

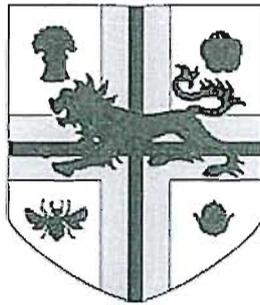
Company Registration No. 07947961 (England and Wales)

HAZEL GROVE HIGH SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017



MHA Moore & Smalley
Trusted Thinking

HAZEL GROVE HIGH SCHOOL

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HAZEL GROVE HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Dr K A Harrington (Chair) *#
Mr M D Sibson (Accounting Officer) *
Mr P E Franklin (Resigned 23 January 2017) *
Ms H Illingworth #
Mr R F Marchant *
Mr J Roling *
Mr B Vickers *
Ms H M Watts
Mr C Cliffe #
Ms S Keyworth
Mr C D Walker *#
Mrs V Horsfield *

* members of the Finance & Asset Management Committee
members of the Audit Committee

Members

Dr K A Harrington
Mr P E Franklin
Mr R F Marchant
Mr J Roling

Senior management team

| | |
|-------------------------------------|---------------------------------------|
| - Head Teacher | Mr M Sibson |
| - Deputy Head Teacher | Ms C Franklin |
| - Deputy Head Teacher | Mr B Vickers |
| - Secondment Assistant Head Teacher | Mrs S Chesworth (Appointed Sept 2016) |
| - Assistant Head Teacher | Mrs M Majid |
| - Assistant Head Teacher | Mrs J McCulloch (Appointed Sept 2016) |
| - Business Manager | Mrs A Cohen (Appointed Sept 2016) |
| - Assistant Head Teacher | Mrs H Watts |

Company secretary

Mrs A Cohen

Company registration number

07947961 (England and Wales)

Registered office

Jackson Lane
Hazel Grove
Stockport
SK7 5JX

Independent auditor

MHA Moore and Smalley
Richard House
9 Winckley Square
Preston
PR1 3HP

HAZEL GROVE HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|-------------------|--|
| Actuary | Hymans Robertson LLP One London Wall London EC2Y 5EA |
| Bankers | Lloyds Bank 60/62 Merseyway Shopping Centre Stockport Cheshire SK1 1PL |
| Solicitors | Eversheds LLP 70 Great Bridgewater Street Manchester M1 5ES |
| Surveyors | Lancaster Maloney Equitas House, Rhino Court Stockport SK7 5ER |

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

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.

The principal object and activity of the charitable company is to provide education to students aged 11-18. This includes direct delivery of curriculum based education to students in the Academy with an emphasis on mathematics, science and technology, and an established programme of extra-curricular activities. In accordance with the Articles of Association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced.

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 during the year, except as noted, are included in the Reference and Administrative Details on page 1.

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 has purchased indemnity insurance to protect Governors and officers from claims arising in connection with Academy business. The maximum limit of liability will be £10m on any one claim, and this sum will also be the maximum aggregate liability during any one membership year (September to August).

Method of recruitment and appointment or election of Governors

The Articles of Association require 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 Governors

The Trustee Board may appoint additional Trustees. Trustees may be removed by the person, or persons, who appointed them.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 need to undertake their role.

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 31 August 2017 are the Head Teacher, two Deputy Head Teachers, five Assistant Head Teachers and the Business Manager. As part of a restructure throughout the year the school reduced the number of Assistant Heads from 5 to 2. 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.

Arrangements for setting pay and remuneration of key management personnel

The Academy takes decisions about key management personnel pay in a fair, transparent and equitable manner. Upon appointment a starting salary is determined, within the range to be offered to the successful candidate. In making this determination, a range of factors is taken into account; including the nature of the post, the level of qualifications, skills and experience required, and in the context of the school's management structure. Attention is also given to the need for pay equality where posts have equal weight, whilst ensuring fair pay relativities when posts have differing levels of responsibility. Cognisance is also given to all relevant statutory and contractual obligations when determining the senior management reward structure.

No payment is made for services given by Academy Trust Members or Governors. Staff Governors are rewarded only for their services as employees.

The over-riding aims of arrangements for setting key management personnel pay are:

- Support the recruitment and retention of a high quality senior workforce
- Recognise and reward senior staff appropriately for their contribution to the school
- Maximise the quality of teaching and learning at the school

Related parties and other connected charities and organisations

The School works closely with Stockport MBC on a number of issues. In April 2016, the school entered into a Partnership Agreement with SMBC, which resulted in the school taking over the running of the Sports Centre located on site.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

It aims 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 year ended 31 August 2017 have been:

To improve the rates of progress of disadvantaged students in Mathematics.

To improve the attainment and progress of students in GCSE French, GCSE Physical Education and A Level ICT.

To improve the attendance of disadvantaged students so that they attend in line with non-disadvantaged students

To ensure that all students achieve expected progress by ensuring:

- 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)

To close the PP attainment gap

- To use PP funding to close attainment gaps in mathematics
- To use PP funding to close attendance gaps

To increase the proportion of teaching classed as Outstanding

For all pupils in the Sixth Form to achieve at least their ALPS target grade in Summer 2017

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.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In 2016-17 the priorities included:

- Investigating and planning a 3 year Key Stage 4 program of study
- Ensuring the new 1-9 GCSE Maths and English exams continued strong performance in these subject areas
- Working towards an A Level Pass rate in Year 13 of 100% with all hitting ALPS targets
- To ensure Self-evaluation is rigorous, systematic and its outcomes used to inform planning
- To improve the overall quality of teaching and learning across the school
- To improve the quality of school assessment and reporting to parents/carers
- To ensure the continued breadth of the taught curriculum
- To further develop communications with parents/carers
- To maintain and improve the schools ICT provision
- To develop a consistent rewards scheme
- To develop a proactive and effective student council
- To 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

In addition as the year progressed, an additional priority was added:

- The school learned it would be taking on 300+ students into Year 7 so we had to plan a curriculum that could accommodate this and make changes to the school day so that all students would have a pleasant experience moving around the site and dining in the school canteens.

