

Registered number: 8572898

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**



**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

<b>Members</b>	I Carter (resigned 30 June 2017) S Goodair (resigned 31 August 2017) S Neate M Lewis (resigned 30 June 2017) G Anderson (appointed 1 July 2017) B Holm (appointed 1 September 2017)
<b>Trustees</b>	G Anderson, Vice Chair T Brownlee (appointed 1 October 2016) I Carter, Vice Chair (resigned 30 June 2017) H Brown A Goldthorpe S Goodair, Chair of Trustees B Holm M Lewis, Vice Chair (resigned 30 June 2017) J Loveridge C MacLeod S Neate, Head Teacher J Thornton A Tyrer, Chair of Finance N Hanlon R Powell (resigned 20 March 2017) K Webster (appointed 3 October 2016) R Gambles (appointed 1 September 2017) V Goddard (appointed 1 September 2017) L Hosking (appointed 1 September 2017) J McCallig (appointed 1 September 2017) L Riley (appointed 1 September 2017) P Simou (appointed 1 September 2017) H Moore (appointed 1 September 2017) S Smith (appointed 1 September 2017)
<b>Company registered number</b>	8572898
<b>Company name</b>	Richard Hale School
<b>Registered and principal office</b>	Richard Hale School Hale Road Hertford Hertfordshire SG13 8EN
<b>Chief Executive Officer</b>	S Neate
<b>Senior Leadership Team</b>	S Neate, Head Teacher M Greenwood, Deputy Head J Beacom, Deputy Head H Davies, Assistant Head L Morris, Assistant Head C Pretty, Assistant Head S Robins, Assistant Head
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

**RICHARD HALE SCHOOL**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**Advisers (continued)**

**Bankers**

Lloyds Banking Commercial  
PO Box 3 (3rd Floor)  
Queen Square  
Wolverhampton  
WV1 1TF

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Richard Hale School (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an academy school for pupils aged 11-18 serving a catchment area in Hertford, Ware and the surrounding villages. It has a pupil capacity of 1,220 and had a roll of 1,134 in the 2016 school census.

**Structure, Governance and Management**

The Academy is a Company limited by guarantee and an exempt Charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is also known as Richard Hale School (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

**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.

**Trustees and Officers' Indemnities**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

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

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term of 4 years. The Head Teacher is an ex officio member of the Board of Trustees. The Articles of Association make provision for a minimum of 4 Community Trustees who are appointed by the Governing Body, a minimum of 4 Parents, a minimum of 1 and a maximum of 4 Staff Trustees and a maximum of 3 Partnership Trustees. Parent Trustees and the Staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election.

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

The Trust is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme of continued professional development led by School staff and links with a number of local training providers.

Induction training is available for new Trustees from the Head Teacher, the Clerk to the Trustees and the Chair of Trustees. Mentoring from existing Trustees is also available for new Trustees. All Trustees attend at least one of the committees which support the work of the Board of Trustees.

Trustee training is provided by Hertfordshire County Council. Richard Hale School subscribes to the County Governor Service via Herts For Learning, to ensure all Trustees have access the training courses provided to subscribers.

**Organisational Structure**

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees, which meets on at least five occasions per year and each individual committee at least three times per year, is responsible for the strategic direction of the Academy. Trustees review progress towards educational objectives and results; approve major expenditure requests; set the budget for the following year; set the organisational staffing structure; agree the performance objectives of the Head Teacher with the School Improvement Partner, and reviews them.

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

The Head Teacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Head Teacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Head Teacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Head Teacher and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Head Teacher to manage certain aspects of the Academy.

**Arrangements for setting pay and remuneration of key management personnel**

Key management personnel include Trustees and the SLT. The Personnel Committee determine a 5-point pay range for Deputy Heads and a further 5-point range for Assistant Heads. The range for individual posts will be determined according to the duties and responsibilities of the post and may vary between posts. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post.

The Head Teacher's pay award is managed in a meeting between the Chair of Personnel Committee and the Chair of Governors, following an annual performance review meeting.

Further details can be found in the Staff Pay Policy.

**Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. The Academy is a member of the Hertford & Ware Secondary Schools Federation and work closely with up to ten local primary schools. Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

**Objectives and Activities**

**Aims**

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 18.

**Objectives, Strategies and Activities**

**During the year the School has worked towards these aims by:**

- ensuring that every pupil enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements; and
- conducting the Academy's business in accordance with the highest standards of integrity.

The School has worked hard towards achieving significant improvements in sports facilities. A new 3G floodlit artificial football pitch was in use for September 2017 thanks to a grant from the Football Foundation and investment by the Academy and Bury Rangers FC. A planning application has been submitted for a new sports hall which is being supported by a CIF grant from the DfE, fundraising within the local community and a significant contribution from reserves. It is hoped that this facility will be open in 2018.

