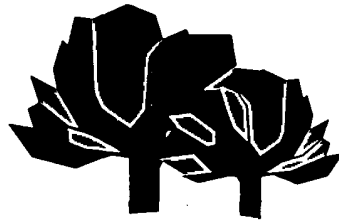


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HINCHLEY WOOD SCHOOL

INSPIRING LEARNERS

(A COMPANY LIMITED BY GUARANTEE)

Annual Report and Financial Statements

Year Ended 31 August 2016



Company Registration Number:
07886416



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REFERENCE AND ADMINISTRATIVE DETAILS

Members:	Miss Claudette Atkinson Mrs Sue Davison Mr Peter Drysdale Mr Robert Mutchell Mr Andy Sellers
Governors (Trustees):	Miss Claudette Atkinson (Member Appointed Governor) Mr Ben Bartlett (Ex-Officio Governor) (Headteacher) Mr Simon Blyth (Parent Governor) (resigned 22 January 2016) Mrs Angela Bowden Litster (Parent Governor) Mr Paul Carten (Member Appointed Governor) Mr Michael Collier (Co-opted Governor) Mrs Alison Cruthers (Parent Governor) Mrs Sue Davison (HWET Appointed Governor) (Chair of Governors) Mr Peter Drysdale FCCA (HWET Appointed Governor) Professor Becky Francis (Member Appointed Governor) Mrs June Hall (Parent Governor) Mr Robert Mutchell (Parent Governor) Mr Andy Sellers (Member Appointed Governor) Mr Graham Spawforth (Co-opted Governor) Mrs Louise Stamp (Staff Governor) Ms Karen Walker (Member Appointed Governor) Mr Marc Weedon (Member Appointed Governor) Mr Alex Wright (Co-opted Governor) (appointed 1 March 2016)
Leadership Team:	Mr Ben Bartlett (Headteacher and Accounting Officer) Mr Michael Glover (Deputy Headteacher) (retired 31 August 2016) Ms Maria Cachia (Deputy Headteacher) Miss Lucy Macdonald (Deputy Headteacher) (appointed 1 September 2016) Mr Alan Griffiths (Assistant Headteacher) Mrs Katy Cullen (Assistant Headteacher) Mr Adam Jones (Assistant Headteacher) Mr Michael Robeson (Director of Finance & Resources and Chief Financial Officer)
Company Name:	Hinchley Wood School
Principal and Registered Office:	Claygate Lane, Hinchley Wood, Surrey KT10 0AQ
Company Registration Number:	07886416 (England and Wales)
Auditor:	haysmacintyre 26 Red Lion Square, London WC1R 4AG
Bankers:	National Westminster Bank PLC 10 Victoria Road, Surbiton, Surrey KT6 4JY
Solicitors:	Veale Wasbrough Vizards Barnards Inn, 86 Fetter Lane, London EC4A 1AD
Website:	www.hinchleywoodschool.co.uk



GOVERNORS' REPORT

The governors are pleased to present their report and financial statements together with the auditor's report for the period 1 September 2015 to 31 August 2016.

Principal Object of Trust and School Vision

The principal object of Hinchley Wood School (the Academy Trust) is the provision, as a public benefit, of a broad and balanced education for students in the UK. This is achieved through the Academy Trust running Hinchley Wood School which is a co-educational, comprehensive school for students aged 11 – 18 years.

The school vision is that, by the time our students leave the school, they have the personal qualities, skill set, experience, breadth of knowledge and qualifications required to allow them to meet their potential in their future lives, to have fulfilling personal relationships and to be responsible members of society. In particular we focus on students being confident, considerate, determined, enthusiastic and independent.

Our School Improvement Plan is designed to take the school forward to our strategic vision. Further details of our plans are available on our website – www.hinchleywoodschool.co.uk

When last inspected by Ofsted in October 2011 the school was judged as **outstanding**.

Public Benefit

The Academy Trust's aims, mission statement and plans are all focused on using our public funding and other income we generate to provide the best possible free education for all the students who choose to attend the school as well as offering our sporting and other facilities for use at reasonable cost by the local community.

The Governors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in determining the activities undertaken by the school.

Strategic Report

Student Numbers

At 1 September 2015 the school had a total of 1,301 students (2014: 1,270) of whom 233 (2014: 212) were in the sixth form. Female students make up 46% of the school.

Achievements and Performance

Exam Results

The school achieved outstanding exam results in 2016; exam results and levels of progress made by students were as follows:



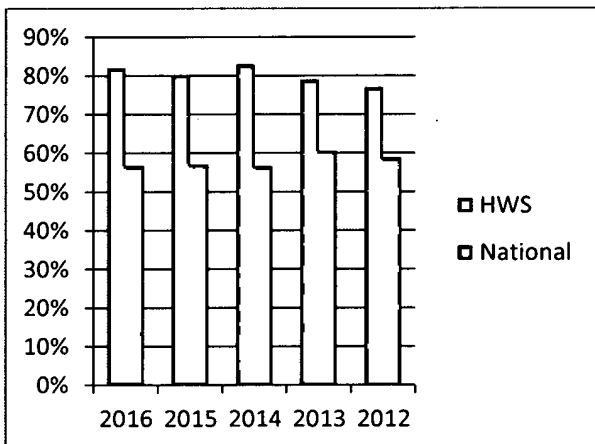
GCSE Results Highlights:

- 82% achieved 5 A* to C including English and Maths
- 35% of all grades were A* or A
- 64% of all grades were A* to B

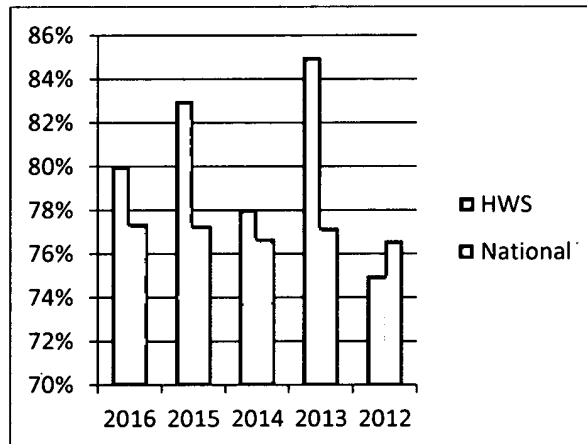
A2 Results Highlights:

- 28% achieved A* or A
- 80% achieved A* to C
- 99% achieved A* to E

HWS vs National GCSE Results
Percentage of 5A*-C including English & Maths



HWS vs National A2 Results
Percentage of A*-C



Levels of progress

- In English 89% of students made three levels of progress and 49% made four levels of progress
- In Maths 86% of students made three levels of progress and 57% made four levels of progress





Sustaining Improvement

The school is committed to equalling and bettering these results in the coming years. In order to do that we encourage and allocate budgets to continuous professional development ("CPD") and training of staff; monitor individual student performance on a regular basis; observe lessons, undertake peer reviews, provide coaching and mentoring for all teachers; monitor actual results by department and teacher against challenging targets; target intervention for individual students and provide holiday, weekend and after school revision sessions in a range of subjects.

The "Transition Group" for a small number of students in Year 7 who require additional support in core subjects goes from strength to strength. Students transfer from the Transition Group into mainstream mixed ability classes as soon as they are ready to do so. Initial results suggest this initiative to be a success in supporting transition for some of our most vulnerable learners in to secondary school life but academic outcomes for the first set of Transition Group students will not be known for 3 years. Another 13 students joined the new Year 7 Transition Group in September 2015.

In the Sixth Form we encourage independence and we have changed our approach to independent study so that Year 12 and Year 13 students are timetabled for 4 hours and 3 hours respectively of Independent Study per week. This results in a more purposeful and business like atmosphere when students are not in the classroom.

Opportunities for Personal Development - Sport, Music, Drama, Trips, Clubs and Other Activities

Hinchley Wood School strives to be a school where "beyond the classroom" is a very important part of the students' education. The school believes that a broad education is crucial to a student's life chances. We provide a wide range of activities to give all our students the best chances to broaden their experience, to develop leadership and other life skills and to learn about lasting relationships. To this end we run a substantial and varied range of activities beyond the classroom to offer opportunities for personal development to all our students.

House activities continue to expand, flourish and allow successful vertical interaction between year groups. All students and staff belong to a House with points won on activity days, House Matches and sports day all combining to decide a winning House each year.



Music is a vibrant and dynamic part of the life of the school. Each term peripatetic music tutors give weekly lessons to nearly 300 students who play a wide range of musical instruments, with our brass and jazz ensembles being especially strong. We also run a range of school orchestras and bands who deliver regular concerts to the wider community.



Drama is enthusiastically pursued across the school. An extremely ambitious and highly acclaimed production of Les Miserables was performed over three nights in Summer 2016 to packed audiences. The school's orchestra was an immense and integral part of the production.