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 serves, the Trustees consider that the company's aims are demonstrably to the public benefit.

Strategic report

Achievements and performance

Summary of GCSE results 2016 – 2017:

Cohort is 186

Progress 8 score +0.17 Average
Attainment 8 score 49.2 vs National 44.2

| | |
|---------------------------------------|-----|
| Grade 5 or above in English and Maths | 40% |
| Grade 4 or above in English and Maths | 64% |
| % entering English Baccalaureate | 9% |
| % Staying in education or employment | 94% |

All figures continue to be above the National Average* with exception of the English Baccalaureate.

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

*Based on 2017 national average figures

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

| | <i>Expected 3 levels of progress</i> | <i>4-9</i> |
|--------------------|--|------------|
| <i>Mathematics</i> | <i>70%</i> | <i>30%</i> |
| <i>English</i> | <i>85%</i> | <i>54%</i> |

Science Core 80%, Additional Science 75%, Separate Sciences 95%

Pupil Numbers

Pupil numbers for intake in Year 7 were above PAN (321 vs 250) and it is anticipated in future years, numbers will continue to increase. The impact of national funding spending cuts, unfunded cost pressures and of redirecting funding into the pupil premium for example, may have an adverse effect on grant funding. The sixth form continues to attract students and we are aiming to be full for the calendar year 2018/19.

Going concern

After making appropriate enquiries, the Governing Board has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. The Governing Board confirms that the period under review is at least 12 months from the date of approval of these financial statements.

Financial review

The School held fund balances at 31 August 2017 of £3,426,143 (2016: £3,062,886), comprising £59,273 (2016: £46,316) of restricted general funds, £4,853,351 (2016: £4,767,979) of restricted fixed asset funds, a pension reserve deficit of £1,692,000 (2016: £2,028,000) and £205,519 (2016: £276,591) 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 year ended 31 August 2017 and the associated expenditure are shown as restricted funds (non-fixed assets) in the Statement of Financial Activities.

During the year ended 31 August 2017, total expenditure of £7,330,145 (2016: £7,134,217) was greater than recurrent grant funding from the DfE together with other incoming resources. The excess of expenditure over income for the year was £225,743 (2016: An excess of expenditure over income of £1,141,419).

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 £1,692,000 (2016: £2,028,000).

Financial and Risk Management Objectives and Policies

The Academy has endeavoured to manage its finances in order to establish a healthy level of reserves at the year-end in order to ensure a level of reserves adequate to cover unforeseen circumstances, and to use of as part of its medium term financial plan. Reserves at 31st August 2017 totalled £5,118,143 (2016: £5,090,886) before accounting for the Academy's share of the liabilities of the Greater Manchester Pension Fund.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Governing Board 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 2016/17 the Governors agreed to utilise built up funds to offset the impact of reduced income and increased costs.

The reserves of the Academy are reviewed regularly and are considered to be sufficient for the short-term requirements of the Academy.

Investment policy and powers

The Academy operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Where current funds surplus to immediate needs were identified, these were placed in a higher interest rate Lloyds Bank plc 32-day notice deposit account.

Principal risks and uncertainties

The Governing Body has considered the risks presented to the Academy and 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

The Governing Body has considered the risks presented to the Academy and implemented policies and systems to mitigate these risks. The Academy will continue to manage these risks, through a series of measures including:

- Performance reviews
- Working in partnership with feeder schools
- Monitoring and efficiency evaluation, to ensure that any future annual deficit can be met by reserves
- CPD of key staff members
- Continued process of risk assessment

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 year commencing 1 September 2017 are summarised below:

- To ensure that all students achieve progress 8 targets as a minimum attainment in Summer 2018
- The progress in Mathematics of disadvantaged children to be above national average
- The progress in English of disadvantaged children to be above national average
- Sixth Form pass rate of 100% with all students reaching
- Progress of all Sixth Form subject to be in line with national averages
- For HGHS to have a positive Progress 8 score above 0.5
- For disadvantaged students to achieve as well as non-disadvantaged

- 98% of teaching graded Good or better with a third of teaching graded Outstanding
- To improve the attendance of all groups of pupils but in particular those identified as disadvantaged
- To narrow the attainment and progress gaps between FSM students and non FSM students
- To narrow the attainment gap between boys and girls
- To ensure that all SEN students make better than expected progress in English and Mathematics
- To develop consistency in how teaching staff feedback to pupils
- To reduce fixed term exclusions
- To further develop staff CPD opportunities

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.

The school extended its age range from 1 September 2013 to 11 - 18 years opening a new Sixth Form Centre for the Academy, and plans are in place to grow the sixth form cohort to its full capacity of 200 students.

The school continues to improve the building infrastructure in line with its 10-year Planned Maintenance Condition Survey. In 2016/17, £1m has been secured from the Condition Improvement Fund to replace the heating system and replace a flat roof.

Funds held as custodian trustee on behalf of others

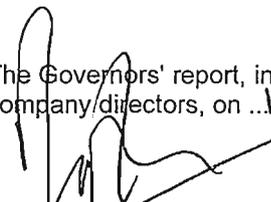
During the year, Hazel Grove High School did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

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.

The Governors' report, incorporating a strategic report, was approved by order of the Governing Board, as the company directors, on 19/12/17 and signed on its behalf by:


.....
Dr K A Harrington
Chair

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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 Board has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform to 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 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. Attendance of Governors is stated within the tables below for the following committees: Full Governing Board; Finance & Asset Management and The Audit Committee.