**Public Benefit**

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

**Strategic Report**

**Achievements and Performance**

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the school.

In February 2016, the School was inspected by Ofsted and was found to be good. A copy of the letter can be found at <http://www.richardhale.herts.sch.uk/wp-content/uploads/2016/03/Ofsted-Letter-2016.pdf>.

**Key Performance Indicators**

GCSE Results:	2017
5A*-C incl. E+M	74.1%
5A*-C	75.3%
5A* - G	95.1%
A*-C English	82.70%
A*-C Maths	82.7%
A*-C in 2+ Sci	74.1%
Making 3LP Eng	61.3%
Making 3LP Mat	71.2%
Progress 8	-0.18
Attainment 8	48.69
A Level Results:	2017
% A-level students achieving at least 3 A*-E	93%
% A-level students achieving at least 2 A*-E	99%
% A-level students achieving at least AAB in 2 facilitating	17%
Average point score per academic student	106.3
Average point score per academic entry	31.25
Average point score per vocational student	104.2
Average point score per vocational entry	35.3

**Key Performance Indicators**

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016-17 were 1,134 (2015-16 was 1,093). Financial stability depends on the ability to ensure a full School. In September 2017, extra pupils were accepted into Y7 to help to achieve this.

The introduction of the National Funding Formula for 2018/19 indicates a real term reduction in funding for Richard Hale as it will be lower than inflation and pay increase rates. The impact is being closely monitored and plans will be put in place when exact figures are known.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2016/17 this was 76%. The Board of Trustees is confident that staffing levels are closely monitored to agreed full time equivalent posts and staffing structures all approved by the Board of Trustees.

The Finance Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

**Going Concern**

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

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

**Financial Review**

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2017 the Trust received £6,400,028 of GAG and other funding (excluding capital funding). A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,491,513 on general running costs (excluding capital expenditure and depreciation). The Academy brought forward from 15/16, £977,173 unrestricted funds (including £300,000 of capital improvements) and £14,739,968 total restricted funding. The carry forward for 16/17 is £993,907 in unrestricted funding (including £167,020 of capital improvements) and £14,801,372 total restricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £1,408,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

**Reserves Policy**

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly Reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £993,907 (including £167,020 of capital improvements). This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees have made a decision to designate unrestricted balances of £167,020 for future capital projects, and is holding other unrestricted funds of £826,887 to cover future increases in costs and expenditure that may arise from uninsurable losses.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £819,686.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,180,290. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of committee reports and their aim is to hold a minimum of 1% of income as a reserve with the aspiration of a reserve large enough to cover a typical month's expenditure.

**Investment Policy**

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow. Some money is held in bank accounts yielding a slightly higher rate of interest but without increasing the risk.

**Principal Risks and Uncertainties**

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees by the Finance Committee. The principal risks facing the Trust are outlined below; those facing the School at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.



## **RICHARD HALE SCHOOL**

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

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed Price Bailey to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area; financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. The risk register was reviewed through an internal audit in November 2017.

#### **Plans for Future Periods**

The Academy has a three year planning cycle to ensure direction and focus for financial and building plans alongside the core educational purpose to obtain the best results it can for all pupils. We are awaiting the outcome of a planning application for a sports hall which is seen as the key achievement in the next year. This project was the major fundraising target for the School's 400th anniversary celebrations in 2017. Work is due to start early in 2018 with completion later that year. This has been aided by a £1.5M grant from the Education and Skills Funding Agency. Due to some exceptional circumstances the overall cost of the project has increased so an application for further funding has been submitted. The remaining cost will be met through fundraising and reserves.

There are also plans to renovate the Technology, Art and Mathematics areas as funding permits and a CIF bid is being prepared for the 2018 bidding round. The School Development Plan continues to focus on building on the improvements made in teaching and learning and leadership and management through the promotion of good practice and co-operative working.

#### **Funds Held as Custodian Trustee on Behalf of Others**

There are no assets or arrangements for safe custody where the Academy Trust or its Trustees are acting as a custodian trustee.

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

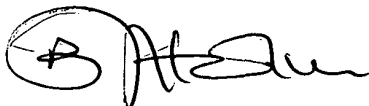
**Provision of information to auditors**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Auditors Price Bailey LLP are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees Report, incorporating a Strategic Report, was approved by the Board of Trustees on 12/12/17 and signed on the Board's behalf by:



**B Holm**  
**Chair of Trustees**

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT**

**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

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

Trustee	Meetings attended	Out of a possible
G Anderson, Vice Chair	3	5
T Brownlee	5	5
I Carter, Vice Chair	3	3
H Brown	5	5
A Goldthorpe	5	5
S Goodair	5	5
B Holm	4	5
M Lewis	3	3
J Loveridge	3	5
C MacLeod	4	5
S Neate	5	5
J Thornton	2	5
A Tyrer, Chair of Finance	3	5
N Hanlon	4	5
R Powell	1	3
K Webster	4	5
R Gambles	0	0
V Goddard	0	0
L Hosking	0	0
J McCallig	0	0
L Riley	0	0
P Simou	0	0
H Moore	0	0
S Smith	0	0

There were a number of changes to the membership of the Board of Trustees at the end of the 2016/17 academic year. This was largely as a result of the School becoming an Academy in 2013 and therefore the initial 4 year term of office had been served. Eight new Trustees were appointed during the summer and began their term of office at the start of September 2017.

