualifications which offer an alternative route to university. A staggering 94% of BTEC passes in business studies were at Distinction* - equivalent to A or A* at A level. The percentage for sport was 75% and for music technology and applied science was 67%.

Some estimates of value added have been calculated internally. Preliminary calculations suggest that BTEC business, sport, music and science, French, German, theatre studies, English language and literature, film studies, psychology, history, PE and ICT performed extremely well.

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 £553k or 9% of income as at August 2017. In total at the end of August 2017 £258k of restricted funds was carried forward, together with £7,681k restricted fixed asset funds and £295k unrestricted funds. This is then offset by the pension deficit of £2,596k leaving net assets as at 31 August 2017 of £5,638k.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers as at October 2016 were 1,409 and are expected to be 1,456 in October 2017.

Another key financial performance indicator is staffing costs as a percentage of income. For 2017 this was 83%, which compared favourably to budget, 85%.

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KPIs for the year	Budget	Actual
In year revenue deficit/surplus - before capital transfer	-£56k	-£11k
Reserves as at 31 August	£442k	£553k
Reserves as a % of income	8%	9%
Pupil numbers (as at October 2016)		
Primary	385 (PAN)	383
Secondary	1,010 (PAN)	1,026
Total	1,395	1,409
Staff costs as a percentage of income	85%	83%
Student Attendance	95.0%	95.4%
Exams (GCSE and equivalent)		
5+A*-C (including English and Maths)	N/A	77%
Progress 8	0.00	+0.24*
A*-A	30%	31%
EBACC	40%	32%
Exam (A Level/BTEC)		
A*-A	26%	28%
A*-C	78%	76%

*Progress 8 measure

This means that on average a student's attainment has an extra 0.24 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 trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going concern policy (note 1.2).

FINANCIAL REVIEW

Financial Review

Most of the academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the year ended 31 August 2017, total expenditure of £5,960k (excluding depreciation charge of £249k and actuarial gains of £163k), was covered by recurrent grant funding from the DfE of £5,482k, together with other incoming resources of £295k. The excess of income over expenditure for the year (excluding restricted fixed asset funds and restricted pension funds) was £131k. After making adjustments for pensions of £866k the net decrease in funds for the year (excluding fixed asset funds) was £735k.

The increase in the LGPS pension deficit of £866k to - £2,596k was due to the two new schools joining the trust during the period with an inherited deficit of £855k. There were fluctuations as a result of the actuarial valuation as at 31 August 2017, however, these were minor.

Restricted fixed asset fund in the year of £453k included a CIF bid for new roofing at Hanley Castle High School and the transfer of Kempsey Primary School's land and buildings of £1,131k. The annual depreciation charge was £249k and the transfer from revenue of £38k. The fund balance stood at £7,681k as at 31 August 2017.

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Total movement in funds in the year was £637k (£1,372k fixed assets, -£866k pension reserve and £131k general funds. Together with the brought forward funds from the previous financial year of £5,000k this resulted in carry forward funds of £5,637k of which £5,342k is restricted (£257k general, £7,681k fixed assets and -£2,596k pension reserve) and £295k is unrestricted.

At 31 August 2017 the net book value of fixed assets was £7,251k and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

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 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy and Procedures which lays out the framework for financial management, including financial responsibilities of the HUET board, LGB's, headteacher, Chief Financial Officer, budget holders and other staff, as well as delegated authority for spending.

HCHS trustees had adopted a Responsible Officer Policy and appointed Mrs EA Norman, a suitably qualified trustee to undertake a programme of internal checks on financial controls. Until 31 March 2017, trustees continued to receive RO reports which contained no matters of significance. It is the intention of the HUET board of trustees to continue with this practice and it is planned that a new RO will be appointed in the autumn.

Reserves Policy

The trustees review the reserve levels of the HUET annually and this review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees take into consideration the future plans of the HUET, the uncertainty over future income streams and other key risks identified during the risk review. At the end of the year of the total reserves of £5,637k the HUET's level of general reserves were £552k of which £257k was restricted and £295k was unrestricted. The general reserves of £552k or 9% of income compared favourably to the targeted reserves of 5% and are held for future expenditure, for example one off building and maintenance work and to bridge the gap to fairer funding. The fixed asset reserves of £7,681k were invested in fixed assets. Whilst the HUET recognises a significant pension deficit of £2,596k 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.

