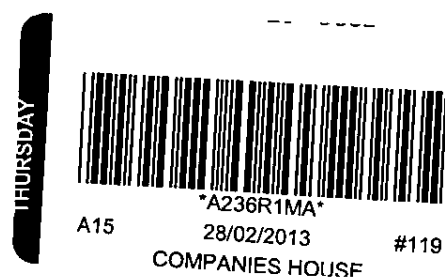


Company Registration No 07947961 (England and Wales)

HAZEL GROVE HIGH SCHOOL
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

UHY Hacker Young
Chartered Accountants



HAZEL GROVE HIGH SCHOOL

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HAZEL GROVE HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Trustees)

R Barrett	Appointed 20 March 2012, Resigned 20 July 2012
C Corris	Appointed 20 March 2012, Resigned 24 September 2012
M Davies*	Appointed 20 March 2012
P E Franklin*	Appointed 13 February 2012
K A Harrington (Chair)*	Appointed 13 February 2012
H Illingworth	Appointed 20 March 2012
C Kane	Appointed 20 March 2012, Resigned 31 August 2012
R F Marchant*	Appointed 13 February 2012
J M Nolan*	Appointed 20 March 2012
J Roling*	Appointed 13 February 2012
N J Russell	Appointed 20 March 2012
D A Spedding*	Appointed 20 March 2012
B Vickers	Appointed 23 November 2012
D Wade*	Appointed 20 March 2012
H M Watts	Appointed 20 March 2012
J D Wright*	Appointed 20 March 2012

*members of the Finance Committee

Senior Management Team

Head teacher	J M Nolan
Deputy Head teacher (acting)	C Franklin
Deputy Head teacher	M Sibson
Assistant Head teacher	A Marley
Assistant Head teacher	J Sampson
Assistant Head teacher (acting)	M Majid
Assistant Head teacher (acting)	B Vickers
Director of Specialist Schools	A Sewart
Senior Pastoral Manager	M Davies
Director of Finance and Operations	S Hall

Company Registration Number 07947961 (England and Wales)

Company Secretary P E Franklin

Principal and Registered Office

Jacksons Lane	Bankers
Hazel Grove	Lloyds TSB
Stockport	2 Great Underbank
Cheshire	Stockport
SK7 5JX	Cheshire
	SK1 1LW

Independent Auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester
M1 6HT

Solicitor

Eversheds LLP
70 Great Bridgewater Street
Manchester
M1 5ES

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2012

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period ended 31 August 2012. The financial statements have been prepared in accordance with accounting policies set out therein and comply with the academy's memorandum and articles of association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005.

Please note any reference to the Governors within the report and financial statements refer to those individuals appointed as Trustees/Directors, Governors of Hazel Grove High School.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee with no share capital (registration number 07947961) and is an exempt charity. The Academy was incorporated on 13 February 2012, in the name of Hazel Grove High School, and commenced trading on 1 March 2012.

The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy. The trustees are also directors of the charitable company for the purposes of company law. The Academy has entered into funding agreements with the Department for Education which provide the framework within which the Academy must operate.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Governors' Indemnities

The Academy maintains Governors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The Academy has also granted indemnities to each of its Governors and other Officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other Officers may incur to third parties in the course of acting as Governors or other Officers of the Academy.

As explained in note 12 to the financial statement the limit of the indemnity is £5,000,000.

Principal Activities

The principal object and activity of the Charitable Company is to provide education to students aged 11-16. This includes direct delivery of curriculum based education to students in the Academy with an emphasis on maths, science and technology, and an established programme of extra-curricular activities.

Method of Recruitment and Appointment or Election of governors

The articles of association require the members of the charitable company to appoint at least three trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

The articles of association require that the Members of the Academy shall comprise

- The signatories to the Memorandum,
- One person appointed by the Secretary of State, in the event that the secretary of State appoints a person for this purpose,
- The Chair of the Governors

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Structure, Governance and Management (continued)

Method of Recruitment and Appointment or Election of governors (continued)

The trustee board may appoint additional trustees. Trustees may be removed by the person or persons who appointed them.

No additional trustees were appointed nor made by the Secretary of State in 2011/ 2012. The trustees who were in office at 1 March 2012 and served throughout the period, are listed on page 2.

Policies and Procedures Adopted for the Induction and Training of governors

All trustees and governors are provided with copies of procedures, minutes, accounts, budgets plans and other documents that they will need to undertake their role as trustees and governors.

All trustees and governors have access to a range of training programmes.

Organisational Structure

The organisational structure of the Academy consists of two levels. The Trustees/Governors and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Academy is governed by the trustee board which delegates functions as appropriate to a local Governing Body who are appointed by the trustees as a committee. Trustees are directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The trustees and governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Academy.

The governing body is responsible for setting general policy, adopting an annual school development plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, and senior staff appointments. The governors are responsible for monitoring the performance of the Head Teacher and Senior Leadership Team on a regular basis.

The Senior Leadership Team members for Hazel Grove High School up to the 31 August 2012 are the Head Teacher, one Deputy Head Teacher, four Assistant Head Teachers, two seconded assistant head teachers, one Senior Pastoral Manager and the Director of Finance and Operations. These managers control the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. The Head Teacher is the Accounting Officer.