Students participate in a wide range of sports both at house and school level. The core sports we offer are football, netball, rugby, basketball, hockey and athletics. Hockey, in particular, has benefited from high quality coaches from Surbiton Hockey Club. Similarly, the Tennis Club has grown dramatically in popularity, achieving great success in school fixtures as well as in various regional competitions during 2016. The school has use of astro-turf pitches for House matches and training, although without floodlights their use is curtailed in the winter months.

The school offers a wide range of school trips locally to theatres in London and the South East of England, as well as to Europe and other international destinations.



In the year to August 2016 we organised 47 trips with a total of 2,779 places taken up by our students, including visits to Iceland, Japan, New York and a World Challenge expedition to Northern India.

We continue our close relationship with Gulu School, situated in a previously war torn part of Northern Uganda. School Council student members speak to their students by Skype; we collect money on our charity days to buy them computers and solar power; their head and deputy heads have visited us and staff and older students go to

Gulu to provide training and to help develop their facilities.

36 students take part in Combined Cadet Force (CCF) training with students from Reed's School on a weekly basis. In addition, they attend annual camps and train using some sophisticated military equipment; 47 students are currently enrolled on the Duke of Edinburgh scheme.

The school has a wide range of other after school clubs (45 in total) and the academic year includes curriculum enrichment days for all years, when external providers such as IBM and CEB (often giving their time free of charge) come and run business games and mock interview / assessment sessions for the students. The school continues to try to raise the financial awareness of students in all Key Stages and each year we take a number of higher achieving students to visit Oxbridge or to Russell Group universities to raise their aspirations as to what is possible.

The first Careers Fair was held at the school in 2016 and was attended by a wide range of local and national companies as well as public sector organisations.



Students' Role in School Organisation

Students play an important part in the school organisation. School leaders are drawn from sixth formers and members of School Council, which is chaired by the Student President (candidates are drawn from Years 10 and 11 and voted into office annually by all students and staff), and includes one representative from each year group. These groups provide feedback to the School Leadership Team.

Other Student Groups

Other students are involved with the Sustainability Group which covers energy usage, the school farm, recycling and litter and sustainability in the curriculum.

The Catering Manager actively seeks feedback and suggestions from students. Other students give presentations at Partnership with Parents evenings and Open Evenings.

Sixth Form Centre

The Sixth Form continues to expand following the opening of the new Sixth Form centre in summer 2014. By September 2014 The Sixth Form comprised 212 students; 233 students in September 2015 and increased yet further to 242 in September 2016. The Sixth Form Centre is designed to support independent learning and it is noticeable how students continue to respond with a more focused approach to their studies when not with a class teacher.



Leadership Team

Our Headteacher, Ben Bartlett, has now led the school for three years and has made an outstanding contribution to moving the school forward in that time.

Sue Davison continues to provide invaluable support to both the school and Governing Board as Chair of Governors.

Mike Glover, one of our two Deputy Heads retired in August 2016. We thank him for his energetic service of 15 years, particularly in relation to the wide variety of musical activity within the school. We welcome Lucy Macdonald as Mike's successor.

Outcomes of Recent Plans and Plans for Future Years

Hinchley Wood School will continue to look for new and innovative ways to improve the educational experiences of its students.

Hinchley Wood School offers, and delivers, a strong academic curriculum for most students, but we are also mindful that a minority of our students find accessing such a traditional curriculum a struggle. We are therefore taking a broad look at our curriculum to ensure that it is appropriate for all our students. Part of this review aims



to consider how we can deliver more vocational courses in school and whether we can achieve a better curriculum balance and outcomes for students, by reducing the number of exams taken by some of our learners who find school life challenging.

The new House system (4 houses as from September 2015) has proved a great success with fiercely contested battles not only on the sports field but also in respect of House Debating, House Drama and House Music evenings.

New Science Laboratory Construction

As the number of students taking science at A Level rises (in addition to healthy numbers of students taking triple science at GCSE), we are pleased to report that the construction of our two new science labs was completed during the 2015/16 academic year. This now gives the school 11 science laboratories and the facilities that our young



scientists deserve. In addition, we were awarded £39,000 from The Wolfson Foundation and £10,000 from Garfield Weston Foundation to fit out the new labs with appropriate equipment. The location of the labs at first floor level also presented us with an opportunity to build a stunning new drama studio.

NAS Cullum Centre and Overall Site Development

We were selected as one of just four Surrey schools to build and host an NAS Cullum Trust Centre for high functioning students with autism. The Centre was privately funded and construction was completed during the summer of 2016, complete with a stunning roof garden. It opened its doors to the first four students in September 2016 and will take four students per year group with the expectation that they will spend the majority of their time in mainstream classes with additional support when needed.

We continue to update our general accommodation and facilities. In 2015/16, we completed a major installation programme of energy efficient LED lighting throughout all of our corridors. New external LED lighting along the front and back of the main building together with LED lampposts between the main buildings has improved the outside lighting tremendously. The Canteen kitchen now has both a walk-in freezer room and walk-in chiller room. The introduction of sound absorbing acoustic panels onto the ceiling of our canteen has reduced reverberation and improved the general



acoustics immeasurably. Finally, with government grant and interest free loan funding, new twin boiler sets were put into both the Thwaites Building and Sports Hall.

Along with many academies we have explored several possibilities in relation to becoming part of a Multi Academy Trust (MAT) with other secondary and primary academies. Despite a significant amount of time and effort being invested by both the school and the Governing Board, the right permutation has yet to emerge.

Connected Organisations, including Related Party Relationships

The school works closely with the following organisations:

- Elmbridge 14-19 Consortium and its related Alternative Learning Project, which is a collaborative partnership of the four secondary schools and the sixth form college in Elmbridge. It promotes education for a number of Key Stage 4 students who struggle with the standard curriculum.
- Elmbridge Partnership, which exists to promote partnership working between primary and secondary schools in Elmbridge.

Neither grouping is a legal entity but operates under a partnership management agreement, which sets out that funds belong to the group as a whole and any surplus or deficit belongs to all members in agreed shares.

The school is a member of, and provides accommodation and financial services for, both the Consortium and the Elmbridge Partnership.



Staff who work for both organisations are employed by the Academy Trust. It is the view of governors that the Academy Trust acts as a custodial agent in this regard and therefore the income and expenditure of the organisations is not shown in the Academy Trust's financial statements. The Academy Trust's balance sheet does include the assets and liabilities of the two organisations (with their net reserves shown as a creditor of the Academy Trust).

The school originally received a grant from the Elmbridge Partnership which allows it to offer Home School Link Worker ("HSLW") services to all schools in Elmbridge at a subsidised rate. As at the end of 2015/16 the grant had been used up and the subsidy was no longer available. Schools did not want to sign up to the HSLW service in the absence of the subsidy and as a consequence the HSLW service was terminated. The Elmbridge Partnership has agreed to cover the expense of pension related redundancy costs of the HSLWs.

The school continues to work closely with the Hinchley Wood cluster of primary schools. A range of curriculum matters are worked through involving both students and staff from the seven schools involved.



The Hinchley Wood Education Trust was set up in September 2009 under the government's Trust School initiative. It has brought together a number of organisations (CEB, RC Sherriff Trust, Roehampton University and Barnardo's) with the objective of supporting students at Hinchley Wood School and in the local community, who are having difficulty in accessing the standard curriculum for emotional, behavioural, social and other reasons. The Trust's recent emphasis is towards promoting sporting excellence within the School, to which end Surbiton Hockey Club has played a prominent and tangible role.

The Hinchley Wood Development Fund is a charitable fund which is governed independently of the Academy Trust. The majority of funds are accumulated as a result of parental donations, but it also receives donations from local businesses and trusts. The aims of the Hinchley Wood Development Fund are to benefit current and future students at Hinchley Wood School, typically by funding facilities that cannot be provided out of government funding.

Financial Review

Funding

72.7% (2014/15: 73.4%) of the school's gross income is in the form of revenue funding from the DfE / other government grants and this, together with related expenditure, is shown within Restricted General Funds in the financial statements. Funding is currently based on a Surrey wide school formula.

The school is at the lower end of the national range of per pupil funding. In 2015/16 our formula funding was £4,435 (2014/15: £4,455) per pupil, excluding Sixth Form and High Needs, compared to a national average of about £5,500. Although not a school with a high level of deprivation, the school's catchment area does cover a number of lower income families with five per cent of the students on free school meals and many more families on working tax credits.



There were a number of developments in 2015/16 which resulted in Surrey's funding formula for schools and the national allocation of funds to Surrey becoming more equitable. The DfE identified Surrey as one of a number of local authorities whose schools have been funded at below average levels.

The DfE (via a targeted £390m "fairer funding" scheme) gave Surrey, amongst other local authorities, an additional

5.2% (£28.8m) in order to start closing the identified funding gap in 2015/16. However, Surrey schools only received an extra 2.3% (£12.8m) of direct funding due to funds being allocated to other areas (notably funding for High Needs students). Surrey also announced that their own funding formula (which currently allocates more



than twice as much per pupil to deprivation as other shire counties) will be adjusted for 2016/17 such that only 7.79% of schools funding will be spent on deprivation versus 10.80% for 2015/16. The scope of Surrey's funding formula, particularly around High Needs funding, remains fluid.