Investment Policy

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

Financial - the HUET has considerable reliance on continued Government funding through the Education & Page 15

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Skills Funding Agency (ESFA) and the introduction of National Fairer Funding (NFF) from academic year 2018/19 is critical to the ongoing success of the trust. In the last year over 92% of the HUET's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

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

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

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

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

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

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

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

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

The board of trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), 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 Hanley and Upton Educational Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all ages and stages, continue to aim to attract high quality teachers and support staff in order to deliver its objectives and continue to work with partner schools to improve the educational opportunities for students in the wider community.

The HUET will continue to seek opportunities to strengthen its links legally and formally with partner schools to

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improve further the quality of educational provision for all children from the age of 4 to 19 within the schools involved, whilst retaining the distinctive character of each. This includes respecting and preserving the Christian ethos of Diocesan primary schools and the commitment of Hanley Castle to the spiritual, moral and cultural development of its students.

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 High School has begun to play a more prominent role in system improvement. It was successful in its application for 'sponsor school' status and will work with the DfE and Regional Schools Commissioner to support those schools which are identified as underperforming.

In addition, the school is continuing to develop the scope of its work in initial teacher training in partnerships which include the University of Worcester and Woodrush Teaching School. A very large number of trainees (both on PGCE and School Direct placements) have been accommodated over the last 18 months and it has been very pleasing to welcome one back to an NQT role in our English Faculty.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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 30 November 2017 and signed on the board's behalf by:



**Mr J Robinson
Chair of Academy Trust**

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer of the Hanley and Upton Educational Trust for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the HUET and the Secretary of State for Education. The CEO is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the trustees' report and in the Statement of trustees' responsibilities. Up to 31 March 2017 the HCHS board of trustees formally met 4 times during the year. Attendance during the year at meetings of the HCHS board of trustees was as follows:

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

From the 1 April 2017 the HUET board of trustees have formally met twice. Attendance at meetings of the board of trustees was as follows:

Mr J Robinson, Chair	2	2
Mrs L F Cooke, Headteacher/Accounting officer	2	2
Mrs G Black	2	2
Mr R Carter	2	2
Mrs S Fitzjohn	2	2
Mr S Morris	0	2
Mr S Price	2	2
Mrs A Randall-Brandwood	1	2
Mrs K Taylor	2	2

Governance Review

Having been a key part of HCHS's self-evaluation process, the quality of governance will remain a central part of HUET's self-evaluation procedures, particularly as it will now need to focus both on governance at a HUET level and within the individual academies.

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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 each academy's SEF. For HCHS until 31 March, the 2017 version rated 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 currently stable with contingency plans in place for the anticipated decrease in income in the short term. 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 ensured they are well placed to shape its direction and policies, identify strategic priorities, and to monitor and evaluate actions taken by the leadership of the school. Individual "link" governors took 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. Governor training remained up to date including safeguarding, exclusions and complaints, finance and new governor induction.

The first 5 months of its existence are too early to have undertaken any formal self-evaluation of the new governance structures set up for HUET but these will follow in the 2017/18 financial year. In the meantime, both members and the board have been made aware of their future responsibilities in this area.

The HCHS Resources Committee was a subcommittee of the main board of trustees up to 31 March 2017. Its purpose was 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 committee has formally met 3 times up to 31 March 2017.

Attendance at meetings was as follows:

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

The board has agreed that the work of the Resources Committee will be delivered in a different way for HUET with a number of lead trustees reporting directly to the board on key areas of responsibility.

The HCHS Audit Committee was 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	1	1
Mr P Saunders (Chair)	1	1
Dr R Seabrook	1	1
Mrs E Wilkins (in attendance)	1	1
Mr D Baker	1	1

The new HUET Audit Committee is due to meet in November 2017.

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

Delivering an in year deficit before transfer of capital of (£11k) compared to a budgeted deficit of (£56k).

Maintaining strict control over staff costs. The number of staff has remained fairly static over the last five years whereas pupil numbers continue to rise. Staff costs per pupil are significantly lower than both the Worcestershire and national average.

Conducting an annual benchmarking exercise which indicated that the school's costs are lower than most other similar schools, whilst income is considerably lower than the national average due to the low funding of Worcestershire Local Authority.

Investing significant sums in improving facilities and accommodation. During the year we have invested in relocating key stage teams at Hanley Castle and new IT for music.

Reviewed cleaning needs of school and delivered significant efficiencies going forward.

Continue to see reduction in energy costs as a direct result of installing solar panels.