Steve Goodair stepped down as Chair at the end of the academic year and has been replaced by Barbara Holm. Vice-Chairs Ian Carter and Mike Lewis left the Board of Trustees during the year and were replaced by Gregor Anderson.

In November 2016, Governance and Financial 'Musts' were the subject of an Internal Audit by Price Bailey.

The next self-evaluation review will be discussed with the new Head Teacher starting in January 2018 and a appropriate time will be decided.

The Finance Committee is a sub-committee of the Board of Trustees. Its purpose is to assist the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the School's finances and resources including proper planning, monitoring and probity.

**RICHARD HALE SCHOOL**  
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**GOVERNANCE STATEMENT (continued)**

The remit of the Committee is to;

- Ensure that the grant from the ESFA is used only for the purposes intended.
- Agree and approve the annual budget.
- Approve the Annual Report and Accounts.
- Appoint the Auditors and Accounting Officer.
- Review financial performance.
- Monitor income and expenditure.
- Review and approve applicable finance policies and procedures.
- Assess and manage risk.

Ian Carter and Steve Goodair have left the committee. Barbara Holm, Gregor Anderson, Roger Gambles and Harvey Moore have joined the committee. Allan Tyrer remains as Chair.

The ongoing challenge of insufficient funding is a key focus and ongoing challenge for the Committee, as is the financial management of the sports hall project.

The arrival of the new Head Teacher in January 2018 and, therefore, the change of Accounting Officer is a situation that will need close co-ordination between all parties.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Goodair	6	6
A Tyrer	4	6
S Neate	6	6
I Carter	5	5
H Brown	6	6
N Hanlon	6	6

**REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Head Teacher has responsibility for ensuring that the 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 its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- competitive tendering of the roof replacement project;
- on-going monitoring of staffing levels to ensure that our staffing model is efficient;
- carrying out an internal procurement audit which ensured that Trustees took an active role in the appointment of large scale contracts; and
- securing discounts on purchases of departmental resources and books.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Richard Hale School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **RICHARD HALE SCHOOL**

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### **GOVERNANCE STATEMENT (continued)**

#### **THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey LLP as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Review the controls supporting the ESFA Governance and Financial "must" to ascertain whether they are being complied with.
- Provide assurance on the financial controls relating to the main areas of income recording, all matters of expenditure and ledger reconciliation processes.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor has delivered their scheduled work as planned and no material control issues were found as a result.

#### **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:

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Trust 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 12/12/17 and signed on their behalf, by:



**B Holm**  
Chair of Trustees



**S Neate**  
Accounting Officer

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



**S Neate**  
**Accounting Officer**

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

The Trustees (who act as Governors of Richard Hale School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 12/12/17 and signed on its behalf by:



**B Holm**  
Chair of Trustees

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RICHARD HALE SCHOOL**

**OPINION**

We have audited the financial statements of Richard Hale School (the Academy) for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the balance sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

**BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our Report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

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

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

We have nothing to report in this regard.



**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
RICHARD HALE SCHOOL**

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report (incorporating the Strategic Report and the Directors Report), for which the financial statements have been prepared is consistent with the financial statements; and
- the Strategic Report and the Directors Report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the Academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors Report.

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

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

**RESPONSIBILITIES OF TRUSTEES**

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

Gary Miller (Senior Statutory Auditor)  
for and on behalf of  
**Price Bailey LLP**  
Chartered Accountants and Statutory Auditors  
Causeway House, 1 Dane Street  
Bishop's Stortford, Hertfordshire, CM23 3BT  
13 December 2017

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RICHARD HALE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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

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

**RESPECTIVE RESPONSIBILITIES OF RICHARD HALE SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Richard Hale School's funding agreement with the Secretary of State for Education dated 12 June 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RICHARD  
HALE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