We received £96,581 of pupil premium funding in 2015/16 (£115,447 in 2014/15) and spent £101,063. This overspend was designed to use up part of a £33,468 surplus carried forward from 2014/15. We also received £10,000 of Year 7 catch up funding (£8,000 in 2014/15).

We have used this funding to target students who are on, or have been on, free school meals in the previous six years and who may not be performing as well as their contemporaries for a range of reasons. We provide one-to-one tuition and small group support as well as financial help for trips, books, uniform and other resources that individual students may not be able to afford.

Other Income

£1.356m, some 16.4% (2014/15: 16.4%) of the Academy Trust's gross income relates to activities which include letting our premises, our catering operation (which covers both our students and those of our adjacent primary school), school trips, music tuition and providing longer term support to other schools. The income, together with related expenditure, including an estimated cost of staff administering the activities, is shown as Unrestricted General Funds. Each year to date, we have needed to transfer some or the entire surplus on these activities to underpin our basic education provision.

Expenditure

The school spends 86% (2014/15: 83.4%) of its General Annual Grant ("GAG") funding / other grants on staffing and other direct costs. We have an experienced teaching staff but the overall teaching model is tight and we cannot afford to teach most students after lunch time on Fridays. Our pupil teacher ratio as at 1 September 2015 was 1 to 20.53 which is high by comparison with other secondary schools.

Over the years the school has been organised to try and ensure that as many of the data, administrative and organisational tasks as possible are undertaken by associate staff, leaving teachers free to concentrate on teaching and learning.

We encourage both teachers and associate staff to join our pension schemes (see note 27 to the accounts) but the actual contributions required each year are high. We spend 7.04% of GAG funding/ other grants on teachers' pensions (2014/15: 6.13%) and 5.56% of GAG funding / other grants to service our associate staff scheme (LGPS) (2014/15: 5.94%) and to pay off Surrey's historic scheme deficit. We, along with many academies, have asked the Secretary of State to help us resolve the LGPS issues, but so far there is no agreed solution.

The school spends 1.33% (2014/15: 1.45%) of funding on energy and water, which is low by standards of comparable schools. This is a result of the work of our





Sustainability Group and the fact that we generate 80,000 Kwhrs per annum from photovoltaic solar panels. The rollout of LED lighting around the school, funded by a £52,000 interest-free Salix Loan, will improve our energy efficiency still further.

Cash at 31 August 2016

The academy held £1.763 million of cash at year end (£1.984 million at 2014/15 FYE). Some £360,000 was held as a custodian agent on behalf of other entities, £85,500 is Condition Improvement Funding received in advance from the EFA in respect of the construction of the two new science laboratories. The balance is held in connection with the support of day-to-day operations (e.g. payroll, trips etc.), to reflect our Reserves Policy and to fund maintenance / capital projects around the school site.

The Academy Trust does not expect to have a cash flow issue in the coming 12 months.

Investment Policy

There are no investments held beyond call cash deposits retained with our bankers.

Reserves Policy

Our reserves policy is that the surplus of the Unrestricted General Fund should be maintained in the order of approximately £250-350K. This level of reserves is not for a specific project but rather to ensure that the Academy Trust has the means to overcome any sort of financial problem, should such an issue occur.

At 31 August 2016 these reserves stood at £447,000 (£447,000 as at 31 August 2015). Whilst this amount is in excess of the target reserve surplus indicated above, the Governors consider this extra level to be reasonable, due to (i) the continued exceptionally tight funding outlook for schools relative to increasing costs (e.g. rising pension and national insurance contributions) and (ii) the Academy Trust setting an in year deficit budget of £99K for 2016/17, albeit with the expectation of rowing back against this number.



The first phase of the consultation on a National Funding Formula ("NFF") began in March 2016. The government's objective is to standardise the way in which schools across the country are funded based on a set of well-defined principles. This approach is designed to replace the vagaries of the current school funding arrangements which can result in similar schools receiving completely different levels of funding. The first transitional year (of two) prior to the hard introduction of the NFF has been deferred from 2017/18 to 2018/19, but as a relatively poorly funded school we are hopeful that our overall level of funding will



benefit from the introduction of the NFF. The financial details of the NFF will be released in the second phase of the consultation.

Local Government Pension Scheme (LGPS) (see note 27 for details)

The LGPS shows a deficit at 31 August 2016 of £2.644 million (2015: £1,999m). This increase in the net deficit is determined by application of Financial Reporting Standard 102 which covers pension accounting. The deficit reflects the general underfunding of the LGPS together with the year on year fall in yields on government bonds and the resultant low discount rates that are used to discount the nominal amount of the pension liabilities.

Organisation Structure, Governance and Management

Constitution: The Academy Trust is a company limited by guarantee and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy Trust.

Members' Liability: The liability of each member of the charitable company is limited to £10.

Governing Board: The governors act as the trustees for the charitable activities of Hinchley Wood School and are also the directors of the charitable company for the purposes of company law.

The Governing Board comprises the Headteacher, six parent governors, two staff governors, six member appointed governors, two Hinchley Wood Education Trust appointed governors and up to three co-opted governors.

The Governing Board meets at least four times a year and has established four committees: Student/Learning; Admissions; Resources; Finance, to undertake much of their detailed monitoring.

Finance Procedures, the Accounting Officer, Chief Financial Officer, Responsible Trustee: The governors have approved the School's Financial Procedures Manual and have appointed the Headteacher as the Accounting Officer and the Director of Finance & Resources as the Chief Financial Officer, to oversee the internal controls and procedures which provide assurance to the governors that the school's financial policies are being adhered to.

The Academy Trust has chosen not to have a separate Audit Committee or internal auditors but instead has appointed a Responsible Trustee who reviews the operation of the internal control system with professional accounting support. The Academy's external auditors also report to the governors on any matters that they consider appropriate.

Whistle Blowing Procedure: The Academy Trust has a Whistle Blowing Policy which has a clear way of confidentially reporting any concerns that a member of staff (or possibly a parent) has about a senior member of school leadership including governors.

Management of the School: The day to day management of the school is delegated to the Headteacher and the Senior Leadership Team.



Arrangements for setting pay and remuneration of key management personnel: Key management personnel comprise the members of the Senior Leadership Team ("SLT") and two staff Governors. Pay and remuneration of the Headteacher is set by the Headteacher's Appraisal Panel comprising the Chair of Governors and two other Governors supported by an external overview partner. Recommendations are based on an annual performance review relative to set objectives. Pay and remuneration of the remainder of the SLT, including the Director of Finance and Resources, is set by the Senior Pay Committee, comprising three Governors who consider recommendations from the Headteacher. Pay and remuneration of the two staff Governors is set by the Resources Committee, after considering recommendations from the Headteacher. As a general benchmark, key management personnel on the Leadership Pay Scale can expect to progress up the pay spine by a single point every other year, but discretion exists to modify the rate of progress depending upon individual responsibilities and annual performance reviews. The pay of the Director of Finance and Resources, as a rule, can progress up the Associate Staff pay scale by a point each year within the pay band allocated to the role, subject to the outcome of the annual performance review.

Appointment and Recruitment of Governors: Parent Governors are elected by parents of students registered at the school; the Governing Board makes arrangements to notify parents of a vacancy and oversees a ballot when the number of nominees exceeds the number of vacancies. Staff Governors are similarly elected by staff; two Governors are appointed by the trustees of the Hinchley Wood Education Trust. Six Governors are appointed by Members of the Academy Trust and up to three Co-opted Governors are appointed by the Governing Board. Newly appointed Governors are expected to undertake governance training.

Other governors are appointed from the local community and businesses. The matrix of skills required by the Governing Board and the skill set of existing governors helps to inform the selection and election processes. Potential or interested candidates are invited to visit the school and meet the Chair of Governors and Headteacher.

Governor Indemnity: In accordance with normal commercial practice, the school has purchased insurance to protect governors and school management from claims arising from negligent acts, errors or omissions occurring whilst on school business. The insurance provides cover up to £5 million for any one claim and in the aggregate in any one period of insurance.

Induction and Training of Governors: All new governors are provided with an induction pack, copies of the Academy's financial statements and access to the Governor Handbook which is included on the school's virtual learning environment. Training is provided for all governors by an educational consultancy specialising in governor training. The Clerk to Governors also provides details of other relevant courses. In-house training sessions are also provided, covering various topics e.g. Safeguarding and Child Protection, SEN, Transition Group and NAS Cullum Centre.

Risk Management: The Governors have reviewed the school's risk management summary which sets out the major identified risks to which the school is exposed; the severity of the risk and the likelihood of it occurring; and the ways the school is attempting to mitigate those risks.