Renegotiated a new Broadband contract for the HUET saving the schools £19,000 over 3 years.

Renegotiated contract at Kempsey with pre school generating additional income for the school of around £2,500.

Maintaining a small contingency reserve equivalent to 9% of income (excluding fixed asset funds).

Continuing to explore ways of raising additional income. A further £36k has been generated in the year through our commercial arrangement with China and the HUET has also generated £25k from lettings and grounds maintenance as well as £10k from mentoring students.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 for the year 1 September 2016 to 31 August 2017 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 HUET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the HUET's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mrs E A Norman, a trustee as Responsible Officer (RO) for the year ended 31 August 2017. A new RO is due to be appointed at the earliest opportunity for the new financial year.

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

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

There were no significant issues identified as part of the Responsible Officer's review.

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

REVIEW OF EFFECTIVENESS

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

- the work of the 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 30 November 2017 and signed on their behalf, by:



Mr J Robinson
Chair of Trustees



Mrs L F Cooke
Accounting Officer

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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



Mrs L F Cooke
Accounting Officer

Date: 30 November 2017

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The trustees (who act as governors of Hanley and Upton Educational Trust (formerly known as 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 and Skills 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 ESFA/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: 30 November 2017

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)**

OPINION

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

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 Auditor's 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 opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Joseph Scaife FCA DChA (Senior Statutory Auditor)
for and on behalf of

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT
Date: 15/12/17

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HANLEY AND
UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL) AND THE
EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN
AS HANLEY CASTLE HIGH SCHOOL) AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Hanley and Upton Educational Trust (formerly known as 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy'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 of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HANLEY AND
UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL) AND THE
EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Joseph Scaife FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 15/12/17

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	165,382	(855,000)	1,130,625	441,007	-
Other donations and capital grants	2	551	12,577	452,589	465,717	131,136
Charitable activities	3	221,326	5,482,057	-	5,703,383	5,024,048
Other trading activities	4	70,110	-	-	70,110	26,233
Investments	5	3,397	-	-	3,397	6,467
TOTAL INCOME		460,766	4,639,634	1,583,214	6,683,614	5,187,884
EXPENDITURE ON:						
Raising funds		18,924	-	-	18,924	11,620
Charitable activities		222,405	5,718,764	249,456	6,190,625	5,188,147
TOTAL EXPENDITURE	6	241,329	5,718,764	249,456	6,209,549	5,199,767
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		219,437	(1,079,130)	1,333,758	474,065	(11,883)
Transfers between Funds	19	-	(37,918)	37,918	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		219,437	(1,117,048)	1,371,676	474,065	(11,883)
Actuarial gains/(losses) on defined benefit pension schemes	26	-	163,000	-	163,000	(617,000)
NET MOVEMENT IN FUNDS		219,437	(954,048)	1,371,676	637,065	(628,883)
RECONCILIATION OF FUNDS:						
Total funds brought forward		75,813	(1,384,437)	6,309,041	5,000,417	5,629,300
TOTAL FUNDS CARRIED FORWARD		295,250	(2,338,485)	7,680,717	5,637,482	5,000,417

The notes on pages 32 to 55 form part of these financial statements.

HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07690414

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		7,251,426		6,277,257
CURRENT ASSETS					
Debtors	15	534,161		254,732	
Cash at bank and in hand		1,186,170		689,194	
		<u>1,720,331</u>		<u>943,926</u>	
CREDITORS: amounts falling due within one year	16	<u>(698,275)</u>		<u>(454,766)</u>	
NET CURRENT ASSETS			<u>1,022,056</u>		<u>489,160</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,273,482</u>		<u>6,766,417</u>
CREDITORS: amounts falling due after more than one year	17		<u>(40,000)</u>		<u>(36,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>8,233,482</u>		<u>6,730,417</u>
Defined benefit pension scheme liability	26		<u>(2,596,000)</u>		<u>(1,730,000)</u>
NET ASSETS			<u><u>5,637,482</u></u>		<u><u>5,000,417</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	257,515		345,563	
Fixed asset funds	19	7,680,717		6,309,041	
Restricted funds excluding pension liability		<u>7,938,232</u>		<u>6,654,604</u>	
Pension reserve		<u>(2,596,000)</u>		<u>(1,730,000)</u>	
Total restricted funds			<u>5,342,232</u>		<u>4,924,604</u>
Unrestricted funds	19		<u>295,250</u>		<u>75,813</u>
TOTAL FUNDS			<u><u>5,637,482</u></u>		<u><u>5,000,417</u></u>

The financial statements on pages 29 to 55 were approved by the trustees, and authorised for issue, on 30 November 2017 and are signed on their behalf, by:



Mr J Robinson
Chair of Academy Trust

The notes on pages 32 to 55 form part of these financial statements.