The governors approved a Scheme of Delegation which sets out a statement on the system of internal control, responsibilities and standing orders. Each Committee of the governing body has a Terms of Reference.

Risk Management

As a recently converted academy Hazel Grove High School has, since 1 March 2012, been undertaking a comprehensive assessment of possible risks to the future of the academy. The chief risks identified are detailed under the Financial Review Section of this report.

Connected Organisations, including Related Party Relationships

The School works closely with Stockport MBC and Audenshaw High School on a number of issues.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Objectives and Activities

Objects and Aims

Hazel Grove High School's principal object is to deliver a high quality education in a disciplined, purposeful and caring atmosphere which ensures both academic and pastoral needs of each individual child is met

We aim to achieve this by ensuring that the school

- Provides a broad and balanced curriculum
- Delivers excellent examination results for all groups of students
- Allows students of all abilities to attain their full potential and develop their own special qualities
- Offers a wide range of extra-curricular activities
- Sets and maintains high standards and expectations of all stakeholders
- Has equality of opportunity for all, regardless of sex, religion or personal differences
- Expects students to value all members of the school's community and its environment
- Develops all students into responsible, mature citizens of the future, able to distinguish right from wrong and make informed choices about their lives

Objectives, Strategies and Activities

The main objectives of the Academy during the period ended 31 August 2011 are summarised below,

To ensure that all students achieve expected progress by making certain that

- All work is marked with clear guidance on how to improve
- Within the classroom learning not teaching is the main focus
- Students know and can articulate what level / grade they are working at (expected to achieve)

The Academy's main strategies for ensuring that it meets its annual targets and objectives are written into the school development plan. The plan is evaluated at key points in the year to ensure that the Academy is working towards its intended aims

In 2011 – 2012 the priorities included

- Ensuring the 5 A*C target 9 (including English & Maths) is met
- Self-evaluation is rigorous, systematic and its outcomes used to inform planning
- To improve the overall quality of the teaching and learning
- To improve the quality of school assessment and reporting to parent/carers
- To ensure the continued breadth of the taught curriculum
- Further develop communications with parent/carers
- To maintain and improve the schools ICT provision
- To develop a consistent rewards scheme
- To develop a proactive and effective student council
- Further develop tutor time
- To develop a wider and stronger community partnership
- To ensure the school maintains financial stability
- To maintain and improve the school premises
- To ensure school staffing needs are met

Public Benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Academy's objectives and aims and in planning future activities for the year. Given the activities of the Academy and the student population that it services, the trustees consider that the company's aims are demonstrably to the public benefit

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Achievements and Performance

Summary of results 2011 – 2012

	Number of students	Percentage
Achieving 5 A* - C	196	92%
Achieving 5 A* - C including maths and English	146	68%
Achieving 5 A* - G	209	98%
Achieving 1 A* - G	213	99.5%
Achieving 3 A* - A	81	38%
English Baccalaureate Cohort of 214	10	4%

The 5 A* - C (including English and Mathematics) continues to be above the National Average

We aspire for all students to make more than good progress in their subjects

The average capped total point score (best 8 subjects) rose again for the 3rd year to 360.0, significantly above the National figure of 339.5

The VA for the best capped 8 is also 1008.3

	Expected levels of progress	A*-C
Mathematics	79%	78%
English	67%	71%
Science	N/A	97%

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The School held fund balances at 31 August 2012 of £5,461,357, comprising £6,099,399 of restricted funds, a pension reserve deficit of £645,000 and £6,958 of unrestricted general funds.

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The School also receives SEN funding from Stockport MBC. The grants received from the DfE during the period ended 31 August 2012 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

During the period ended 31 August 2012, total expenditure of £2,771,396 was less than recurrent grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the period was £5,543,357.

The School's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The School's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £645,000.

Pupil numbers are expected to decline for the next academic year but it is anticipated in future years numbers will begin to increase. The impact of national funding spending cuts and of redirecting funding into the pupil premium for example, may have an adverse effect on grant funding.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Financial and Risk Management Objectives and Policies

As 2011/12 was the Academy's first year of operation it sought to manage its finances in order to establish a healthy level of reserves at the year-end in order both to ensure it had a level of reserves adequate to cover unforeseen circumstances and to make planned use as a part of its medium term financial plan. Reserves totalled £6,106,357 as at 31 August 2012 before accounting for the Academy's share of the liabilities of the Greater Manchester Pension Fund

Principal Risks and Uncertainties

The School has considered the risks presented to the Academy and have implemented policies and systems to mitigate these risks. The Academy will continue to manage these risks, through a series of performance reviews, monitoring and efficiency evaluation, to ensure that any future annual deficit can be met by reserves. The Governors have deemed the following risks to be of most serious consequence to the Academy

- Failure to successfully recruit and retain pupils
- Changes to Government policy on Education Funding
- Changes to Education priorities by the Government
- Loss of a key member of the Senior Leadership Team
- Impact of an uncontrollable event e.g. fire or flood
- Major injury or a health & safety issue or environmental incident
- Changes to Pension policy or funding for the TPS and LGPS

Reserves Policy

The Governing Body reviews the reserve levels of the Academy annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves

Governors determine what the level of uncommitted reserves should be. For 2012/13 the Governors have set aside designated funds to develop the new school sixth form accommodation and to offset the projected fall in revenue due to declining rolls

The reserves of the Academy are reviewed regularly and are considered to be sufficient for the Academy's requirements

Investment Policy

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit

Plans for Future Periods

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit

The main objectives of the Academy during the period commencing 1 September 2012 are summarised below

- To ensure that all students achieved progress targets
 - 5 A* - C (English and Maths) 74%
 - 5 A* - C 95%
- To narrow the gap between FSM and SEN students when compared to whole school cohorts for attainment, progress and attendance
- To develop a clear understanding of what independent learning is and to embed techniques across all curriculum areas
- To develop students as independent learners

The School will continue to work to raise both the aspirations and outcomes of all its students at all ages, closing the gaps between the performance of different groups, where this is needed, and ensuring they are able to proceed successfully to the next stage of their education

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

Plans for Future Periods (continued)

The school intends to extend its age range from 1 September 2013 to 11 – 18 years and hence there are plans to refurbish the former Youth Centre Building to become the new Sixth Form Centre for the Academy

The school is also seeking funding from the Academies Capital Maintenance Fund for replacement windows, re-roofing works and energy management programme which includes a new Biomass boiler, a solar PV system and low energy lighting

Funds held as Custodian Trustee on behalf of others

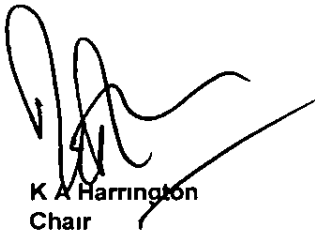
During the period from 13 February 2012 to 31 August 2012 Hazel Grove High School did not hold any funds as a custodian trustee on behalf of any other charitable organisation

Statement of disclosure to auditor

In so far as the governors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- 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

Approved by order of the members of the governing body on 21/12/12 and signed on its behalf by



K A Harrington
Chair

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

Scope of Responsibility

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

The governing body has delegated the day-to-day responsibility to J M Nolan, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hazel Grove High School and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 body has formally met twice during the period 1 March 2012 to 31 August 2012. Attendance during the year at meetings of the governing body was as follows:

	Meetings attended	Out of a possible
R Barrett (Appointed 20 March 2012, Resigned 20 July 2012)	-	2
C Corns (Appointed 20 March 2012, Resigned 24 September 2012)	-	2
M Davies (Appointed 20 March 2012)	2	2
P E Franklin (Appointed 13 February 2012)	2	2
K A Harrington (Appointed 13 February 2012)	2	2
H Illingworth (Appointed 20 March 2012)	1	2
C Kane (Appointed 20 March 2012, Resigned 31 August 2012)	1	2
R F Marchant (Appointed 13 February 2012)	1	2
J M Nolan (Appointed 20 March 2012)	2	2
J Roling (Appointed 13 February 2012)	2	2
N J Russell (Appointed 20 March 2012)	2	2
D A Spedding (Appointed 20 March 2012)	2	2
B Vickers (Appointed 23 November 2012)	-	-
D Wade (Appointed 20 March 2012)	-	2
H M Watts (Appointed 20 March 2012)	2	2
J D Wright (Appointed 20 March 2012)	1	2

The Finance and General Purposes Committee is a sub-committee of the main governing body. Its purpose is to:

- Review policies on a regular basis and ensure staff are aware of the policies
- To approve the budget plan (if this has been delegated to the committee) and monitor variations to the original budget (ensuring governors are provided with up-to-date financial information)
- To discuss the budget in accordance with school priorities (in line with SDP/SIP) and the longer term priorities of the school
- To regularly monitor pupil numbers to assess the impact on future delegated budgets
- To ensure that financial deadlines are met (i.e. approval of budget plan)
- To undertake an annual review of all expenditure with a view to achieving 'Best Value' with regard to the delegated budget and to ensure that the school's financial performance is in line with the budget and to approve a Statement of Internal Control annually
- To undertake an annual review of all sources of income to ensure fees and charges remain appropriate
- To discuss options available to the school prior to the approval of continuation/cessation of contracts including LA Buy Back agreements
- To recommend the level of delegation afforded to the Head teacher, Chairperson and Resources
- To ensure that there is an annual audit of the school fund and to monitor the expenditure of school funds

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

Governance (continued)