The Governing Board has formally met 5 times during the year. This increase in meetings was due to additional Governing Board meetings in the Spring Term 2017. Attendance during the year at meetings of the Governing Board was as follows:

| Governors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Dr K A Harrington (Chair) | 5 | 5 |
| Mr M D Sibson (Accounting Officer) | 5 | 5 |
| Mr P E Franklin (Resigned 23 January 2017) | 2 | 2 |
| Ms H Illingworth | 4 | 5 |
| Mr R F Marchant | 5 | 5 |
| Mr J Roling | 5 | 5 |
| Mr B Vickers | 5 | 5 |
| Ms H M Watts | 4 | 5 |
| Mr C Cliffe | 5 | 5 |
| Ms S Keyworth | 4 | 5 |
| Mr C D Walker | 5 | 5 |
| Mrs V Horsfield | 4 | 5 |

There has been one trustee that left their role as Governor during 2016-2017, which was due to their end of term.

Particular challenges for the Board for this period had been the replacement of the Business Director.

An annual Full Governing Board administration meeting takes place in September where the Chair & Vice Chair are appointed, committees are considered and a general overview of the FGB is conducted. Each committee then reviews their policies and Terms of Reference at each Autumn Term Committee Meeting.

The Finance & Asset Management Committee is a sub-committee of the main Governing Board.

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The purpose of The Finance and Asset Management Committee 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 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 budget, 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 Local Authority 'Buy-Back' agreements
- To recommend the level of delegation afforded to Head Teacher, Committee Chair and Business Manager
- To ensure that there is an annual audit and to monitor the expenditure of school funds
- To ensure Business Interest Forms have been signed and dated by all Governors
- 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 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 and Safety Regulations and ensure risk assessments are carried out regularly and the asbestos action plan is reviewed
- 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)
- 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 Board.

Attendance at meetings in the year was as follows:

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

| Governors | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Dr K A Harrington (Chair) | 3 | 3 |
| Mr M D Sibson (Accounting Officer) | 3 | 3 |
| Mr P E Franklin (Resigned 23 January 2017) | 2 | 3 |
| Mr R F Marchant | 3 | 3 |
| Mr J Roling | 3 | 3 |
| Mr B Vickers | 2 | 3 |
| Mr C D Walker | 3 | 3 |
| Mrs V Horsfield | 2 | 3 |

The Audit Committee is a sub-committee of the main Governing Board.

Attendance at meetings in the year was as follows:

| Governors | Meetings attended | Out of possible |
|---------------------------|-------------------|-----------------|
| Dr K A Harrington (Chair) | 3 | 3 |
| Ms H Illingworth | 3 | 3 |
| Mr C Cliffe | 3 | 3 |
| Mr C D Walker | 3 | 3 |

Review of value for money

As Accounting Officer, the Head Teacher 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 educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Ensuring that all the recruitment of new staff have been done at minimal cost. We have maximised advertising of jobs with non-cost websites and articles. For all recruitment posts we have improved our recruitment procedure to ensure where staff come with years of experience that our processes demand outstanding practice at interview for these staff members to be appointed.
- All tendering for projects such as works to the Recreation Centre, 6th Form Centre and School Website was put to at least three companies; sometimes to more than three. Bids received have been scrutinised for best value – this being the key criteria upon which contracts have been awarded.
- A review of TLR, and support staff has begun and restructuring of key departments is continuing to ensure that the school achieves value for money in all staff posts, teaching and non-teaching.

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 at Hazel Grove High School for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Board 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 Board 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 year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Board.

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 Asset Management 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 Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, during the year the Governors have appointed MHA Moore & Smalley, to perform additional checks. Their role includes giving advice on financial matters and performing a range of validation checks on the Academy Trust's financial systems.

On a termly basis MHA Moore & Smalley report to the Full Governing Body, through the Audit Committee, on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. For 2016/17, in addition to spot-check compliance testing on school Finance internal control procedures, their work was:

- Autumn Term: Sports Centre financial operations
- Spring Term: An overview of the school account
- Summer Term: A review of the school suppliers

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

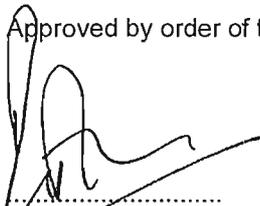
Review of effectiveness

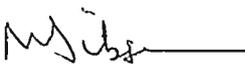
As Accounting Officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- termly reports from MHA Moore & Smalley;
- 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 Asset Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Governing Board on 19/12/17 and signed on its behalf by:


.....
Dr K A Harrington
Chair


.....
Mr M D Sibson
Accounting Officer

HAZEL GROVE HIGH SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Hazel Grove High School I have considered my responsibility to notify the Academy Trust Governing Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust's 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 2016.

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



.....
Mr M D Sibson
Accounting Officer

.....

HAZEL GROVE HIGH SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who act as trustees for Hazel Grove High School and are also the directors of Hazel Grove High School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, the Governors are required to:

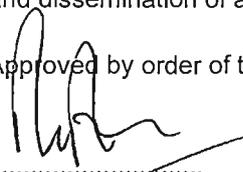
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from ESFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the Governing Board on 19/12/17..... and signed on its behalf by:


.....
Dr K A Harrington
Chair

HAZEL GROVE HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAZEL GROVE HIGH SCHOOL

Opinion

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

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

HAZEL GROVE HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAZEL GROVE HIGH SCHOOL (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Governors' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities, the Governors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HAZEL GROVE HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAZEL GROVE HIGH SCHOOL (CONTINUED)

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

Tracey Johnson (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

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HAZEL GROVE HIGH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAZEL GROVE HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

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

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

Respective responsibilities of Hazel Grove High School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hazel Grove High School's funding agreement with the Secretary of State for Education dated 1 March 2012 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing, including analytical review; and
- Concluded on procedures carried out.