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
CASH FLOW FROM OPERATING ACTIVITIES:			
Net cash provided by operating activities	21	244,661	976,844
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest received		3,397	6,467
Purchase of tangible fixed assets		(93,000)	(1,464,868)
Capital grants from DfE/ESFA		172,536	21,274
Capital funding received from sponsors and others		-	89,319
Cash received from local authority on conversion		165,382	-
NET CASH USED IN INVESTING ACTIVITIES:		248,315	(1,347,808)
Cash flows from financing activities:			
Repayments of Salix loan		(4,000)	-
Cash inflows from Salix loan		8,000	28,667
Net cash provided by financing activities		4,000	28,667
CHANGE IN CASH AND CASH EQUIVALENTS:		496,976	(342,297)
Cash and cash equivalents brought forward		689,194	1,031,491
CASH AND CASH EQUIVALENTS CARRIED FORWARDS	22	1,186,170	689,194

The notes on pages 32 to 55 form part of these financial statements.

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

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

1.3 INCOME

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

Grants are included in the Statement of Financial Activities 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 receipt is probable 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.

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

Expenditure on charitable activities are costs incurred on the academy trust's educational operations, including support costs and those costs relating to the governance of the academy trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

On conversion Hanley Castle High School was granted a 125 year lease from the Hanley Castle High School Foundation Trust for land and buildings. On conversion the long term leasehold was recognised as a donation from the Hanley Castle High School foundation Trust and was valued using the depreciated replacement cost method. Hanley and Upton Educational Trust was granted a 125 year lease from the Local Authority in relation to the land and buildings of Kempsey Primary School, and is currently valued based on percentage of insurable value, as no valuation has been provided by the ESFA at the date of the signing of the accounts.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

Land and buildings	-	Buildings 50 years, leasehold land 125 years
Motor vehicles	-	33.33% straight line
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.

1.6 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.

1.7 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.

1.8 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.9 FINANCIAL INSTRUMENTS

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.10 TAXATION

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

**HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL)
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 net income/expenditure 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.

1.12 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 judgment:

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

1.14 OPERATING LEASES

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

1.15 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Kempsey Primary School and Hanley Swan C-of-E Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 23.

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1. ACCOUNTING POLICIES (continued)

1.16 AGENCY ARRANGEMENTS

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use a percentage of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 25.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfer from Local Authority on conversion	165,382	(855,000)	1,130,625	441,007	-
Donations	551	12,577	-	13,128	109,862
Capital Grants	-	-	452,589	452,589	21,274
Subtotal	551	12,577	452,589	465,717	131,136
	165,933	(842,423)	1,583,214	906,724	131,136
Total 2016	426	3,033	127,677	131,136	

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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	5,172,568	5,172,568	4,486,659
Start up Grants	-	59,644	59,644	-
Other DfE/ESFA grants	-	203,988	203,988	131,879
Other capital grants	-	-	-	93,312
	-	5,436,200	5,436,200	4,711,850
Other Government grants				
High Needs	-	38,507	38,507	30,567
Other Government grants	-	7,350	7,350	-
	-	45,857	45,857	30,567
Other funding				
Internal catering income	5,397	-	5,397	4,680
Income for hosting trainee teachers	9,166	-	9,166	140
Sales to students	23,905	-	23,905	17,450
Other	182,858	-	182,858	259,361
	221,326	-	221,326	281,631
	221,326	5,482,057	5,703,383	5,024,048
Total 2016	281,631	4,742,417	5,024,048	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	14,573	-	14,573	11,203
Breakfast club	4,566	-	4,566	-
Other	50,971	-	50,971	15,030
	70,110	-	70,110	26,233
Total 2016	26,233	-	26,233	

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5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	3,397	-	3,397	6,467
<i>Total 2016</i>	6,467	-	6,467	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	18,924	18,924	11,620
Education:					
Direct costs	4,075,236	113,186	451,643	4,640,065	4,069,429
Support costs	781,194	299,123	470,243	1,550,560	1,118,718
	4,856,430	412,309	940,810	6,209,549	5,199,767
<i>Total 2016</i>	4,013,335	303,031	883,401	5,199,767	