- To ensure Business Interest Forms have been signed and dated by all governors (staff should be reminded to advise the Head of any business interest and any interest should be noted)
- To review the staffing structure/pay whenever a vacancy arises and review procedures for recruitment and selection ensuring that procedures are in place for managing staff levels (including re-deployment, early retirement, redundancy)
- To ensure that the principles of safer recruitment are adhered to
- To review the salaries of main scale teachers annually, and make recommendations
- To make recommendations relating to the award of discretionary payments for temporary additional responsibility for the approval of the governing body
- To ensure that the budget set reflects salary increases through meeting objectives from the performance management process
- To ensure any budget carry-overs are accounted for in terms of projected expenditure
- To ensure CPD (Continuous Professional Development) remains a focus for staff training
- To monitor the condition of the school premises and consider options for building improvements (review Asset Management Plan)
- To undertake an annual safety check of the school premises
- To approve applications for the use of school premises
- To ensure that the governors' responsibilities regarding litter are discharged under the Environmental Protection Act 1990
- To ensure that the school complies with health & safety regulations and ensure risk assessments are carried out regularly and the asbestos action plan is reviewed (if applicable)
- To review insurance arrangements
- To encourage governors to attend training to enable them to carry out their duties effectively
- To ensure that the school is properly accountable for the financial aspects of its performance (i.e. it deploys resources in line with priorities, achieves planned levels of financial performance, avoids incurring financial loss and waste, receives favourable assessments from internal audit and Ofsted)
- Appropriate induction of new governors to ensure they have an understanding of their statutory responsibilities
- To ensure meetings are conducted in an open manner, enabling governors to contribute to the discussions
- To complete a self-evaluation of financial management competencies
- To ensure that all teaching staff & support staff are valued and receive proper recognition for their work and contribution to the school life
- Any other matters as directed by the governing body

Attendance at the meetings from 1 March 2012 to 31 August 2012 is as follows

		Meetings attended	Out of a possible
M Davies	(Appointed 20 March 2012)	1	1
P E Franklin	(Appointed 13 February 2012)	1	1
K A Harrington	(Appointed 13 February 2012)	-	1
J M Nolan	(Appointed 20 March 2012)	1	1
J Roling	(Appointed 13 February 2012)	1	1
D A Spedding	(Appointed 20 March 2012)	1	1
D Wade	(Appointed 20 March 2012)	1	1
J D Wright	(Appointed 20 March 2012)	1	1

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hazel Grove High School for the period ended 31 August 2012 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period ending 31 August 2012 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Risk and Control Framework

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

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

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed UHY Hacker Young Manchester LLP, a professional advisor, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

Review of Effectiveness

As accounting officer, J M Nolan has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by

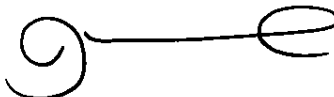
- the work of the Responsible Officer,
- the work of the external auditor,
- the financial management and governance self-assessment process,
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the governing body on 21/12/12 and signed on its behalf by



K A Harrington
Chair



J M Nolan
Accounting officer

HAZEL GROVE HIGH SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31 AUGUST 2012

As accounting officer of Hazel Grove High School I have considered my responsibility to notify the academy governing body 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 and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



J M Nolan
Accounting officer

21/12/12

HAZEL GROVE HIGH SCHOOL

STATEMENT OF GOVERNORS RESPONSIBILITIES

FOR THE PERIOD ENDED 31 AUGUST 2012

The governors (who act as trustees for charitable activities of Hazel Grove High School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the 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 the Charitable Company and of its incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the governors are required to

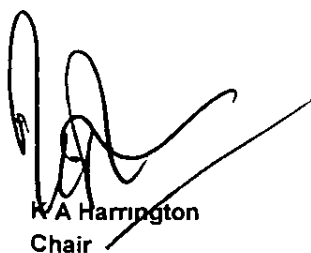
- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material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

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

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

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

Approved by order of the members of the governing body on 21/12/12 and signed on its behalf by



K A Harrington
Chair

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNING BODY OF HAZEL GROVE HIGH SCHOOL FOR THE PERIOD ENDED 31 AUGUST 2012



We have audited the financial statements of Hazel Grove High School for the period ended 31 August 2012 which comprise the Statement of Financial Activities Income and Expenditure Account and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company'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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 14, the governors (who are also directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy's affairs as at 31 August 2012 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,
- have been prepared in accordance with the requirements of the Companies Act 2006,

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE GOVERNING
BODY OF HAZEL GROVE HIGH SCHOOL FOR THE PERIOD ENDED 31 AUGUST 2012**



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



M D C Robertson
Senior Statutory Auditor
For and on behalf of

UHY Hacker Young Manchester LLP
Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

21/12/12

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE GOVERNING BODY OF HAZEL GROVE HIGH SCHOOL AND THE EDUCATION FUNDING AGENCY FOR THE PERIOD ENDING 31 AUGUST 2012



In accordance with the terms of our engagement letter dated 10 December 2012 and further to the requirements of the Education Funding Agency (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy during the period 13 February 2012 to 31 August 2012 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 the governing body and the EFA. Our review work has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 the governing body and the EFA, for our review work, for this report, or for the opinion we have formed

Respective responsibilities of the governing body and Auditors

The governing body is responsible, under the requirements of the Academies Act 2010, subsequent legislation and related regulations, 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

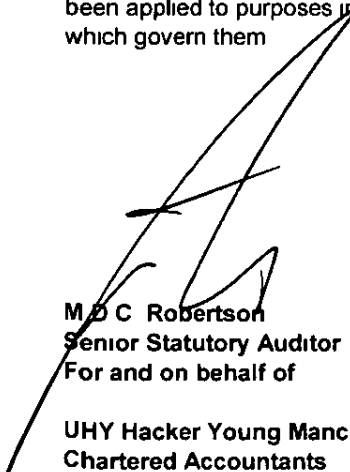
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the EFA's Financial Handbook and Accounts Direction. We report to you whether, in our opinion, anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period 13 February 2012 to 31 August 2012 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Basis of opinion