HAZEL GROVE HIGH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAZEL GROVE HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

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

Reporting Accountant MHA Moore and Smalley

Richard House
9 Winckley Square
Preston
PR1 3HP

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HAZEL GROVE HIGH SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

| | Notes | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|---|-------|----------------------------|-------------------------------------|---|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | - | - | 852,532 | 852,532 | 201,622 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | 296,139 | 5,744,345 | - | 6,040,484 | 5,656,118 |
| Other trading activities | 5 | 210,644 | - | - | 210,644 | 130,993 |
| Investments | 6 | 742 | - | - | 742 | 4,065 |
| Total income and endowments | | <u>507,525</u> | <u>5,744,345</u> | <u>852,532</u> | <u>7,104,402</u> | <u>5,992,798</u> |
| Expenditure on: | | | | | | |
| Raising funds | 7 | 84,698 | - | - | 84,698 | 69,318 |
| Charitable activities: | | | | | | |
| - Educational operations | 8 | 493,899 | 6,467,890 | 283,658 | 7,245,447 | 7,064,899 |
| Total expenditure | 7 | <u>578,597</u> | <u>6,467,890</u> | <u>283,658</u> | <u>7,330,145</u> | <u>7,134,217</u> |
| Net income/(expenditure) | | (71,072) | (723,545) | 568,874 | (225,743) | (1,141,419) |
| Transfers between funds | | - | 483,502 | (483,502) | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 19 | - | 589,000 | - | 589,000 | (856,000) |
| Net movement in funds | | <u>(71,072)</u> | <u>348,957</u> | <u>85,372</u> | <u>363,257</u> | <u>(1,997,419)</u> |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 276,591 | (1,981,684) | 4,767,979 | 3,062,886 | 5,060,305 |
| Total funds carried forward | 17 | <u>205,519</u> | <u>(1,632,727)</u> | <u>4,853,351</u> | <u>3,426,143</u> | <u>3,062,886</u> |

HAZEL GROVE HIGH SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2017

| | Notes | 2017 | | 2016 | |
|---|-------|------------------|-------------------------|------------------|-------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 12 | | 4,444,234 | | 4,635,084 |
| Current assets | | | | | |
| Debtors | 13 | 639,857 | | 280,897 | |
| Cash at bank and in hand | | 1,034,947 | | 796,889 | |
| | | <u>1,674,804</u> | | <u>1,077,786</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (790,339) | | (523,345) | |
| Net current assets | | | <u>884,465</u> | | <u>554,441</u> |
| Total assets less current liabilities | | | <u>5,328,699</u> | | <u>5,189,525</u> |
| Creditors: amounts falling due after more than one year | 15 | | (210,556) | | (98,639) |
| Net assets excluding pension liability | | | <u>5,118,143</u> | | <u>5,090,886</u> |
| Defined benefit pension liability | 19 | | (1,692,000) | | (2,028,000) |
| Net assets | | | <u><u>3,426,143</u></u> | | <u><u>3,062,886</u></u> |
| Funds of the Academy Trust: | | | | | |
| Restricted funds | 17 | | | | |
| - Fixed asset funds | | | 4,853,351 | | 4,767,979 |
| - Restricted income funds | | | 59,273 | | 46,316 |
| - Pension reserve | | | (1,692,000) | | (2,028,000) |
| Total restricted funds | | | <u>3,220,624</u> | | <u>2,786,295</u> |
| Unrestricted income funds | 17 | | <u>205,519</u> | | <u>276,591</u> |
| Total funds | | | <u><u>3,426,143</u></u> | | <u><u>3,062,886</u></u> |

The accounts set out on pages 22 to 45 were approved by the Governing Board and authorised for issue on 19/12/17 and are signed on its behalf by:



Dr K A Harrington
Chair

Company Number 07947961

HAZEL GROVE HIGH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

| | Notes | 2017 | | 2016 | |
|--|-------|-----------|------------------|-----------|----------------|
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Net cash used in operating activities | 21 | | (101,256) | | (564,266) |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 742 | | 4,065 | |
| Capital grants received | | 439,619 | | 371,033 | |
| Refurbishments funded by capital grants | | (119,321) | | (490,419) | |
| Payments to acquire tangible fixed assets | | (92,808) | | (174,341) | |
| | | | 228,232 | | (289,662) |
| Cash flows from financing activities | | | | | |
| New other loan | | 129,894 | | - | |
| Repayment of other loan | | (17,781) | | (9,088) | |
| Financing costs | | (1,031) | | (1,225) | |
| | | | 111,082 | | (10,313) |
| Change in cash and cash equivalents in the reporting period | | | 238,058 | | (864,241) |
| Cash and cash equivalents at 1 September 2016 | | | 796,889 | | 1,661,130 |
| Cash and cash equivalents at 31 August 2017 | | | <u>1,034,947</u> | | <u>796,889</u> |

HAZEL GROVE HIGH SCHOOL

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

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hazel Grove High School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 authorisation for issue of the accounts 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 accounts.

1.3 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 reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

Governance costs

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

1.5 Tangible fixed assets and depreciation

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 Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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:

| | |
|------------------------------|---|
| Leasehold land and buildings | Land over the lease term, buildings over 18.1 years |
| ICT equipment | 25% |
| Plant & machinery | 10% |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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

1.6 Liabilities

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 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.

1.10 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.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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 19, 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 are recognised in the period to which they relate.

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

1.11 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 to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

1.12 Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in the notes to the accounts.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

2 Critical accounting estimates and areas of judgement

Accounting 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.