7. DIRECT COSTS

	Total 2017 £	Total 2016 £
Pension finance costs	15,980	17,630
Educational supplies	32,566	23,193
Examination fees	90,832	83,653
Staff development	14,972	14,916
Other costs	161,023	231,993
Supply teachers	32,309	18,187
Wages and salaries	3,180,798	2,763,798
National insurance	317,199	239,364
Pension cost	544,930	429,263
Depreciation	249,456	247,432
	4,640,065	4,069,429
<i>Total 2016</i>	4,069,429	

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NOTES TO THE FINANCIAL STATEMENTS
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8. SUPPORT COSTS

	Total 2017 £	Total 2016 £
Pension finance costs	31,020	23,370
Other costs	38,920	23,626
Maintenance of premises and equipment	183,295	131,160
Cleaning	7,427	3,309
Rent and rates	35,862	32,756
Energy costs	72,539	53,440
Insurance	41,385	36,845
Security and transport	21,576	22,607
Catering	49,373	22,958
Technology costs	79,103	64,131
Office overheads	94,291	82,063
Legal and professional	100,695	47,645
Bank interest and charges	(89)	934
Governance	13,969	11,151
Wages and salaries	532,987	443,152
National insurance	34,842	25,617
Pension cost	213,365	93,954
	<u>1,550,560</u>	<u>1,118,718</u>
<i>Total 2016</i>	<u>1,118,718</u>	

9. NET INCOME / (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the academy trust	249,456	247,432
Auditors' remuneration - audit	11,750	9,070
Auditors' remuneration - other services	1,300	1,300
Operating lease rentals	<u>36,298</u>	<u>31,602</u>

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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,702,556	3,206,950
Social security costs	352,041	264,981
Operating costs of defined benefit pension schemes	758,295	523,217
	<u>4,812,892</u>	<u>3,995,148</u>
Apprenticeship levy	2,690	-
Supply teacher costs	32,309	18,187
Staff compromise costs	8,539	-
	<u><u>4,856,430</u></u>	<u><u>4,013,335</u></u>

Included within staff compromise costs are 2 non-contractual compromise payments totalling £8,539 (2016 - £nil). Individually, the payments were £3,289 and £5,250.

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

	2017 No.	2016 No.
Teachers	64	60
Education support	38	30
Administration and clerical	33	25
Management	7	6
	<u>142</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:

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

Employer's pensions contributions made on behalf of the four above employees amounted to £43,903 (2016: £47,198).

The key management personnel of the academy trust comprise the trustees (who do not receive remuneration for their role as trustees) and the Senior Leadership Team as listed on page 1: the CEO, the CFO and two local Headteachers. In 2016 the key management personnel consisted of the Hanley Castle High School Senior Leadership Team, which consisted of 6 people. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £220,636 (2016: £466,606).

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11. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

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

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

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Hanley Castle High School	87,420	-
Kempsey Primary School	20,097	-
Hanley Swan C-of-E Primary School	8,860	-
Total	<u>116,377</u>	<u>-</u>

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows: Mrs L F Cooke: remuneration £100,000-£105,000 (2016: £95,000-£100,000), employer's pension contributions £15,000-£20,000 (2016: £15,000-£20,000). Mrs J Burrows: remuneration £55,000-£60,000 (2016: £50,000-£55,000), employer's pension contributions £5,000-£10,000 (2016: £5,000-£10,000). Mr J P Ellis: remuneration £45,000-£50,000 (2016: £45,000-£50,000), employer's pension contributions £5,000-£10,000 (2016: £5,000-£10,000). Miss J Millward: remuneration £35,000-£40,000 (2016: £30,000-£35,000), employer's pension contributions £5,000-£10,000 (2016: £5,000-£10,000).

During the year ended 31 August 2017, expenses totalling £640 (2016: £414) were reimbursed to 6 trustees (2016: 7).

Other related party transactions involving the trustees are set out in note 28.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,697 (2016: £1,643).