We conducted our review in accordance with the Academies Handbook and the Accounts Direction issued by the EFA

Opinion

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 13 February 2012 to 31 August 2012 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



M.D.C. Robertson
Senior Statutory Auditor
For and on behalf of

UHY Hacker Young Manchester LLP
Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

21/12/12

HAZEL GROVE HIGH SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2012 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	-	5,151	-	5,151
Funds inherited on conversion			(123,229)	5,367,390	5,244,161
Activities for generating funds	4	6,512	117,516	-	124,028
Investment income	5	502	-	-	502
Funding for the academy's educational operations	6	-	2,918,990	21,921	2,940,911
Total incoming resources		7,014	2,918,428	5,389,311	8,314,753
Resources expended					
<i>Charitable activities</i>					
Academy's educational operations	8	56	2,591,781	116,601	2,708,438
Governance costs	9	-	62,958	-	62,958
Total resources expended	7	56	2,654,739	116,601	2,771,396
Net incoming resources before transfers		6,958	263,689	5,272,710	5,543,357
Gross transfers between funds	17	-	(49,434)	49,434	-
Net income for the period		6,958	214,255	5,322,144	5,543,357
Other recognised gains and losses					
Actuarial (losses) on defined benefit pension schemes	17 & 26	-	(82,000)	-	(82,000)
Total funds carried forward at 31 August 2012		6,958	132,255	5,322,144	5,461,357

All of the academy's activities derive from acquisitions in the current financial period

HAZEL GROVE HIGH SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2012

	Notes	2012 £	2012 £
Fixed assets			
Tangible assets	13		5,414,144
Current assets			
Debtors	14	172,348	
Cash at bank and in hand		775,675	
		<u>948,023</u>	
Liabilities			
Creditors Amounts falling due within one year	15	(175,716)	
			<u>772,307</u>
Total assets less current liabilities			6,186,451
Creditors amounts falling due after more than one year	16		(80,094)
Net assets excluding pension liability			6,106,357
Pension scheme liability	26		<u>(645,000)</u>
Net assets including pension liability			<u>5,461,357</u>
Funds of the academy			
Restricted income funds			
- Fixed asset fund(s)	17		5,322,144
- General fund(s)	17		777,255
- Pension reserve	17		<u>(645,000)</u>
Total restricted funds			<u>5,454,399</u>
Unrestricted income funds			
- General fund(s)	17		<u>6,958</u>
Total unrestricted funds			<u>6,958</u>
Total funds			<u>5,461,357</u>

The financial statements on pages 18 to 19 were approved by the governors, and authorised for issue on 24/12/2012 and are signed on their behalf by

K. Harrington
Chair

Company registration number 07947961

HAZEL GROVE HIGH SCHOOL

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2012

	Notes	2012 £
Net cash inflow from operating activities	21	921,065
Returns on investments and servicing of finance	22	(476)
Capital expenditure	23	(144,914)
Increase in cash in the year	24	<u>775,675</u>
Net funds at 31 August 2012		<u>775,675</u>

All of the cash flows are derived from acquisitions in the current financial period

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006 (other than in respect of the disclosures of remuneration received by Staff Governors under employment contracts - see note 11 for details). A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The governors 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 company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

Conversion to an academy

The conversion from a state maintained school to an academy involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Hazel Grove High School to an academy have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Hazel Grove High School. The amounts have been recognised under the appropriate balance sheet categories, with the corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

Accounting period

The accounting period runs from 13 February 2012 through to 31 August 2012.

Incoming Resources

All incoming resources are recognised when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- Grants receivable

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

- Other income

Other income, including the hire of facilities, school trips, outsourcing of grounds maintenance, sale of materials and school meals, are recognised in the period they are receivable and to the extent the goods have been provided or on completion of the service.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

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 are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's policies.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff and pupil numbers.

- Charitable activities

These are costs incurred on the academy's educational operations.

- Governance Costs

These include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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's depreciation policy.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Statement of Accounting Policies (continued)

Tangible Fixed Assets (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 lives, as follows

Long leasehold buildings	over 17.6 years
ICT equipment	25%
Plant and machinery	10%

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.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

1 Statement of Accounting Policies (continued)

Pensions Benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other 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 at the discretion of the governors.

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

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

2 General Annual Grant (GAG)

a Results and Carry Forward for the year	2012 £
GAG allocation for current year	2,799,779
Total GAG available to spend	2,799,779
Recurrent expenditure from GAG	(2,378,861)
Fixed assets purchased from GAG	(49,434)
GAG carried forward to next year	371,484
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	(335,973)
GAG to surrender to DfE	
(12% rule breached if result is positive)	35,511
	breach

Hazel Grove High School, being a new converter academy, does not have a 12% limitation imposed via their funding agreement.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

3 Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Private Sponsorship	-	5,151	5,151
	-	5,151	5,151

4 Activities for Generating Funds

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Educational trips	-	30,056	30,056
Grounds maintenance	-	7,219	7,219
Catering Income	-	64,878	64,878
Facilities hire	-	5,764	5,764
Other	6,512	9,599	16,111
	6,512	117,516	124,028