Impairment of fixed assets

Management would perform an impairment review if any impairment indicators were noted. Where necessary, an impairment is recorded as an impairment loss.

Valuation of the Local Government Pension Scheme defined benefit liability

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Classification of finance and operating leases

At the inception of each lease, management undertake an assessment of the terms of the lease including the payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 852,532 | 852,532 | 201,622 |

The income from donations and capital grants was £852,532 (2016: £201,622) of which £852,532 was restricted fixed assets (2016: £201,622).

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the Academy Trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 4,813,144 | 4,813,144 | 4,558,596 |
| Other DfE / ESFA grants | - | 564,341 | 564,341 | 558,315 |
| | <u>-</u> | <u>5,377,485</u> | <u>5,377,485</u> | <u>5,116,911</u> |
| Other government grants | | | | |
| Local authority grants | - | 187,297 | 187,297 | 130,688 |
| | <u>-</u> | <u>187,297</u> | <u>187,297</u> | <u>130,688</u> |
| Other funds | | | | |
| Other incoming resources | 296,139 | 179,563 | 475,702 | 408,519 |
| | <u>296,139</u> | <u>179,563</u> | <u>475,702</u> | <u>408,519</u> |
| Total funding | <u>296,139</u> | <u>5,744,345</u> | <u>6,040,484</u> | <u>5,656,118</u> |

The income from funding for educational operations was £6,040,484 (2016: £5,656,118) of which £296,139 was unrestricted (2016: £254,358) and £5,744,345 was restricted (2016: £5,401,760).

5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 171,892 | - | 171,892 | 97,958 |
| Other income | 38,752 | - | 38,752 | 33,035 |
| | <u>210,644</u> | <u>-</u> | <u>210,644</u> | <u>130,993</u> |

The income from other trading activities was £210,644 (2016: £130,993) of which £210,644 was unrestricted (2016: £130,993).

6 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 742 | - | 742 | 4,065 |
| | <u>742</u> | <u>-</u> | <u>742</u> | <u>4,065</u> |

The income from funding for investment income was £742 (2016: £4,065) of which £742 was unrestricted (2016: £4,065).

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

| 7 Expenditure | Staff costs £ | Premises & equipment £ | Other costs £ | Total 2017 £ | Total 2016 £ |
|----------------------------------|---------------------|------------------------------|---------------------|--------------------|--------------------|
| Expenditure on raising funds | 84,698 | - | - | 84,698 | 69,318 |
| Academy's educational operations | | | | | |
| - Direct costs | 4,294,057 | 7,170 | 590,470 | 4,891,697 | 4,776,771 |
| - Allocated support costs | 870,418 | 1,197,897 | 285,435 | 2,353,750 | 2,288,128 |
| | <u>5,249,173</u> | <u>1,205,067</u> | <u>875,905</u> | <u>7,330,145</u> | <u>7,134,217</u> |

The expenditure on raising funds was £84,698 (2016: £69,318) of which £84,698 was unrestricted (2016: £69,318).

| Net income/(expenditure) for the year includes: | 2017 £ | 2016 £ |
|---|---------------|---------------|
| Fees payable to auditor for: | | |
| - Audit | 8,650 | 8,750 |
| - Other services | 5,490 | 1,550 |
| Operating lease rentals | 26,830 | 31,536 |
| Depreciation of tangible fixed assets | 283,658 | 283,418 |
| Bank interest payable | 1,031 | 1,225 |
| Net interest on defined benefit pension liability | <u>45,000</u> | <u>42,000</u> |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs - educational operations | 109,799 | 4,781,898 | 4,891,697 | 4,776,771 |
| Support costs - educational operations | 384,100 | 1,969,650 | 2,353,750 | 2,288,128 |
| | <u>493,899</u> | <u>6,751,548</u> | <u>7,245,447</u> | <u>7,064,899</u> |

The expenditure on educational operations was £7,245,447 (2016: £7,064,899) of which £493,899 was unrestricted (2016: £401,546), £6,467,890 was restricted (2016: £6,379,935) and £283,658 was restricted fixed assets (2016: £283,418).

| | 2017 £ | 2016 £ |
|----------------------------------|------------------|------------------|
| Analysis of support costs | | |
| Support staff costs | 871,449 | 862,013 |
| Depreciation and amortisation | 276,488 | 271,918 |
| Premises costs | 889,942 | 849,440 |
| Other support costs | 297,350 | 290,417 |
| Governance costs | 18,521 | 14,340 |
| | <u>2,353,750</u> | <u>2,288,128</u> |

9 Staff costs

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Wages and salaries | 3,840,070 | 3,852,979 |
| Social security costs | 359,279 | 308,080 |
| Operating costs of defined benefit pension schemes | 880,332 | 765,189 |
| Apprenticeship levy | 1,883 | - |
| Staff costs | <u>5,081,564</u> | <u>4,926,248</u> |
| Supply staff costs | 167,609 | 118,842 |
| Staff restructuring costs | - | 146,526 |
| Total staff expenditure | <u>5,249,173</u> | <u>5,191,616</u> |

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2016: £146,526). Individually, the payments in the previous year were: £13,953, £12,588, £11,163, £1,781, £8,349, £15,021, £12,000, £19,681, £5,000, £6,500, £20,490, £9,500 and £10,500.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs (Continued)

Staff numbers

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

| | 2017 Number | 2016 Number |
|----------------------------|----------------|----------------|
| Teachers | 72 | 72 |
| Administration and support | 71 | 72 |
| Management | 8 | 8 |
| | <u>151</u> | <u>152</u> |

Higher paid staff

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

| | 2017 Number | 2016 Number |
|--------------------|----------------|----------------|
| £60,001 - £70,000 | 2 | 1 |
| £90,000 - £100,000 | 1 | 1 |
| | <u>3</u> | <u>2</u> |

Key management personnel

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 £563,497 (2016: £564,866).