The areas of risk covered include governance, strategic priorities, student safety and protection, finance and fraud and compliance with legislation.



The governors are satisfied that the school has internal controls in place which allow it to manage the identified risks and to minimise their potential consequences as far as possible.

Principal Risks and Uncertainties: The principle financial risks to the Academy Trust are:

- A fall in the number of students attending the sixth form
- Significant long term fall in the number of students applying for admission to Year 7
- Changes to existing or future funding formulas which reduce the real term funding per pupil
- Significant increases in employment costs for which we do not receive additional funding
- Business Continuity risk due to loss of data and IT infrastructure following a catastrophic event (e.g. fire)
- Major fraud

The governors believe that: student numbers are unlikely to significantly reduce whilst the school remains outstanding; changes to the funding formula are outside the control of the school but a national funding formula should benefit the school; our internal controls, our financial policies, regular management information and monitoring and auditing reviews by the Responsible Trustee and external auditors minimise the risk of fraud for which we are insured to the level of £250,000; the number of students in the sixth form increased in September 2015 and this will increase related funding in 2016/17.

Additionally, HWS has completed the installation of cloud based "hot standby" back up servers for our staff and student database (SIMS) and our financial accounting software.

Going Concern: After making the appropriate enquiries, the Governing Board is satisfied that the Academy Trust has adequate resources to continue in operation for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing these financial statements

Audit

Insofar as the governors are aware:

- There is no relevant audit information of which the Academy Trust's auditor is unaware;
- The governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Governors' Report, incorporating the Strategic Report, approved by order of the members of the Governing Board on 14th December 2016 and signed on its behalf by:

Sue Davison
Chair of Governors



GOVERNANCE STATEMENT

For the Year Ended 31 August 2016

Scope of Responsibility

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

The Governing Board has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, and the Director of Finance & Resources, as Chief Financial Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between Hinchley Wood School and the Secretary of State for Education. They are also responsible for reporting to the Governing Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Board has met formally four times during the year. Attendance during the year at meetings of the Governing Board was as follows:

Governor	Meetings attended	Out of a possible
Mrs Sue Davison – Chair of Governors	4	4
Mr Andy Sellers – Vice-Chair of Governors	4	4
Miss Claudette Atkinson – Vice-Chair of Governors	1	4
Mr Ben Bartlett – Headteacher and Accounting Officer	4	4
Mr Simon Blyth (resigned 22 January 2016)	2	2
Mrs Angela Bowden Litster	4	4
Mr Paul Carten	3	4
Mr Michael Collier	2	4
Mrs Alison Cruthers	4	4
Mr Peter Drysdale	4	4
Professor Becky Francis	3	4
Mrs June Hall	2	4
Mr Stuart Holmes	3	4
Mr Robert Mutchell	3	4
Mr Graham Spawforth	3	4
Mrs Louise Stamp	2	4
Miss Karen Walker	3	4
Mr Marc Weedon	4	4
Mr Alex Wright (appointed 1 March 2016)	2	2

There are four main sub committees of the Governing Board each with its agreed terms of reference.



The Finance Committee: The Committee's purpose is to assist the Governing Board in ensuring sound management of the Academy Trust's finances and resources including proper planning, probity and risk management. The Committee fulfils its monitoring and advisory role by a more detailed consideration of the school's financial health, financial exposure to risk, accounting compliance and financial aspects of its staff establishment and its property than is possible for the full Governing Board. In particular, consideration of the school's budget, including the implications of the National Funding Formula, rigorous monitoring against plan and ensuring the school continues to achieve value for money has been important for a school where resources remain very tight.

Membership of the Finance Committee includes governors with financial, business and professional skills. The Committee has met formally five times during the academic year. Attendance at meetings in the past year was as follows:

Governor	Meetings Attended	Out of a possible
Mr Ben Bartlett	5	5
Mr Paul Carten	5	5
Mrs Sue Davison	5	5
Mr Peter Drysdale	4	5
Mr Robert Mutchell	5	5
Mrs Louise Stamp	3	5

The Admissions Committee: The Committee's purpose is to review arrangements for admissions and admission appeals; review the admissions criteria annually and determine applications under the exceptional circumstances criteria.

During the year, the Governing Board has continued to try and address admission issues in the local area by reviewing the impact of the admissions criteria, which gives priority to children attending four feeder primary schools and living within the school's catchment area and in particular the impact of bulge classes within these schools. The Committee also recommended the establishment of separate admissions criteria for the Sixth Form which was adopted by the Governing Board for September 2017 admissions.

The Resources Committee: The Committee maintains a strategic oversight of matters relating to human resources, premises, health and safety and capital projects, the School Improvement Plan and longer term strategic planning for the school site.

During the year, the Committee has continued to discuss priorities for the school site and develop a long term Strategic Estate Plan. The Committee has monitored the annual appraisal system to ensure there was a robust process in place prior to approving recommendations for performance related pay for teaching and associate staff. The Committee has continued to focus on recruitment and retention of staff, particularly given the national issues in this area.

The Student/Learning Committee: The Committee has responsibility for ensuring that the school provides a balanced and broadly based curriculum which includes sex and religious education. The Committee holds the Headteacher to account for the behaviour, attendance and safety of the students and monitors the quality of teaching and learning. They also monitor and review safeguarding and child protection arrangements and the provision of extracurricular activities and school meals.



During the year, the Committee has continued to review the impact of: new progress measures; the introduction of the Compulsory EBacc; and Assessment without Levels within Key Stage 3. The Committee has maintained their focus on the progress of all sub-groups of learners including SEND, Looked After Children, Pupil Premium and Catch Up Premium. The Committee has monitored mental health issues and counselling provision at the school. The Committee continued to monitor the promotion of British Values and reviewed safeguarding arrangements with particular reference to the Prevent Strategy.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the school; to evaluate the likelihood of those risks being realised and the impact should they occur; and to manage them efficiently, effectively and economically. The system of internal control has been in place for the three years ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Value for Money

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

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

(i) Educational Outputs

We are a high achieving school which receives approximately 20% less per pupil funding than the national average.

(ii) Overall Results

The school's overall exam results at GCSE and expected levels of progress at English and Maths are all above or significantly above national averages. Under the new DfE headline performance measure the Hinchley Wood School Progress 8 score for Summer 2016 is +0.31. This performance places the school in the top 30% of secondary schools nationally in value added terms. Results in the sixth form were marginally lower than last year, but are very good overall with the cohort achieving 28% A*-A grades, 80% A*-C and 99% A*-E.

(iii) Pupil Premium (PP) and SEN Students

Although there is a gap between the performance of our PP and non PP students, the levels of progress made in English and Maths by our PP students are above the national average. We have also focused further on ensuring that the system for financially supporting individual PP students for trips, curriculum materials, uniform and IT equipment and access is properly embedded. We are carrying forward £28,986 of PP funding to 2016/17, but this will be reduced during the year based on spending plans.



(iv) Wider Educational Benefits

The school is proud of the broad range of activities (trips, music, sport, CCF, D of E etc.) which are available and undertaken by students across the school.

(v) Financial Inputs - GAG Funding

The school (which is located in a higher cost area) receives £4,435 (2014/15: £4,455) per student compared to a national figure of approximately £5,500.

(vi) Other Income

The school generates essential "other income" (4% of our GAG funding, net of associated costs). In particular, we generate a good level of lettings income (but charge reasonable prices to provide good and convenient facilities for the local community) and run a successful in house catering operation. Without the surplus from these activities, the Academy's budget would be in considerable difficulty.

(vii) Use of Resources - Budgeting and Planning

The school necessarily manages its finances very tightly, which involves preparing the following:

- 3 year budgets, although this is not currently possible whilst we await details of the National Funding Formula
- Detailed budgets all with monthly profiles
- A large number of budget holders held responsible for smaller budgets
- Close monthly monitoring of all budgets
- A tight staffing model
- Full financial closes at December and March with detailed periodic forecast outcomes for the year
- Action plans if budget outcomes are not going to be met

(viii) Role of Responsible Trustee (RT)

Our RT has reported to Governors that he believes we achieve good value for money. This is based on his understanding of our control procedures, a more in depth review of capital expenditure, his role on the Finance Committee and the work carried out by our statutory auditors and the separate detailed RT support work they also undertake.

(ix) Governance

The Finance Committee is charged by the Governing Board with monitoring and challenging the use of resources and its membership includes accountants, finance directors and business people.

(x) Benchmarking

Benchmarking with five other comparable local schools / academies and detailed work with some other bursars during the year confirmed that we keep our finances on a tight rein.

(xi) Teaching Staff Model

The school runs a tight teaching staff model which is used by the Headteacher prior to recruitment decisions. We have a PTR of 20.53 to 1. However our tight financial resources mean we close the school at lunchtime on a Friday.

(xii) Associate Staff Costs

The school expenditure on support staff is highly targeted given budgetary restraints. It reflects the fact that we have transferred more responsibilities to those staff than in many schools where support and administrative tasks are undertaken by teachers.