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Short term deposits	502	-	502
	502	-	502

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

6 Funding for academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
DfE/EFA capital grant			
- Devolved capital	-	21,921	21,921
	-	21,921	21,921
DfE / EFA revenue grants			
- General Annual Grant (GAG) (note 2)	-	2,799,779	2,799,779
- Start Up Grants	-	25,000	25,000
- Other DfE / EFA grants	-	88,631	88,631
	-	2,913,410	2,913,410
Other Government grants			
- Local authority grants	-	5,580	5,580
	-	2,940,911	2,940,911

7 Resources expended

	Staff Costs £	Non Pay Expenditure		Total 2012 £
		Premises £	Other Costs £	
Academy's educational operations				
- Direct costs	1,779,781	-	133,793	1,913,574
- Allocated support costs	350,630	158,541	285,693	794,864
	2,130,411	158,541	419,486	2,708,438
Governance costs including allocated support costs				
	-	-	62,958	62,958
	2,130,411	158,541	482,444	2,771,396

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

7 Resources Expended (continued)

Incoming/outgoing resources for the year include:		2012 £
- Operating leases		15,315
- Fees payable to auditor	- audit	10,425
	- other services	1,600

8 Chantable Activities - Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Direct costs			
Teaching and educational support staff costs	-	1,779,781	1,779,781
Severance	-	12,252	12,252
Technology costs	-	1,794	1,794
Educational supplies	-	6,059	6,059
Educational trips	-	32,294	32,294
Examination fees	-	1,118	1,118
Educational consultancy	-	5,866	5,866
Training	-	4,961	4,961
Depreciation	-	69,449	69,449
	-	1,913,574	1,913,574

	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Allocated support costs			
Support staff costs	-	350,630	350,630
Insurance	-	26,949	26,949
Catering	-	36,272	36,272
Cleaning	-	1,770	1,770
Technology costs	-	69,856	69,856
Energy	-	59,283	59,283
Leasing	-	26,755	26,755
Printing, stationery and materials	-	24,833	24,833
Rates	-	15,131	15,131
Recruitment	-	5,932	5,932
Maintenance of premises and equipment	-	57,178	57,178
Security	-	6,007	6,007
Telephone	-	15,522	15,522
Bank charges	56	-	56
Loan interest	-	978	978
Defined benefit pension scheme finance costs	-	6,000	6,000
Defined benefit pension scheme operating charges	-	28,000	28,000
Transport	-	4,061	4,061
Other support costs	-	12,499	12,499
Depreciation	-	47,152	47,152
	56	794,808	794,864
	56	2,708,382	2,708,438

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

9 Governance costs	Unrestricted Funds £	Restricted Funds £	Total 2012 £
Legal and professional fees	-	49,112	49,112
Auditor's remuneration			
- Audit of financial statements	-	10,425	10,425
Governors' reimbursed expenses	-	3,421	3,421
	<u>-</u>	<u>62,958</u>	<u>62,958</u>

10 Staff costs

Staff costs during the period were	2012 £
Wages and salaries	1,725,499
Social security costs	123,889
Pension costs	237,872
	<u>2,087,260</u>
Agency staff costs	43,151
Compensation payments	12,252
	<u>2,142,663</u>

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

	2012 No
Charitable activities	
Teachers	64
Administration and support	75
Management	9
	<u>148</u>

The number of employees whose emoluments fell within the following

	2012 No
£80,001 - £90,000	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the period ended 31 August 2012, pension contributions for this member of staff amounted to £6,089

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

11 Governors' remuneration and expenses

The Head teacher and Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy in respect of their role as Governors. Full disclosure of the Head teacher's and individual Staff Governors' remuneration in line with the requirements of the Academies Accounts Direction 2011/12 and the Charities SORP has not been provided on the grounds that disclosure of this information may compromise the Academy Trust's ability to retain and attract Staff Governors. The total value of Staff Governors' remuneration under employment contracts was £112,180.

12 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 £5,000,000 on any one claim and the cost for the period ended 31 August 2012 was £1,575.

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

13 Tangible Fixed Assets

	Leasehold Land and Buildings £	ICT Equipment £	Plant and Machinery £	Total £
Cost				
Transfer on conversion	5,349,651	-	92,000	5,441,651
Additions	-	21,551	67,543	89,094
At 31 August 2012	<u>5,349,651</u>	<u>21,551</u>	<u>159,543</u>	<u>5,530,745</u>
Depreciation				
Charged in period	111,083	660	4,858	116,601
At 31 August 2012	<u>111,083</u>	<u>660</u>	<u>4,858</u>	<u>116,601</u>
Net book values				
At 31 August 2012	<u>5,238,568</u>	<u>20,891</u>	<u>154,685</u>	<u>5,414,144</u>

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

13 Tangible Fixed Assets (continued)

Transfer on conversion within cost

On conversion to academy status the Academy inherited the long term leasehold interest in the school land and buildings from the Local Authority. The risks and rewards of ownership having transferred to the Academy, the land and buildings are included as a gift in kind for the period. Buildings to the value of £4,021,192 are included in fixed asset additions at depreciated replacement cost, estimated by the Governors as at 1 March 2012, following a professional valuation as at 31 August 2012 by DTZ. The total land value in fixed asset additions is £1,328,459.