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors.

The value of Governors' remuneration and other benefits was as follows:

M Sibson - head teacher and governor

- Remuneration £90,000 - £95,000 (2016: £90,000 - £95,000)
- Employer's pension contributions £15,000 - £20,000 (2016: £10,000 - £15,000)

B Vickers - staff governor

- Remuneration £55,000 - £60,000 (2016: £55,000 - £60,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

H Watts - staff governor

- Remuneration £45,000 - £50,000 (2016: £45,000 - £50,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

S Cuthill - staff governor (resigned July 2016)

- Remuneration £nil (2016: £25,000 - £30,000)
- Employer's pension contributions £nil (2016: less than £5,000)

During the year, travel and subsistence payments totalling £nil (2016: £nil) were reimbursed or paid directly to governors.

Other related party transactions involving the Governors are set out within the related parties note.

11 Governors and officers insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

| | Leasehold land and buildings £ | ICT equipment £ | Plant & machinery £ | Total £ |
|-----------------------|---|-----------------------|---------------------------|------------|
| Cost | | | | |
| At 1 September 2016 | 5,519,061 | 48,673 | 220,263 | 5,787,997 |
| Additions | 66,289 | 5,238 | 21,281 | 92,808 |
| At 31 August 2017 | 5,585,350 | 53,911 | 241,544 | 5,880,805 |
| Depreciation | | | | |
| At 1 September 2016 | 1,027,631 | 37,150 | 88,132 | 1,152,913 |
| Charge for the year | 254,036 | 7,171 | 22,451 | 283,658 |
| At 31 August 2017 | 1,281,667 | 44,321 | 110,583 | 1,436,571 |
| Net book value | | | | |
| At 31 August 2017 | 4,303,683 | 9,590 | 130,961 | 4,444,234 |
| At 31 August 2016 | 4,491,430 | 11,523 | 132,131 | 4,635,084 |

13 Debtors

| | 2017 £ | 2016 £ |
|--------------------------------|-----------|-----------|
| VAT recoverable | 45,680 | 126,545 |
| Other debtors | - | 14,275 |
| Prepayments and accrued income | 594,177 | 140,077 |
| | 639,857 | 280,897 |

14 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|-----------|-----------|
| Other loans | 17,978 | 17,782 |
| Trade creditors | 29,022 | 229,529 |
| Other taxation and social security | 87,444 | 86,023 |
| Other creditors | 103,059 | 96,307 |
| Accruals and deferred income | 552,836 | 93,704 |
| | 790,339 | 523,345 |

15 Creditors: amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|-------------|-----------|-----------|
| Other loans | 210,556 | 98,639 |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

| | (Continued) | |
|---|----------------|----------------|
| 15 Creditors: amounts falling due after more than one year | 2017 | 2016 |
| Analysis of loans | | |
| Not wholly repayable within five years other than by instalments: | | |
| Wholly repayable within five years | 189,393 | 68,000 |
| | 39,141 | 48,421 |
| | <u>228,534</u> | <u>116,421</u> |
| Less: included in current liabilities | (17,978) | (17,782) |
| | <u>210,556</u> | <u>98,639</u> |
| Amounts included above | <u>210,556</u> | <u>98,639</u> |
| Instalments not due within five years | <u>81,945</u> | <u>25,490</u> |
| Loan maturity | | |
| Debt due in one year or less | 17,978 | 17,782 |
| Due in more than one year but not more than two years | 34,417 | 17,980 |
| Due in more than two years but not more than five years | 94,194 | 55,169 |
| Due in more than five years | 81,945 | 25,490 |
| | <u>228,534</u> | <u>116,421</u> |

Included within other loans are loans of £189,393 from Salix Finance Ltd, which are interest free loans to be deducted biannually from the General Annual Grant.

Also included within other loans is a loan of £39,141 from Stockport Metropolitan Borough Council. The loan is secured against the asset to which it relates. Interest is payable at a rate of 2.13% and repayments are made annually.

| 16 Deferred income | 2017 | 2016 |
|--|---------------|---------------|
| | £ | £ |
| Deferred income is included within: | | |
| Creditors due within one year | 17,659 | 16,380 |
| | <u>17,659</u> | <u>16,380</u> |
| Deferred income at 1 September 2016 | 16,380 | 15,530 |
| Released from previous years | (16,380) | (15,530) |
| Amounts deferred in the year | 17,659 | 16,380 |
| | <u>17,659</u> | <u>16,380</u> |
| Deferred income at 31 August 2017 | <u>17,659</u> | <u>16,380</u> |