(xiii) Facilities

The condition of our premises – the major part of which was built in the 1930's – is good. We undertake preventative maintenance to an overall plan.

(xiv) Energy

We negotiate energy prices (and providers) carefully, using competitive bids via at least 3 brokers.

(xvi) Suppliers / Contractors

We work to an expectation that cost reduction is a standard part of dealing with suppliers – both revenue and capital. We have a select group of contractors that we trust and who consistently provide good value for money. Where possible, we put them into competition with each other.

Capacity to Handle Risk

The Governing Board has reviewed the key risks to which the school is exposed together with the operating, financial and compliance controls that are in place to mitigate those risks. The Governing Board is of the view that there is a formal on-going process for identifying, evaluating and managing the school's significant risks that has been in place for the year ended 31 August 2016 and up to the date of the approval of the annual report and financial statements. This process is reviewed annually by the Governing Board.

The Risk and Control Framework

The school'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 Governing Board;
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing guidelines;
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Governing Board has decided not to appoint an internal auditor. The governors have appointed Mr Peter Drysdale, a governor, as Responsible Trustee (RT). The RT is supported by external professional accounting expertise whereby a range of checks on the Academy Trust's financial systems relating to payroll, purchases, income, expense claims and accounting systems are carried out once a year. This enables the RT to provide the Governing Board with independent assurance that:

- The financial responsibilities of the Governing Board are being properly discharged;
- School's resources are managed in an efficient, economical and effective manner;
- Systems of internal financial control are being maintained and
- Financial considerations are fully taken into account in reaching decisions

The role includes reviewing any recommendations resulting from these checks; attending Finance Committee meetings; giving advice on financial matters; and reporting annually to the Full Governing Board on the operation of the systems of control and the discharge of the Governing Board's financial responsibilities.



This process has been in operation successfully during the period up to the approval of these financial statements. There were no material internal control failures reported to the Governing Board.

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control.

During the period in question the review has been informed by the work of the: Responsible Trustee; external auditor; executive managers within the school who have responsibility for the development and maintenance of the internal control framework.

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

Review of Governance

In 2011 Ofsted judged the quality of leadership of the Governing Board to be outstanding. Although no formal review of the effectiveness of governance and of the Governing Board has been undertaken since, the Governing Board continues to review their effectiveness via ongoing self-evaluation. There is a particular focus on this at the Annual Governors' Conference.

The Annual Conference allows governors to focus on the school's strategic vision and school improvement priorities. In addition, an annual skills audit is carried out which is reviewed at the conference. This has helped to identify training requirements and highlighted where specific skills held by individual governors can be helpful to school staff e.g. in developing a Business Continuity Plan. The most recent conference included workshops on: Recruitment and Retention; School Finances - the National Funding Formula, Surrey & HWS Picture; MAT Organisation; Raising Achievement Intervention Groups; Life after Levels; Judging Achievement using New Performance Measures (Attainment 8 and Progress 8) and the impact of compulsory EBacc.

To ensure that the Governing Board meets its statutory responsibilities, annual schemes of work were developed for the Governing Board and regular Committees covering Admissions, Finance, Resources and Student/Learning. Governors will continue to review the impact of these Committees on an ongoing termly basis. Workshops and/or presentations took place at Governing Board meetings covering such topics as: Transition Group; NAS Cullum Centre.

The impact and effectiveness of the Governing Board were further illustrated by the following:

- Individual governors were nominated to review and monitor: Health & Safety; Pupil Premium/Catch Up Premium; Looked After Children; SEND/Cullum Centre and reports were provided to the Governing Board.
- Safeguarding & Child Protection Governor appointed and annual review and audit conducted and reported to governors and the Surrey Safeguarding Children Board.
- Within the Committee structure, focused governor visits to school were arranged to cover: Student Council; Provision of Food; Pupil Premium; Construction Bus; Outside Recreation Spaces; Careers; Middle Leaders; High Starters; Teacher Workload; SEND. Visit reports are provided to full Governing Board.



- A Governor Learning Walk focussing on SEND took place during the year which allowed governors the opportunity to monitor and review the quality of teaching and learning.
- Evaluation of data (examination results, targets, RAISEOnline, Ofsted and FFT Data Dashboards) at Governing Board meetings with follow up analysis at Student/Learning Committee meetings as required.
- Individual governors completed training on: SEND; Managing Complaints; Exclusions; Academy Finance; RAISEOnline; Safer Recruitment; Disadvantaged Pupil Performance (Pupil Premium); Safeguarding; Prevent Duty.
- The Chair and Vice-Chair of Governors attended termly Surrey Chairs Meetings. The Clerk attended termly Academy Clerks Briefings, training on Academy Company Secretarial Responsibilities and Managing Complaints.
- Governor participation in interview panels for senior management and leadership positions (Deputy Head, Head of NAS Cullum Centre).
- Details of specific skill sets required were advertised during the recruitment or election process for new governors and any potential candidates were invited to meet the Chair of Governors and Headteacher to discuss the role and responsibilities. On occasion, a deliberate choice was made not to appoint so as not to create an imbalance in the makeup of the Governing Board.
- Annual review of committee structure, membership and terms of reference to ensure fit for purpose.
- Full compliance with reporting/return requirements of Companies House, EFA, HMRC and Charity Commission met jointly by Clerk and Director of Finance.

Governors also visited school and attended a wide range of events including Open Evenings and Mornings, Partnership with Parents; Alumni Event; Careers Fair; Music Concerts, Drama Performances, Celebration Evenings, Art Exhibition etc.

Approved by order of the members of the Governing Board on 14th December 2016 and signed on its behalf by:

Sue Davison
Chair of Governors



Ben Bartlett
Accounting Officer





STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Ben Bartlett
Accounting Officer

14/12/16





STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as trustees for charitable activities of Hinchley Wood School and are also the directors of Hinchley Wood School for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Directive issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and 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 Hinchley Wood School will continue in business.

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

The Governors are responsible for ensuring that the conduct and operation of Hinchley Wood School applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on Hinchley Wood School'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 Governing Board on 14th December 2016 and signed on its behalf by:

Sue Davison
Chair of Governors





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HINCHLEY WOOD SCHOOL

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

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Governors and Auditor

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

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

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 in accordance with Academies Accounts Directions 2015 to 2016 issued by the Education Funding Agency.

Opinion on Other Matter Prescribed by the Companies Act 2006

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

Matters on Which We Are Required to Report by Exception

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

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


Tracey Young

Senior Statutory Auditor

For and on behalf of haysmacintyre, Statutory Auditors

26 Red Lion Square
London
WC1R 4AG

Date: 14/12/16

haysmacintyre is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GOVERNING BOARD OF HINCHEY WOOD SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 28 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hinchley Wood School during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of Hinchley Wood School's Accounting Officer and the Reporting Accountants

The accounting officer is responsible, under the requirements of Hinchley Wood School's funding agreement, dated 1st February 2012, with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessment of the control environment operated by the Academy.
- Walkthrough testing of controls to ensure operational effectiveness.
- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Detailed testing on a selection of expense claims and credit card transactions.
- Review of minutes, bank certificates and related party declarations provided by Governors and senior management.



Hinchley Wood School (A Company Limited by Guarantee)
Annual Report and Financial Statements - Year Ended 31 August 2016

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 period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

haysmacintyre
Reporting Accountants

14/12/16

26 Red Lion Square
London
WC1R 4AG



STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the year ended 31 August 2016

	Notes	Unrestricted Fund £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2016 £'000	Total 2015 £'000
Income						
Donations and capital grants	2	19	-	883	902	779
Charitable activities						
Funding for the academy trust's educational operations	3	921	6,008	-	6,929	6,557
Income from other trading activities	4	285	150	-	435	368
Investment income	5	2	-	-	2	2
Total		1,227	6,158	883	8,268	7,706
Expenditure						
Raising funds	8	965	150	-	1,115	1,076
Charitable activities						
Academy trust's Educational operations	7	-	6,083	406	6,489	5,967
Total		965	6,233	406	7,604	7,043
Net income / (expenditure)		262	(75)	477	664	663
Gross transfers between funds	18	(262)	20	242	-	-
Net income / (expenditure) for the year		-	(55)	719	664	663
Other recognised gains and losses						
Actuarial (losses) on defined benefits pension schemes	27	-	(585)	-	(585)	(68)
Net movement in funds		-	(640)	719	79	595
Total funds brought forward at 1 September 2015		447	(1,977)	17,434	15,904	15,309
Total funds carried forward at 31 August 2016		447	(2,617)	18,153	15,983	15,904

All of the Academy's activities derive from continuing operations during the financial year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The Notes to Financial Statements form part of these accounts.



STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account)

For the year ended 31 August 2015

For Comparative Information

	Notes	Unrestricted Fund £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2015 £'000
Income					
Donations and Grants	2	14	-	765	779
Charitable activities					
Funding for the academy trust's educational operations	3	899	5,658	-	6,557
Income from other trading activities	4	239	129	-	368
Investment income	5	2	-	-	2
Total		1,154	5,787	765	7,706
Expenditure					
Raising funds	8	947	129	-	1,076
Charitable activities					
Academy trust's Educational operations	7	-	5,615	352	5,967
Total		947	5,744	352	7,043
Net income / (expenditure)		207	43	413	663
Gross transfers between funds	18	(40)	(51)	91	-
Net income / (expenditure) for the year		167	(8)	504	663
Other recognised gains and losses					
Actuarial (losses) on defined benefits pension schemes	27	-	(68)	-	(68)
Net movement in funds		167	(76)	504	595
Total funds brought forward at 1 September 2014		280	(1,901)	16,930	15,309
Total funds carried forward at 31 August 2015		447	(1,977)	17,434	15,904



Hinchley Wood School (A Company Limited by Guarantee)
Annual Report and Financial Statements - Year Ended 31 August 2016

Registered Company No: 07886416

BALANCE SHEET

As at 31 August 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	13	17,996	17,018
Intangible assets	12	1	-
Current assets			
Stock	14	3	3
Debtors	15	431	519
Cash at bank and in hand		1,763	1,984
		<u>2,197</u>	<u>2,506</u>
Liabilities			
Creditors: amounts falling due within one year	16	(1,452)	(1,555)
Net current assets			951
Creditors amounts falling due beyond one year	16	(115)	(66)
Net assets excluding pension liability		18,627	17,903
Pension scheme liability	27	(2,644)	(1,999)
Net assets including pension liability		<u>15,983</u>	<u>15,904</u>
Funds of the academy:-			
Restricted funds			
Fixed asset fund	18	18,153	17,434
General fund	18	4	5
Bursary fund	18	23	17
Pension reserve	18	(2,644)	(1,999)
Total restricted funds		<u>15,536</u>	<u>15,457</u>
Unrestricted funds			
General fund	18	447	447
Total unrestricted funds		<u>447</u>	<u>447</u>
Total funds		<u>15,983</u>	<u>15,904</u>

The Notes to Financial Statements form part of these accounts.

The financial statements were approved and authorised for issue by the Governors on 14th December 2016 and signed on their behalf by:

Sue Davison
Chair of Governors



STATEMENT OF CASH FLOWS

For the year ended 31 August 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	22	279	680
Cash flows from investing activities	23	(500)	223
Change in cash and cash equivalents in the year		<u>(221)</u>	<u>903</u>
Cash and cash equivalents at 1 September 2015		1,984	1,081
Cash and cash equivalents at 31 August 2016	24	<u>1,763</u>	<u>1,984</u>

All of the cash flows are derived from continuing operations in the current financial year.

The Notes to Financial Statements form part of these accounts.



NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 August 2016

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

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 United Kingdom 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The functional currency of the financial statements is sterling.

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

During the current period, the company has transitioned to FRS 102 and SORP 2015. The only impact on these financial statements is the required change in calculation of the defined benefit pension scheme finance cost and actuarial gain or loss. Although the comparative balance sheet and net asset position have remained unchanged, an adjustment would have been made to increase the reported actuarial gain in the above SOFA by £29,000 (from £68,000 loss previously reported). Consequently, a decrease to the finance cost within expenditure of £29,000 would have been made to the comparative figures. The amounts were considered not to be material and not adjusted.

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

Going concern

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

Income

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

Grants - Grants are included in the Statement of Financial Activities (SOFA) when receivable. Grants (including General Annual Grant) relating to the accounting period but not received in the period are recorded as a debtor and shown in the appropriate fund on the balance sheet. Capital grants are recognised when receivable and are not deferred over the life of the asset they were expended on.

Donations - Donations are recognised on a receivable basis where the receipt is probable and the amount can be reliably measured.

Donated services and gifts in kind - The value of donated services and gifts in kind provided to the Academy will be recognised as income in the period in which they are receivable, and accounted for at their open market value where the benefit to the Academy Trust can be reliably measured. An equivalent amount will be included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Donated services and gifts in kind - The value of donated services and gifts in kind provided to the Academy will be recognised as income in the period in which they are receivable, and accounted for at their open market value where the benefit to the Academy Trust can be reliably measured. An equivalent amount will be included as expenditure under the relevant heading in the SOFA, except where the gift in kind is a fixed asset in which case the amount will be included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

Deferred income or income receivable - Where income is received in advance of entitlement of receipt its recognition will be deferred and included in creditors as deferred income. Where entitlement occurs before the related cash or resource is received, the income will be shown as a debtor in the balance sheet.

Other income - Other income will be recognised in the period it is receivable.

Income from activities - Income from activities will be recognised in the period in which the underlying economic event occurs.

Interest receivable - Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

Investment income - Investment income is recognised in the period it is receivable.

Expenditure - Normally expenditure will be taken in the period in which a liability is incurred.

The exceptions are:

- Expenditure specifically relating to income which are treated as deferred income or income receivable will be taken in the same period as the income is recognised.
- Expenditure specifically relating to activities will be taken in the period that the related income from activities is recognised and will until that time be treated as a prepayment. An estimate of non-specific overheads such as administrative salaries will be charged.

Costs of raising funds - These are costs incurred attracting voluntary income and managing investment income. An annual estimate of the cost of administrative salaries relating to these areas is made.

Charitable activities - These are costs incurred on the Academy Trust's educational operations.

Governance Costs - Included within the governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

Tangible fixed assets - Freehold Land and Buildings are carried at historical cost on the basis of continuing use and based on the depreciated replacement cost method with the special assumption of instant rebuild.

Assets (or groups of assets e.g. computing equipment) costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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

Freehold buildings	2%
Buildings and facilities improvements	10%
Fixtures and equipment	25%
ICT equipment	25%
Motor vehicles	25%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased assets - Rentals under operating leases are charged on a straight line basis over the lease term.

Stock - Catering stocks are valued at the lower of cost and net realisable value.

Taxation - The Academy Trust is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Financial Instruments – The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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

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.

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

1. STATEMENT OF ACCOUNTING POLICIES (continued)

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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 Governors.

Restricted fixed asset funds are resources which are to be applied for specific capital purposes imposed by the Education Funding Agency and other donors where the asset acquired or created is for a specific purpose.

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

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

Critical accounting estimates and assumptions:

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

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



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Critical areas of judgement:

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



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

2. DONATIONS AND CAPITAL GRANTS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Capital Grants	-	214	214	488
Capital donation - HWS Development Fund	-	-	-	72
Other donations	19	-	19	14
Capital donations – NAS and Other	-	669	669	205
	<u>19</u>	<u>883</u>	<u>902</u>	<u>779</u>

The National Autistic Society ("NAS"), backed by the Cullum Family Trust, has committed to providing the school with private donations totalling up to £753,390 to fund 100% of the construction of a centre ("Cullum Centre") specifically designed for students occupying a designated range on the autism spectrum. The donations are received periodically, broadly in line with the monthly payments made by the school to the main contractor for the build. In addition, the NAS has agreed to fund (i) a roof garden for the Cullum Centre at a cost of £51,568 and (ii) the supply of furniture and IT equipment. The Cullum Centre and roof garden construction was completed at the beginning of September 2016.

3. FUNDING FOR ACADEMY TRUSTS'S EDUCATIONAL OPERATIONS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA grants				
General Annual Grant (GAG)	-	5,712	5,712	5,472
Other DfE/EFA grants	-	40	40	3
Pupil Premium & Year 7 catch up	-	107	107	123
Student bursary grant	-	16	16	14
	<u>-</u>	<u>5,875</u>	<u>5,875</u>	<u>5,612</u>
Other Government revenue grants				
Special education needs	-	65	65	46
High Needs	-	25	25	-
Other	-	43	43	-
	<u>-</u>	<u>133</u>	<u>133</u>	<u>46</u>
Other Income from the academy trust's educational operations				
Catering for HWS	279	-	279	289
School trips contributions	510	-	510	488
Music tuition	132	-	132	122
	<u>921</u>	<u>-</u>	<u>921</u>	<u>899</u>
	<u>921</u>	<u>6,008</u>	<u>6,929</u>	<u>6,557</u>



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Catering for local primary	92		92	90
Hire of facilities	80	-	80	75
Home school link workers	-	150	150	129
Other activities	113	-	113	74
	<u>285</u>	<u>150</u>	<u>435</u>	<u>368</u>

5. INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Short term bank deposits	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

6. EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2016 £'000	Total 2015 £'000
Cost of raising funds					
- Direct costs	248	-	780	1,028	987
- Allocated support costs	62	13	12	87	89
	<u>310</u>	<u>13</u>	<u>792</u>	<u>1,115</u>	<u>1,076</u>
Academy's educational operations					
- Direct costs	4,238	406	524	5,168	4,714
- Allocated support costs	877	253	191	1,321	1,253
	<u>5,115</u>	<u>659</u>	<u>715</u>	<u>6,489</u>	<u>5,967</u>
	<u>5,425</u>	<u>672</u>	<u>1,507</u>	<u>7,604</u>	<u>7,043</u>