Other assets donated on conversion are shown within plant and machinery and have been included at a total value of £92,000 based on the actual price of the asset. On conversion, the Academy also inherited the loan used to finance the purchase of this asset (also refer to notes 15 and 16).

14 Debtors

	2012 £
Trade debtors	9,212
Other debtors	63,668
Prepayments and accrued income	99,468
	<u>172,348</u>

15 Creditors amounts falling due within one year

	2012 £
Trade creditors	38,331
Loan	8,426
Accruals and deferred income	128,959
	<u>175,716</u>

The loan is secured against the asset to which it relates

	2012 £
Deferred income	
Resources deferred in the year	<u>22,284</u>
Deferred Income at 31 August 2012	<u>22,284</u>

At the balance sheet date the academy was holding funds received in advance for insurance income for 2012/2013

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

16 Creditors amounts falling due after more than one year

	2012
	£
Other loans	<u>80,094</u>
Analysis of loans	
Not wholly repayable within five years by instalments	88,520
Included in current liabilities	<u>(8,426)</u>
	<u>80,094</u>
 Instalments not due within five years	 <u>44,555</u>
Loan maturity analysis	
In more than one year but not more than two years	8,606
In more than two years but not more than five years	26,933
In more than five years	<u>44,555</u>
 The loan is secured against the asset to which it relates	

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

17 Funds

	Incoming Resources £	Resources Expended £	Gains Losses and Transfers £	At 31 August 2012 £
Restricted general funds				
General Annual Grant (GAG)(note i)	2,799,779	(2,378,861)	(49,434)	371,484
Private sponsorship	5,151	(5,151)	-	-
Start Up Grant	25,000	(25,000)	-	-
Other DfE/EFA grants(note ii)	94,211	(94,211)	-	-
Income from generated funds(note iii)	117,516	(117,516)	-	-
Funds inherited on conversion	405,771	-	-	405,771
Pension reserve(note iv)	(529,000)	(34,000)	(82,000)	(645,000)
	<u>2,918,428</u>	<u>(2,654,739)</u>	<u>(131,434)</u>	<u>132,255</u>
Restricted fixed asset (note v) funds				
DfE/EFA capital grants	21,921	(5,518)	49,434	65,837
Funds inherited on conversion	5,367,390	(111,083)	-	5,256,307
	<u>5,389,311</u>	<u>(116,601)</u>	<u>49,434</u>	<u>5,322,144</u>
Total restricted funds	<u>8,307,739</u>	<u>(2,771,340)</u>	<u>(82,000)</u>	<u>5,454,399</u>
Unrestricted funds				
Unrestricted funds	<u>7,014</u>	<u>(56)</u>	<u>-</u>	<u>6,958</u>
Total unrestricted funds	<u>7,014</u>	<u>(56)</u>	<u>-</u>	<u>6,958</u>
Total funds	<u>8,314,753</u>	<u>(2,771,396)</u>	<u>(82,000)</u>	<u>5,461,357</u>

Notes

(i) General Annual Grant must be used for the normal running costs of the Academy. The Academy is allowed to carry forward up to 12% of the current GAG. Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the Academy, but any balance over 2% must be used for capital purposes. Hazel Grove High School, being a new converter academy, does not have a 12% limitation imposed via their funding agreement.

(ii) Other DfE/EFA grants fund is used to track grants provided by various government departments and includes Special Educational Needs funding and funding for the hearing impaired.

(iii) Income from generated funds includes monies received in relation to school trips and also income generated by the school canteen.

(iv) The pension reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

(v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the restricted general fund of £49,434 represents the total capital expenditure from the GAG during the period.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	5,414,144	5,414,144
Current assets	6,958	941,065	-	948,023
Creditors less than 1 year	-	(163,810)	(11,906)	(175,716)
Creditors more than 1 year	-	-	(80,094)	(80,094)
Pension scheme liability	-	(645,000)	-	(645,000)
Total net assets	6,958	132,255	5,322,144	5,461,357

19 Capital commitments

	2012 £
Contracted for, but not provided in the financial statements	40,647

20 Financial commitments

Operating leases

At 31 August 2012 the academy had annual commitments under non-cancellable operating leases as follows

	2012 £
Other	-
Expiring within one year	21,581
Expiring within two and five years inclusive	-
Expiring in over five years	21,581

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

21 Reconciliation of net income to net cash inflow

	2012 £
Net income	5,543,356
Depreciation (note 13)	116,601
Asset donations (note 13)	(5,441,651)
Capital grants from DfE and other capital income	52,340
Interest receivable (note 5)	(502)
Interest payable (note 8)	978
FRS 17 pension finance charge (note 26)	6,000
FRS 17 pension operating charge (note 26)	28,000
FRS 17 Pension deficit inherited on conversion (note 26)	529,000
(Increase)/decrease in debtors	(172,348)
Increase/(decrease) in creditors	259,291
	<u>921,065</u>
Net cash inflow from operating activities	<u>921,065</u>

22 Returns on investments and servicing of finance

Interest received (note 5)	502
Interest paid (note 8)	(978)
	<u>(476)</u>
Net cash inflow from returns on investment and servicing of finance	<u>(476)</u>