At the balance sheet date, the academy was holding funds received in advance for rates for 2017/18.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|---|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant | - | 4,813,144 | (5,296,646) | 483,502 | - |
| Other DfE / ESFA grants | - | 564,341 | (564,341) | - | - |
| Other government grants | - | 187,297 | (187,297) | - | - |
| Other restricted funds | 46,316 | 179,563 | (166,606) | - | 59,273 |
| | <u>46,316</u> | <u>5,744,345</u> | <u>(6,214,890)</u> | <u>483,502</u> | <u>59,273</u> |
| Funds excluding pensions | 46,316 | 5,744,345 | (6,214,890) | 483,502 | 59,273 |
| Pension reserve | (2,028,000) | - | (253,000) | 589,000 | (1,692,000) |
| | <u>(1,981,684)</u> | <u>5,744,345</u> | <u>(6,467,890)</u> | <u>1,072,502</u> | <u>(1,632,727)</u> |
| Restricted fixed asset funds | | | | | |
| Capitalised expenditure | 4,635,084 | - | (283,658) | 92,808 | 4,444,234 |
| DfE / ESFA capital grants | 132,895 | 852,532 | - | (576,310) | 409,117 |
| | <u>4,767,979</u> | <u>852,532</u> | <u>(283,658)</u> | <u>(483,502)</u> | <u>4,853,351</u> |
| Total restricted funds | <u>2,786,295</u> | <u>6,596,877</u> | <u>(6,751,548)</u> | <u>589,000</u> | <u>3,220,624</u> |
| Unrestricted funds | | | | | |
| General funds | <u>276,591</u> | <u>507,525</u> | <u>(578,597)</u> | <u>-</u> | <u>205,519</u> |
| Total funds | <u>3,062,886</u> | <u>7,104,402</u> | <u>(7,330,145)</u> | <u>589,000</u> | <u>3,426,143</u> |
| General unrestricted funds include the following designated funds: | | | | | |
| Astroturf sinking fund | - | - | - | 3,247 | 3,247 |
| Major refurbishments | - | - | - | 183,894 | 183,894 |
| Balance of general funds | 276,591 | 507,525 | (578,597) | (187,141) | 18,378 |
| | <u>276,591</u> | <u>507,525</u> | <u>(578,597)</u> | <u>-</u> | <u>205,519</u> |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

17 Funds

(Continued)

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

General Annual Grant must be used for the normal running expenses of the school and any amounts carried forward must be used in accordance with the terms of the funding agreement. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that could be carried forward at 31 August 2017.

DfE/ESFA capital and other revenue grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant. The carried forward balances are to be spent in 2017/2018.

Other government grants include the LEA funding for Special Educational Needs which was fully expended in the year.

Other restricted funds include the contributions received for school fund activities including trips, and other restricted receipts and related expenditure.

The pension reserve represents the value of the school's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include capitalised expenditure out of GAG and other capital grants during the year. Depreciation is charged against the fund.

Details of the designated funds are as follows:

The Astroturf sinking fund is in relation to the partnership agreement with Stockport Metropolitan Borough Council, as detailed in the contingent liabilities note. A further term of the agreement is that the Academy will invest up to £17,000 annually into a 'sinking fund' out of surplus generated from the Sports Centre (after the payments as detailed in the contingent liabilities note), to be used to replace the facility after approximately 10 years of use. The transfer to the fund represents the remaining surplus made from the facility during the year.

The major refurbishments fund represents monies set aside to fund work during 2017/18: £50,137 for the heating system, £79,757 for the science roof and £54,000 for the Sports Centre.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

| 17 Funds (Continued) | | | | | |
|---|--|------------------|--------------------|--|--------------------------------------|
| Movements in funds - previous year | | | | | |
| | Balance at 1 September 2015 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2016 £ |
| Restricted general funds | | | | | |
| General Annual Grant | 383,484 | 4,558,596 | (5,427,569) | 485,489 | - |
| Other DfE / ESFA grants | - | 558,315 | (558,315) | - | - |
| Other government grants | - | 130,688 | (130,688) | - | - |
| Other restricted funds | 23,518 | 154,161 | (131,363) | - | 46,316 |
| | <u>407,002</u> | <u>5,401,760</u> | <u>(6,247,935)</u> | <u>485,489</u> | <u>46,316</u> |
| Funds excluding pensions | | | | | |
| Pension reserve | (1,040,000) | - | (132,000) | (856,000) | (2,028,000) |
| | <u>(632,998)</u> | <u>5,401,760</u> | <u>(6,379,935)</u> | <u>(370,511)</u> | <u>(1,981,684)</u> |
| Restricted fixed asset funds | | | | | |
| Transferred on conversion | 4,774,021 | - | (283,418) | 144,481 | 4,635,084 |
| DfE / ESFA capital grants | 561,243 | 201,622 | - | (629,970) | 132,895 |
| | <u>5,335,264</u> | <u>201,622</u> | <u>(283,418)</u> | <u>(485,489)</u> | <u>4,767,979</u> |
| Total restricted funds | <u>4,702,266</u> | <u>5,603,382</u> | <u>(6,663,353)</u> | <u>(856,000)</u> | <u>2,786,295</u> |
| Unrestricted funds | | | | | |
| General funds | <u>358,039</u> | <u>389,416</u> | <u>(470,864)</u> | <u>-</u> | <u>276,591</u> |
| Total funds | <u>5,060,305</u> | <u>5,992,798</u> | <u>(7,134,217)</u> | <u>(856,000)</u> | <u>3,062,886</u> |

18 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2017 £ |
|---|----------------------------|-------------------------------------|---|--------------------|
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | - | - | 4,444,234 | 4,444,234 |
| Current assets | 205,519 | 1,060,168 | 409,117 | 1,674,804 |
| Creditors falling due within one year | - | (790,339) | - | (790,339) |
| Creditors falling due after one year | - | (210,556) | - | (210,556) |
| Defined benefit pension liability | - | (1,692,000) | - | (1,692,000) |
| | <u>205,519</u> | <u>(1,632,727)</u> | <u>4,853,351</u> | <u>3,426,143</u> |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

18 Analysis of net assets between funds (Continued)

| | Unrestricted | Restricted funds: | | Total |
|--|----------------|--------------------|------------------|------------------|
| | Funds | General | Fixed asset | 2016 |
| | £ | £ | £ | £ |
| Fund balances at 31 August 2016 are represented by: | | | | |
| Tangible fixed assets | - | - | 4,635,084 | 4,635,084 |
| Current assets | 276,591 | 668,300 | 132,895 | 1,077,786 |
| Creditors falling due within one year | - | (523,345) | - | (523,345) |
| Creditors falling due after one year | - | (98,639) | - | (98,639) |
| Defined benefit pension liability | - | (2,028,000) | - | (2,028,000) |
| | <u>276,591</u> | <u>(1,981,684)</u> | <u>4,767,979</u> | <u>3,062,886</u> |