Expenditure for the year includes:

	2016 £'000	2015 £'000
Operating lease rentals	1	1
Depreciation	403	352
Loss / (Gain) on disposal of fixed assets	(1)	-
Amortisation of intangible fixed assets	3	-
Fees payable to auditor for:		
audit	12	11
other services	1	2
	<u>17</u>	<u>14</u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason/nature
Gifts made by the trust	137	-	
Fixed asset losses	387	-	



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

7. COST OF CHARITABLE ACTIVITIES - Academy's educational operations	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs				
Teaching and educational support staff costs	-	4,238	4,238	3,896
Staff development	-	27	27	21
Educational supplies	-	330	330	301
Examination fees	-	106	106	97
IT supplies	-	61	61	47
Depreciation	-	406	406	352
	-	5,168	5,168	4,714
Allocation support costs				
Support staff costs	-	862	862	831
Recruitment and support	-	38	38	39
Maintenance of premises and equipment	-	117	117	82
Cleaning materials	-	10	10	8
Energy and water	-	80	80	82
Rent and rates	-	38	38	40
Security and transport	-	8	8	14
Insurance	-	45	45	44
Support costs - Technology	-	22	22	20
Bank interest and charges	-	12	12	9
Other support costs	-	57	57	48
Governance Costs	-	17	17	20
Governance staff costs	-	15	15	16
	-	1,321	1,321	1,253
	-	6,489	6,489	5,967



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

8. COST OF RAISING FUNDS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs				
Home school link worker staff costs	-	124	124	101
Catering staff costs	124	-	124	124
Catering supplies	162	-	162	181
Educational supplies	19	-	19	14
Expenditure on activities	481	-	481	459
Bought in music tutorials	118	-	118	108
	904	124	1,028	987
Allocation support costs				
Support staff costs	47	15	62	60
Maintenance of premises and equipment	13	-	13	13
Other support costs	1	11	12	16
	61	26	87	89
	965	150	1,115	1,076



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

9. STAFF COSTS	2016 £'000	2015 £'000
Staff costs during the year were:		
Wages and salaries	4,146	3,965
Social Security costs	344	292
Pensions costs	787	669
	<u>5,277</u>	<u>4,926</u>
Supply teacher costs	123	91
Staff restructuring costs	25	11
	<u>5,425</u>	<u>5,028</u>
Staff restructuring costs comprise:		
Redundancy payments	24	-
Severance payments	1	11
Other restructuring costs	-	-
	<u>25</u>	<u>11</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £1,000 (2015: £11,313). Individually the payments were: £1,000.

The average number of persons (including senior management) employed by the Academy Trust during the year was as follows:

	2016 No.	2015 No.
Management (including 6 teachers)	7	7
Teachers (excluding management above)	72	67
Education support	35	30
Administration, premises, catering and other support	45	45
	<u>159</u>	<u>149</u>

The average number of persons (including senior management) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2016 No.	2015 No.
Management (including 6 teachers)	7	7
Teachers (excluding management above)	65	60
Education support	26	24
Administration, premises, catering and other support	35	31
	<u>133</u>	<u>122</u>



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

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

	2016	2015
£60,001 to £70,000	3	3
£70,001 to £80,000	1	1
£90,001 to £100,000	1	1
	<u>5</u>	<u>5</u>

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £49K (2015: £41K).

None of the above employees participated in the Local Government Pension Scheme.

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £688K (2015: £601K).

10. RELATED PARTY TRANSACTIONS – Trustees and Staff Governors remuneration and expenses

The Headteacher and Staff Governors only receive remuneration in respect of services they provide undertaking their respective school roles and not in respect of their services as governors. Other governors did not receive any payments, including expenses, from the Academy in respect of their role as governors.

The value of Governors remuneration was as follows:

	2016	2015
Ben Bartlett - remuneration	£90,000 - £95,000	£90,000 - £95,000
employers pension contribution	£15,000 - £20,000	£10,000 - £15,000
Louise Stamp - remuneration	£40,000 - £45,000	£40,000 - £45,000
employers pension contribution	£5,000 - £10,000	£5,000 - £10,000
Stuart Holmes - remuneration	£45,000 - £50,000	£45,000 - £50,000
employers pension contribution	£5,000 - £10,000	£5,000 - £10,000

No staff governor was paid for their role as a governor. During the year ended 31 August 2016, travel and subsistence expenses totalling Nil (2015: Nil) were reimbursed.

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

11. GOVERNORS AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5 million for any one claim and the cost for the year ended 31 August 2016 was £213 (2015: £213).

The cost of this insurance is included in the total insurance cost.



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

12. INTANGIBLE FIXED ASSETS

	Computer Software £'000	Total £'000
Cost		
At 1 September 2015	-	-
Additions	4	4
At 31 August 2016	4	4
Amortisation		
At 1 September 2015	-	-
Charged in year	3	3
At 31 August 2016	3	3
Carrying Amount		
At 31 August 2015	-	-
At 31 August 2016	1	1

Intangible fixed assets were previously included within tangible fixed assets

13. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Building & Facilities Improvement £'000	Furniture & Equipment £'000	ICT Equipment £'000	Assets Under Construction £'000	Total £'000
Cost						
At 1 September 2015	16,881	401	230	181	361	18,054
Additions	1,042	26	274	39	-	1,381
Transfers	361	-	-	-	(361)	-
Disposals			(2)			(2)
At 31 August 2016	18,284	427	502	220	-	19,433
Depreciation						
At 1 September 2015	818	87	41	90	-	1,036
Charged in year	245	41	75	42	-	403
Disposals			(2)			(2)
At 31 August 2016	1,063	128	114	132	-	1,437
Net Book Value						
At 31 August 2015	16,063	314	189	91	361	17,018
At 31 August 2016	17,221	299	388	88	-	17,996



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2015

14. STOCK	2016 £'000	2015 £'000
Catering stocks	2	2
Cartridge stocks	1	1
	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>
15. DEBTORS	2016 £'000	2015 £'000
Trade debtors	7	17
VAT recoverable	79	87
Prepayments and accrued income	345	346
HWS Development Fund	-	69
	<u>431</u>	<u>519</u>
	<u>431</u>	<u>519</u>



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

16. CREDITORS: amounts falling due within one year	2016 £'000	2015 £'000
Trade creditors	384	365
PAYE and NIC creditor	106	89
Other creditors	460	443
Accruals and deferred income	502	658
	<u>1,452</u>	<u>1,555</u>
CREDITORS: amounts falling due after one year		
Deferred income	-	17
Other creditors	115	49
	<u>115</u>	<u>66</u>
Deferred income (included in Creditors above falling due within one year and after one year)	2016 £'000	2015 £'000
Deferred income at 31 August 2015	445	311
Resources released in the year	(444)	(247)
Resources deferred in the year	364	381
Deferred income at 31 August 2016	<u>365</u>	<u>445</u>

Included within other creditors are two Salix loans from the EFA one of £52K and another of £70K which are both provided for on the following: 8 years term and interest free.

- * Also included within creditors as deferred income is £1K (2015: £64K) relating to a grant from the Elmbridge Partnership (of schools) for the school to subsidise its Home School Link Worker service provided to most Elmbridge schools, £229K (2015: £260K) relating to parental contributions to future trips, £37K (2015: £38K) of unused credit on students and staff catering cards; and other of £98K (2015: £83K).

The purpose of the Elmbridge Partnership grant was to subsidise the cost of the Home School Link Worker service for as long as possible. The Home School Link Workers ("HSLW") provision was wound up effective 13 August 2016 and the balance of the grant is £1K (2015: £64K) and this has been shown as Creditors (deferred income) amounts falling due after one year. Further, the school is liable to fund, in cash, the deficit on the LGPS pension account of one of the HSLWs that was made redundant, effective 31 August 2016. Surrey County Council has indicated this liability to be approximately £23,226, but the Elmbridge Partnership has confirmed in writing that it will transfer an amount of up to £27,000 to the school so that the school can meet the pension contribution liability.

Held as custodian on behalf of other entities (included in Other Creditors above)	2016 £'000	2015 £'000
Hinchley Wood Education Trust	7	7
Hinchley Wood School Development Fund	10	-
Elmbridge 14-19 Consortium	98	136
Elmbridge Partnership	245	217
	<u>360</u>	<u>360</u>

Note 25 sets out the custodial relationship with the above entities.