23 Capital expenditure and financial investment

Purchase of tangible fixed assets	(89,094)
Capital grants from DfE/EFA	39,660
Capital funding received from sponsors and others	(92,000)
Capital element of loan purchase liability	(3,480)
	<u>(144,914)</u>
Net cash outflow from capital expenditure and financial investment	<u>(144,914)</u>

24 Analysis of changes in net funds

	2012 £
Cash in hand and at bank	<u>775,675</u>
	<u>775,675</u>

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

25 Members' Liability

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

26 Pension and similar obligations

The academy'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 Tameside Metropolitan Borough Council Both are defined-benefit schemes

The pension costs are assessed in accordance with the advice of independent qualified actuaries The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases) From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS The aim of the reviews is to specify the level of future contributions

The contribution rate paid into the TPS is assessed in two parts First, a standard contribution rate ("SCR") is determined This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions The total contribution rate payable is the sum of the SCR and the supplementary contribution rate

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

26 Pension and similar obligations (continued)

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced - effective for the first time for the 2008 valuation - a 14% Cap on employer contributions payable.

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme and the implications for the academy in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2012 was £90,329, of which employer's contributions totalled £65,570 and employees' contributions totalled £24,759. The agreed contribution rates for future years are 14% per cent for employers and 6.5% per cent for employees.

Principal Actuarial Assumptions

	2012
Rate of increase in salaries	4.0%
Rate of increase for pensions in payment / inflation	2.2%
Discount rate for scheme liabilities	4.1%
Inflation assumption (CPI)	2.2%
Commutation of pensions to lump sums	50%

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

26 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2012 No
Retiring today	
Males	20 1
Females	22 9
Retiring in 20 years	
Males	22 5
Females	25 0

The following schedule provides an analysis of the sensitivity of the results of the calculations to changes in the actuarial assumptions used, including the projected income and expenditure figures for the following year

	Approximate % increase to employer liability	Approximate monetary amount £
0.5% decrease in real discount rate	12%	276,000
1 year increase in member life expectancy	3%	68,000
0.5% increase in the salary increase rate	5%	113,000
0.5% increase in the pension increase rate	7%	157,000

The academy's share of the assets and liabilities in the scheme and the expected rates of return were

	Expected return at 31 August 2012 %	Fair value at 31 August 2012 £
Equities	5.50%	1,125,000
Government bonds	3.40%	326,000
Property	3.70%	82,000
Cash / liquidity	2.80%	98,000
Total market value of assets		1,631,000
Present value of scheme liabilities		(2,276,000)
Deficit in scheme		(645,000)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period

The actual loss on scheme assets was £2,000 for the period

HAZEL GROVE HIGH SCHOOL**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 AUGUST 2012**

26 Pension and similar obligations (continued)**Local Government Pension Scheme (Continued)****Amounts recognised in the statement of financial activities**

	2012 £
Current service cost (net of employee contributions)	28,000
Total operating charge	<u>28,000</u>
Analysis of pension finance income / (costs)	
Expected return on pension scheme assets	(43,000)
Interest on pension liabilities	<u>49,000</u>
Pension finance costs	<u>6,000</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities
The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is £82,000

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

	2012 £
Business combinations	2,072,000
Current service cost	81,000
Interest cost	49,000
Employee contributions	25,000
Actuarial (gain)/loss	36,000
Past service costs / (gains)	<u>13,000</u>
At 31 August 2012	<u>2,276,000</u>

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

	2012 £
Expected return on assets	43,000
Actuarial gain/(loss)	(46,000)
Business combinations	1,543,000
Employer contributions	66,000
Employee contributions	<u>25,000</u>
At 31 August 2012	<u>1,631,000</u>

The estimated value of employer contributions for the year ended 31 August 2013 is £132,000

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

26 Pension and similar obligations (continued)

Local Government Pension Scheme (Continued)

The history of experience adjustments is as follows

	2012 £
Present value of defined benefit obligations	2,276,000
Fair value of share of scheme assets	<u>(1,631,000)</u>
Deficit in the scheme	<u>645,000</u>
Experience adjustments on share of scheme assets	<u>(46,000)</u>
Experience adjustments on scheme liabilities	<u>-</u>

27 Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2012

28 Conversion to an academy

On 1 March 2012 Hazel Grove High School converted to academy status under the Academies Act 2010, and all of the operations and assets and liabilities were transferred to the academy from Stockport Metropolitan Borough Council for £nil consideration

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Fund £	Total £
Tangible fixed assets				
- Leasehold land and buildings	-	-	5,349,651	5,349,651
- Plant and machinery	-	-	92,000	92,000
Budget surplus/(deficit) on LA funds	-	344,545	17,739	362,284
LGPS pension deficit	-	(529,000)	-	(529,000)
Other identified assets and liabilities	-	61,226	(92,000)	(30,774)
Net assets/liabilities	-	(123,229)	5,367,390	5,244,161

The above net assets include £362,284 transferred as cash

29 Ultimate controlling party

The Academy is run by the management team on a day to day basis. Strategic decisions are made by the Board of Governors. There is no ultimate controlling party.