19 Pensions 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 Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £76,155 (2016: £77,368) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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

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

The pension costs paid to the TPS in the period amounted to £447,579 (2016: £463,097).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % 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.

| Total contributions made | 2017 £ | 2016 £ |
|------------------------------------|----------------|----------------|
| Employer's contributions (rounded) | 194,000 | 180,000 |
| Employees' contributions (rounded) | 67,000 | 64,000 |
| Total contributions | <u>261,000</u> | <u>244,000</u> |

| Principal actuarial assumptions | 2017 % | 2016 % |
|--|-----------|-----------|
| Rate of increases in salaries | 3.2 | 3.4 |
| Rate of increase for pensions in payment | 2.4 | 2.1 |
| Discount rate | 2.5 | 2.1 |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Pensions and similar obligations

(Continued)

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

| | 2017 Years | 2016 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.5 | 21.4 |
| - Females | 24.1 | 24.0 |
| Retiring in 20 years | | |
| - Males | 23.7 | 24.0 |
| - Females | 26.2 | 26.6 |

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

- 0.5% decrease in real discount rate - approx. 12% increase to employer liability (£633,000)
- 0.5% decrease in the salary increase rate - approx. 2% increase to employer liability (£111,000)
- 0.5% decrease in the pension increase rate - approx. 10% increase to employer liability (£512,000)

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

| | 2017 Fair value £ | 2016 Fair value £ |
|--|-------------------------|-------------------------|
| Equities | 2,500,000 | 2,117,000 |
| Bonds | 548,000 | 500,000 |
| Cash | 171,000 | 147,000 |
| Property | 206,000 | 176,000 |
| Total market value of assets | 3,425,000 | 2,940,000 |
| Actual return on scheme assets - gain/(loss) | 260,000 | 472,000 |

Amounts recognised in the statement of financial activities

| | 2017 £ | 2016 £ |
|------------------------|-----------|-----------|
| Current service cost | 402,000 | 270,000 |
| Interest income | (64,000) | (89,000) |
| Interest cost | 109,000 | 131,000 |
| Total operating charge | 447,000 | 312,000 |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

| 19 Pensions and similar obligations | (Continued) | |
|---|------------------|------------------|
| Changes in the present value of defined benefit obligations | 2017 | 2016 |
| | £ | £ |
| Obligations at 1 September 2016 | 4,968,000 | 3,276,000 |
| Current service cost | 402,000 | 270,000 |
| Interest cost | 109,000 | 131,000 |
| Employee contributions | 67,000 | 64,000 |
| Actuarial (gain)/loss | (393,000) | 1,239,000 |
| Benefits paid | (36,000) | (12,000) |
| At 31 August 2017 | <u>5,117,000</u> | <u>4,968,000</u> |
| | | |
| Changes in the fair value of the Academy Trust's share of scheme assets | 2017 | 2016 |
| | £ | £ |
| Assets at 1 September 2016 | 2,940,000 | 2,236,000 |
| Interest income | 64,000 | 89,000 |
| Actuarial gain | 196,000 | 383,000 |
| Employer contributions | 194,000 | 180,000 |
| Employee contributions | 67,000 | 64,000 |
| Benefits paid | (36,000) | (12,000) |
| At 31 August 2017 | <u>3,425,000</u> | <u>2,940,000</u> |
| | | |
| 20 Capital commitments | 2017 | 2016 |
| | £ | £ |
| Expenditure contracted for but not provided in the accounts | <u>501,181</u> | <u>-</u> |

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

21 Reconciliation of net expenditure to net cash flows from operating activities

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Net expenditure for the reporting period | (225,743) | (1,141,419) |
| Adjusted for: | | |
| Capital grants from DfE/ESFA and other capital income | (852,532) | (201,622) |
| Refurbishments funded by capital grants | 119,321 | 490,419 |
| Investment income | (742) | (4,065) |
| Financing costs | 1,031 | 1,225 |
| Defined benefit pension costs less contributions payable | 208,000 | 90,000 |
| Defined benefit pension net finance cost | 45,000 | 42,000 |
| Depreciation of tangible fixed assets | 283,658 | 283,418 |
| Decrease/(increase) in debtors | 53,953 | (103,253) |
| Increase/(decrease) in creditors | 266,798 | (20,969) |
| Net cash used in operating activities | (101,256) | (564,266) |

22 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

| | 2017 | 2016 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Amounts due within one year | 18,946 | 18,204 |
| Amounts due in two and five years | 28,108 | 33,852 |
| Amounts due after five years | 1,237 | - |
| | <u>48,291</u> | <u>52,056</u> |

23 Contingent liabilities

On 1 April 2016 the Academy entered into a partnership agreement with Stockport Metropolitan Borough Council. The Academy has taken over the management and operation of the Sports Centre situated at the school. As per the terms of the agreement, the Academy will pay the Council 33% of any surplus generated from the Sports Centre, capped at £193,000 cumulatively. An amount of £1,600 (2016: £nil) was payable at the year end in respect of this arrangement and is included within other creditors. The timing of any additional future payments will depend upon the level of surpluses made. As any additional obligation in relation to the Sports Centre cannot be measured reliably, this has been disclosed as a contingent liability.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

24 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Governing Board being drawn from local public and private sector organisations, transactions may take place with organisations in which the Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. No transactions with related parties occurred during the current or previous year.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

26 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the Trust received £7,939 and disbursed £2,363 from the fund. An amount of £24,203 (2016: £18,627) is included in other creditors relating to undistributed funds that is repayable to ESFA.