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14. TANGIBLE FIXED ASSETS

	Land and buildings £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
COST						
At 1 September 2016	6,193,497	-	54,333	260,508	641,709	7,150,047
Additions	45,469	2,495	-	41,746	3,290	93,000
Assets transferred on joining the Academy Trust	1,130,625	-	-	-	-	1,130,625
At 31 August 2017	7,369,591	2,495	54,333	302,254	644,999	8,373,672
DEPRECIATION						
At 1 September 2016	255,264	-	6,118	129,904	481,504	872,790
Charge for the year	113,186	554	5,433	52,382	77,901	249,456
At 31 August 2017	368,450	554	11,551	182,286	559,405	1,122,246
NET BOOK VALUE						
At 31 August 2017	7,001,141	1,941	42,782	119,968	85,594	7,251,426
At 31 August 2016	5,938,233	-	48,215	130,604	160,205	6,277,257

15. DEBTORS

	2017 £	2016 £
Trade debtors	11,901	2,989
Other debtors	134,098	100,791
Prepayments and accrued income	344,393	60,424
VAT recoverable	43,769	90,528
	534,161	254,732

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Salix loans	4,000	4,000
Trade creditors	178,786	139,949
Other taxation and social security	96,944	78,275
Other creditors	121,486	88,276
Accruals and deferred income	297,059	144,266
	698,275	454,766

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

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	51,185	110,263
Resources deferred during the year	144,729	51,185
Amounts released from previous years	(51,185)	(110,263)
Deferred income at 31 August 2017	<u>144,729</u>	<u>51,185</u>

At the balance sheet date the academy trust was holding funds received in advance for trips due to run in the 2017/18 year.

Included within creditors due within one year is a Salix loan balance of £4,000. The full value of the loan outstanding is £36,000, £32,000 of which is shown as due over one year (note 17). The loan is repayable in six-monthly instalments over the remaining 9 year of the loan with an applicable annual interest rate of NIL%.

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

	2017 £	2016 £
Salix loans due within 1-2 years	4,000	4,000
Salix loans due within 2-5 years	19,000	16,000
Salix loans due within more than 5 years	17,000	16,000
	<u>40,000</u>	<u>36,000</u>

Included within creditors due in more than one year is a Salix loan balance of £32,000. The full value of the loan outstanding is £36,000, £4,000 of which is shown as due under one year (note 16). The loan is repayable in six-monthly instalments over the remaining 9 year of the loan with an applicable annual interest rate of NIL%.

Also included within creditors due in more than one year is a Salix loan balance of £8,000. The full value of the loan outstanding is £8,000, all of which is shown as due over one year. The loan repayable in six-monthly instalments over eight years, with repayments starting in January 2019. There is an applicable annual interest rate of NIL%.

18. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	1,186,170	689,194
Financial assets measured at amortised cost	390,101	103,780
	<u>1,576,271</u>	<u>792,974</u>
Financial liabilities measured at amortised cost	<u>458,873</u>	<u>359,584</u>

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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 and accrued income.

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

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General funds	75,813	460,766	(241,329)	-	-	295,250
RESTRICTED FUNDS						
General Annual Grant (GAG)	345,563	5,145,427	(5,195,557)	(37,918)	-	257,515
Start Up Grant	-	59,644	(59,644)	-	-	-
Higher Needs funding	-	38,507	(38,507)	-	-	-
Pupil Premium (PP)	-	152,620	(152,620)	-	-	-
Donations	-	12,577	(12,577)	-	-	-
Other grants	-	85,859	(85,859)	-	-	-
Pension reserve	(1,730,000)	(855,000)	(174,000)	-	163,000	(2,596,000)
	<u>(1,384,437)</u>	<u>4,639,634</u>	<u>(5,718,764)</u>	<u>(37,918)</u>	<u>163,000</u>	<u>(2,338,485)</u>
RESTRICTED FIXED ASSET FUNDS						
Land and buildings transferred in	4,110,468	1,130,625	(75,903)	-	-	5,165,190
Fixed assets purchased from GAG and other restricted funds	360,304	17,257	(96,061)	37,918	-	319,418
Devolved Formula Capital funding (DFC)	55,390	26,694	(10,055)	-	-	72,029
Academies Capital Maintenance Fund (ACMF)	600,738	-	(39,752)	-	-	560,986
Condition Improvement Fund (CIF)	1,182,141	408,638	(27,685)	-	-	1,563,094
	<u>6,309,041</u>	<u>1,583,214</u>	<u>(249,456)</u>	<u>37,918</u>	<u>-</u>	<u>7,680,717</u>
Total restricted funds	<u>4,924,604</u>	<u>6,222,848</u>	<u>(5,968,220)</u>	<u>-</u>	<u>163,000</u>	<u>5,342,232</u>
Total of funds	<u>5,000,417</u>	<u>6,683,614</u>	<u>(6,209,549)</u>	<u>-</u>	<u>163,000</u>	<u>5,637,482</u>