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

17. FINANCIAL INSTRUMENTS				2016 £'000	2015 £'000
Financial assets that are debt instruments measured at amortised cost				7	86
Financial liabilities measured at amortised cost				959	857
Financial assets measured at amortised cost include trade debtors and other debtors.					
Financial liabilities measured at amortised cost include trade and other creditors.					
18. FUNDS					
	Balance at 1 Sept 2015 £'000	Income £'000	Expenditure £'000	Gains, Losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted Funds					
Restricted fixed assets fund	17,434	883	(406)	242	18,153
Restricted general fund Educational funding and expenditure	5	5,992	(6,013)	20	4
Restricted bursary fund	17	16	(10)	-	23
Restricted pension fund	(1,999)	-	(60)	(585)	(2,644)
Restricted HSLW fund	-	150	(150)	-	-
Total Restricted General Funds	(1,977)	6,158	(6,233)	(565)	(2,617)
Total Restricted Funds	15,457	7,041	(6,639)	(323)	15,536
Unrestricted Fund	447	1,227	(965)	(262)	447
Total Unrestricted Funds	447	1,227	(965)	(262)	447
Total Funds	15,904	8,268	(7,604)	(585)	15,983



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

18. FUNDS (continued)

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

Restricted Fixed Asset Fund: This fund is for income and grants which contribute towards the purchase of fixed assets, and their related depreciation.

Restricted General Fund: This fund is for income and grants from the DfE and other government related agencies and the expenditure relating to the education of students within the school. Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of surplus funding that it could carry forward at 31 August 2016.

Restricted Bursary Fund: This fund relates to bursaries given to sixth form students.

Restricted Pension Fund: This fund relates to the fund deficit on the Local Government Pension Scheme which covers a number of the school's non-teaching staff.

Restricted HSLW Fund: This fund relates to the provision of Home School Link Workers to a number of primary and secondary schools in Elmbridge. It is considered restricted as some of its income is generated by the writing back from deferred income of a grant given by Elmbridge Partnership to subsidise the service for a number of years.

Unrestricted Fund: This fund relates to activities undertaken by the school which are in addition to those covered by the funds above. £262K (2015: £40K) was transferred from the Unrestricted Fund to the Restricted General Fund to reflect that funding received from the EFA is not sufficient to cover the resources expended on general education of students within the school.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Assets Funds £'000	2016 Total Funds £'000	2015 Total Funds £'000
Tangible fixed assets			17,996	17,996	17,018
Intangible fixed assets			1	1	-
Current assets	784	1,085	328	2,197	2,506
Total liabilities	(337)	(1,058)	(172)	(1,567)	(1,621)
Pension scheme liability		(2,644)		(2,644)	(1,999)
Total net assets	447	(2,617)	18,153	15,983	15,904

20. CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracted for, but not provided in the financial statements	37	931



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

21. FINANCIAL COMMITMENTS

Operating leases

At 31 August 2016 the Academy had annual commitments for the lease of a water fountain under non-cancellable operating leases as follows:

	2016 £	2015 £
Other		
Amount due within one year	579	579
Amount due between one and five years	495	1,074
Amount due after five years	-	-
	<u>1,074</u>	<u>1,653</u>

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

	2016 £'000	2015 £'000
Net income / (expenditure) as per SOFA	664	663
Amortisation (see note 12)	3	-
Depreciation (see note 13)	403	352
Capital income (see note 2)	(883)	(765)
Interest received (note 5)	(2)	(2)
Defined benefit pension scheme cost less contributions (note 27)	(13)	(32)
Defined benefit pension scheme finance cost (note 27)	73	43
Increase / Decrease in stocks	-	4
Decrease in debtors	88	89
Decrease in creditors – due within year	(103)	332
Increase in creditors – due beyond year	49	(4)
Net cash provided by Operating Activities	<u>279</u>	<u>680</u>

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2016 £'000	2015 £'000
Interest received	2	2
Purchase of tangible fixed assets	(1,385)	(544)
Capital grants from DfE/EFA	214	488
Capital funding received from donors and others	669	277
Net cash provided by (used in) investing activities	<u>(500)</u>	<u>223</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Cash at 1 September 2015 £'000	Cash flows £'000	At 31 August 2016 £'000
Cash in hand and at bank	<u>1,984</u>	<u>(221)</u>	<u>1,763</u>



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

25. CONNECTED ORGANISATIONS FOR WHICH THE ACADEMY ACTS AS A CUSTODIAN AGENT

The school works closely with the following organisations:

- Elmbridge 14-19 Consortium and its related Alternative Learning Project is a collaborative partnership of the secondary schools in Elmbridge to promote education for a number of Key Stage 4 students who struggle with the standard curriculum.
- Elmbridge Partnership which exists to promote partnership working between primary and secondary schools in Elmbridge.

Neither grouping is a legal entity but operate under a partnership management agreement which sets out that funds belong to the group as a whole and any surplus or deficit belongs to all members in agreed shares.

The school is a member of and provides accommodation and financial services for both the Consortium and the Elmbridge Partnership.

Staff working for both organisations are employed by the Academy Trust. It is the view of Governors that the Academy Trust acts as an agent and custodian in this regard and the income and expenditure of the organisations is not shown gross in the Academy Trust's financial statements. The Academy Trust's balance sheet does include the assets and liabilities of the organisations with their net surplus is shown as a Creditor of the Academy Trust – see note 16 for details.

In the period Elmbridge 14-19 Consortium employed 2.93 (2015: 2.93) FTE staff and employments costs totalled £112K (2015: £111K). Elmbridge Partnership employed 0.19 (2015: 0.19) FTE staff and employment costs totalled £4K (2015: £4K).

The Hinchley Wood Education Trust was set up in September 2009 under the government's Trust School initiative. It has brought together a number of organisations (Barnardo's, colemans-ctts, RC Sherriff Trust, Roehampton University and CEB) with the objective of supporting students at Hinchley Wood School and in the local community who are having difficulty in accessing the standard curriculum for emotional, behavioural, family and other reasons. The Trust reserves at 31 August 2016 were shown as a creditor and amounted to £7K (2015: £7K).

Hinchley Wood School Development Fund did not make a donation to the Academy Trust during the year. The Academy Trust owed the Development Fund £10K (2015: £3K).

26. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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.



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

27. PENSION AND SIMILAR OBLIGATIONS

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

The pension costs are assessed in accordance with advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £56K (2015: £48K) were payable to the Teachers' Pension Scheme and £34K (2015: £32K) were payable to the LGPS at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge);
- 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% from September 2015, which was payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

The pension costs paid to TPS in the period amounted to £423K (2015: £347K).

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.



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

27. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £400K (2015: £405K), of which employer's contributions totalled £334K (2015: £336K) and employees' contributions totalled £66K (2015: £69K). The agreed contribution rate for 2016/17 is 30.9% for employers and a range of 5.5% to 12.5% for employees.

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



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

27. PENSION AND SIMILAR OBLIGATIONS (continued)

Principal Actuarial Assumption	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	2.4%	4.0%
Rate of increase for pensions in payment/inflation	2.1%	2.6%
Discount rate for scheme liabilities	2.0%	3.7%
Inflation assumption (CPI)	2.0%	2.3%
Commutation of pensions to lump sums	25.0%	25.0%

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

	At 31 August 2016 Years	At 31 August 2015 Years
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	24.5	24.5
Females	26.9	26.9

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,767	1,274
Bonds	401	293
Property	141	121
Cash	47	34
Total market value of assets	2,356	1,722
Present value of scheme liabilities		
- Funded	(5,000)	(3,721)
Deficit in the scheme	(2,644)	(1,999)

The actual return on scheme assets was £312K (2015: £45K)



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

27. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities

	2016 £'000	2015 £'000
Current service cost	321	304
Net interest cost	(73)	(72)
Total operating charge	<u>248</u>	<u>232</u>

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

	2016 £'000	2015 £'000
At 1 September 2015	3,721	3,245
Current service cost	321	304
Interest cost	143	126
Employee contributions	66	69
Actuarial loss / (gain)	827	30
Benefit paid	(78)	(53)
At 31 August 2016	<u>5,000</u>	<u>3,721</u>

Changes in the fair value of academy's share of scheme assets

	2016 £'000	2015 £'000
At 1 September 2015	1,722	1,325
Interest income	70	83
Actuarial (loss) / gain	242	(38)
Employer contributions	334	336
Employee contributions	66	69
Benefit paid	(78)	(53)
At 31 August 2016	<u>2,356</u>	<u>1,722</u>



Notes to the Financial Statements (continued)

For the Year Ended 31 August 2016

27. PENSION AND SIMILAR OBLIGATIONS (continued)

Sensitivity Analysis

The sensitivities regarding the principle assumptions used to measure the scheme liabilities are as below

As at 31 August 2016	Approx. % increase to employer liability	Approx. monetary amount £'000
0.5% decrease in Real Discount Rate	12%	588
1 year increase in member life expectancy	3%	150
0.5% increase in the Salary Increase Rate	4%	192
0.5% increase in the Pension Increase Rate	8%	380

28. RELATED PARTY TRANSACTIONS

No related party transactions took place during the year.