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19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
General funds	53,865	314,757	(282,101)	(10,708)	-	75,813
	<u>53,865</u>	<u>314,757</u>	<u>(282,101)</u>	<u>(10,708)</u>	<u>-</u>	<u>75,813</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	408,039	4,473,851	(4,462,327)	(74,000)	-	345,563
Higher Needs funding	-	30,567	(30,567)	-	-	-
Pupil Premium (PP)	-	131,879	(131,879)	-	-	-
Donations	-	3,033	(3,033)	-	-	-
Other grants	-	12,808	(12,808)	-	-	-
Pension reserve	(1,095,000)	-	(18,000)	-	(617,000)	(1,730,000)
	<u>(686,961)</u>	<u>4,652,138</u>	<u>(4,658,614)</u>	<u>(74,000)</u>	<u>(617,000)</u>	<u>(1,384,437)</u>
RESTRICTED FIXED ASSET FUNDS						
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 (DFC)	44,299	21,274	(10,183)	-	-	55,390
Academies Capital Maintenance Fund (ACMF)	678,123	-	(77,385)	-	-	600,738
Condition Improvement Fund (CIF)	1,183,268	-	(1,127)	-	-	1,182,141
	<u>6,262,396</u>	<u>220,989</u>	<u>(259,052)</u>	<u>84,708</u>	<u>-</u>	<u>6,309,041</u>
Total restricted funds	<u>5,575,435</u>	<u>4,873,127</u>	<u>(4,917,666)</u>	<u>10,708</u>	<u>(617,000)</u>	<u>4,924,604</u>
Total of funds	<u>5,629,300</u>	<u>5,187,884</u>	<u>(5,199,767)</u>	<u>-</u>	<u>(617,000)</u>	<u>5,000,417</u>

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19. STATEMENT OF FUNDS (continued)

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - income from the ESFA 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 academy trust to fund further support for students with additional needs.

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

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

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

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 academy trust from the Local Authority on conversion to an academy.

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

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

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

Condition Improvement Fund (CIF) - are restricted grants related to a grant provided to the School from the Condition Improvement fund to be used for roof works at Hanley Castle High School.

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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Hanley Castle High School	302,938	421,376
Kempsey Primary School	214,272	-
Hanley Swan C-of-E Primary School	24,826	-
Central services	10,729	-
Total before fixed asset fund and pension reserve	552,765	421,376
Restricted fixed asset fund	7,680,717	6,309,041
Pension reserve	(2,596,000)	(1,730,000)
Total	5,637,482	5,000,417

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Hanley Castle High School	3,587,551	584,177	32,031	904,260	5,108,019	5,199,767
Kempsey Primary School	276,309	47,573	867	112,764	437,513	-
Hanley Swan C-of-E Primary School	155,045	29,573	728	56,300	241,646	-
Central services	51,940	35,871	-	66,090	153,901	-
	4,070,845	697,194	33,626	1,139,414	5,941,079	5,199,767

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,251,426	7,251,426
Current assets	574,212	621,406	524,713	1,720,331
Creditors due within one year	(278,962)	(363,891)	(55,422)	(698,275)
Creditors due in more than one year	-	-	(40,000)	(40,000)
Pension scheme liability	-	(2,596,000)	-	(2,596,000)
	295,250	(2,338,485)	7,680,717	5,637,482

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2016 £	2016 £	2016 £	2016 £
Tangible fixed assets	-	-	6,277,257	6,277,257
Current assets	217,784	552,167	173,975	943,926
Creditors due within one year	(142,985)	(205,590)	(106,191)	(454,766)
Creditors due in more than one year	-	-	(36,000)	(36,000)
Provisions for liabilities and charges	-	(1,730,000)	-	(1,730,000)
	<u>74,799</u>	<u>(1,383,423)</u>	<u>6,309,041</u>	<u>5,000,417</u>

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

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	474,065	(11,883)
Adjustment for:		
Depreciation charges	249,456	247,432
Interest received	(3,397)	(6,467)
(Increase)/decrease in debtors	(279,429)	781,949
Increase in creditors	243,509	58,406
Capital grants	(172,536)	(21,274)
Defined benefit pension scheme obligation inherited	855,000	-
Defined benefit pension scheme cost less contributions payable	127,000	(23,000)
Defined benefit pension scheme finance cost	47,000	41,000
Land and buildings transferred from local authority on conversion	(1,130,625)	-
Cash received from local authority on conversion	(165,382)	-
Capital funding received from sponsors and others	-	(89,319)
Net cash provided by operating activities	<u>244,661</u>	<u>976,844</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	1,186,170	689,194
	<u>1,186,170</u>	<u>689,194</u>

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23. CONVERSION TO AN ACADEMY TRUST - KEMPSEY PRIMARY SCHOOL

On 1 April 2017 Kempsey Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hanley and Upton Educational Trust (formerly known as Hanley Castle High School) from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	1,130,625	1,130,625
Budget surplus/(deficit) on LA funds	141,457	-	-	141,457
Net assets/(liabilities)	<u>141,457</u>	<u>-</u>	<u>1,130,625</u>	<u>1,272,082</u>

The above net assets include £141,457 that were transferred as cash.

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CONVERSION TO AN ACADEMY TRUST - HANLEY SWAN C-OF-E PRIMARY SCHOOL

On 1 April 2017 Hanley Swan C-of-E Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hanley and Upton Educational Trust from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities incorporating income and expenditure account as voluntary income. As a result of the school being a Church of England school, the land and buildings in which they operate from has not been brought onto the Balance Sheet as an asset of the school, in line with the latest ESFA guidance.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	-	-
Budget surplus/(deficit) on LA funds	23,295	-	-	23,295
Net assets/(liabilities)	<u>23,295</u>	<u>-</u>	<u>-</u>	<u>23,295</u>

The above net assets include £23,295 that were transferred as cash.

The trust also inherited a LGPS pension deficit on conversion totalling £855,000. This amount is not split by school, so hasn't been analysed in the tables above.

24. CAPITAL COMMITMENTS

At 31 August 2017 the academy trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<u>436,638</u>	<u>-</u>

25. AGENCY ARRANGEMENTS

The academy distributes 16-19 Bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2017 the academy received £16,121 and disbursed £9,552 from the fund. An amount of £6,978 is included in other creditors relating to undistributed funds.

26. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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26. PENSION COMMITMENTS (continued)

Contributions amounting to £80,742 were payable to the schemes at 31 August 2017 (2016: £64,666) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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 is currently underway based on April 2016 data, 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 £434,822 (2016: £388,017)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds.

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26. PENSION COMMITMENTS (continued)

The total contribution made for the year ended 31 August 2017 was £236,000 (2016: £231,000), of which employer's contributions totalled £183,000 (2016: £187,000) and employees' contributions totalled £53,000 (2016: £44,000). The agreed contribution rates for future years are 15% for employers and 5.5-9.9% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

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

	2017	2016
Retiring today		
Males	22.6	23.5
Females	25.6	25.9
Retiring in 20 years		
Males	24.8	25.8
Females	27.9	28.2

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,354,000	819,000
Debt instruments	82,000	62,000
Property	60,000	44,000
Cash	20,000	23,000
Other	57,000	37,000
Total market value of assets	<u>1,573,000</u>	<u>985,000</u>

The actual return on scheme assets was £173,000 (2016: -£617,000).

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26. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(310,000)	(164,000)
Past service cost	(3,573)	(3,923)
Interest income	20,000	28,000
Interest cost	(67,000)	(69,000)
Total	<u>(360,573)</u>	<u>(208,923)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	2,712,000	1,647,000
Transferred in on existing academies joining the trust	882,000	-
Current service cost	310,000	164,000
Interest cost	67,000	69,000
Employee contributions	53,000	44,000
Actuarial losses	151,000	728,000
Benefits paid	(6,000)	60,000
Closing defined benefit obligation	<u>4,169,000</u>	<u>2,712,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	982,000	552,000
Transferred in on existing academies joining the trust	27,000	-
Interest income	23,000	28,000
Actuarial losses	314,000	111,000
Employer contributions	183,000	187,000
Employee contributions	53,000	44,000
Benefits paid	(6,000)	60,000
Admin expenses	(3,000)	-
Closing fair value of scheme assets	<u>1,573,000</u>	<u>982,000</u>

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27. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	35,856	24,558
Between 1 and 5 years	101,414	44,104
Total	<u>137,270</u>	<u>68,662</u>

28. 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.

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 12.

29. 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.

30. GENERAL INFORMATION

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