**CONCLUSION**

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

Reporting Accountant

**Price Bailey LLP**

Chartered Accountants

Date: 13 December 2017

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	133,862	355,473	106,747	596,082	2,864,934
Charitable activities	3	378,741	5,447,242	-	5,825,983	5,953,503
Other trading activities	4	81,833	-	-	81,833	82,800
Investments	5	2,877	-	-	2,877	2,666
<b>TOTAL INCOME</b>		<b>597,313</b>	<b>5,802,715</b>	<b>106,747</b>	<b>6,506,775</b>	<b>8,903,903</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		459,511	6,032,002	882,124	7,373,637	6,703,898
<b>TOTAL EXPENDITURE</b>	6	<b>459,511</b>	<b>6,032,002</b>	<b>882,124</b>	<b>7,373,637</b>	<b>6,703,898</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>		<b>137,802</b>	<b>(229,287)</b>	<b>(775,377)</b>	<b>(866,862)</b>	<b>2,200,005</b>
Transfers between funds	16	(121,068)	(44,136)	165,204	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>16,734</b>	<b>(273,423)</b>	<b>(610,173)</b>	<b>(866,862)</b>	<b>2,200,005</b>
Actuarial gains/(losses) on defined benefit pension schemes	21	-	869,000	-	869,000	(705,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>16,734</b>	<b>595,577</b>	<b>(610,173)</b>	<b>2,138</b>	<b>1,495,005</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		977,173	(2,177,798)	16,917,766	15,717,141	14,222,136
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>993,907</b>	<b>(1,582,221)</b>	<b>16,307,593</b>	<b>15,719,279</b>	<b>15,717,141</b>

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 8572898**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		14,966,248		14,503,658
<b>CURRENT ASSETS</b>					
Debtors	13	746,178		1,994,304	
Cash at bank and in hand	19	2,180,290		2,255,483	
		<u>2,926,468</u>		<u>4,249,787</u>	
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(590,217)</u>		<u>(701,116)</u>	
<b>NET CURRENT ASSETS</b>			2,336,251		3,548,671
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>17,302,499</u>		<u>18,052,329</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15		<u>(175,220)</u>		<u>(192,188)</u>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			17,127,279		17,860,141
Defined benefit pension scheme liability	21		<u>(1,408,000)</u>		<u>(2,143,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u>15,719,279</u>		<u>15,717,141</u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	16	(174,221)		(34,798)	
Restricted fixed asset funds	16	16,307,593		16,917,766	
Restricted income funds excluding pension liability		<u>16,133,372</u>		<u>16,882,968</u>	
Pension reserve	16	<u>(1,408,000)</u>		<u>(2,143,000)</u>	
Total restricted income funds			14,725,372		14,739,968
Unrestricted income funds	16		993,907		977,173
<b>TOTAL FUNDS</b>			<u>15,719,279</u>		<u>15,717,141</u>

The financial statements on pages 18 to 39 were approved by the Board of Trustees, and authorised for issue, on 12/12/17 and are signed on their behalf, by:



**B Holm**  
**Chair of Trustees**

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE 12 MONTHS ENDED 31 AUGUST 2016**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	18	547,965	647,925
<b>Cash flows from investing activities</b>			
Interest received		2,877	2,666
Purchase of tangible fixed assets		(691,249)	(274,425)
Capital grants from DfE/ESFA		82,182	246,159
<b>Net cash used in investing activities</b>		(606,190)	(25,600)
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(16,968)	-
<b>Net cash used in financing activities</b>		(16,968)	-
<b>Change in cash and cash equivalents in the year</b>		(75,193)	622,325
Cash and cash equivalents brought forward		2,255,483	1,633,158
<b>Cash and cash equivalents carried forward</b>		2,180,290	2,255,483

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy, 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.

Richard Hale School constitutes a public benefit entity as defined by FRS 102.

The Academy's functional and presentational currency is Pounds Sterling.

**1.2 Company status**

The Academy is a company limited by guarantee. The Members of the Company are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Academy's registered office is Richard Hale School, Hale Road, Hertford, SG13 8EN.

**1.3 Fund accounting**

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

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

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

**1.4 Income**

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.5 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.6 Going concern**

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

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	50 years straight line
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	5 - 10 years straight line
Computer equipment	-	7 - 13 years straight line

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

**1.8 Taxation**

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



**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

**1. ACCOUNTING POLICIES (continued)**

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 incorporating Income and Expenditure Account 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.

**1.14 Concessionary loans**

Concessionary loans are initially recognised and measured at the amount received with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

**1.15 Agency Arrangements**

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the Academy received £11,951 and disbursed £4,579 from the fund. An amount of £20,387 is included in other creditors relating to undistributed funds that is repayable to ESFA.

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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.

**RICHARD HALE SCHOOL**  
**(A Company Limited by Guarantee)**

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	133,862	355,473	-	489,335	336,374
Capital grants	-	-	106,747	106,747	2,528,560
	<u>133,862</u>	<u>355,473</u>	<u>106,747</u>	<u>596,082</u>	<u>2,864,934</u>
<b>Total 2016</b>	<u>46,668</u>	<u>289,706</u>	<u>2,528,560</u>	<u>2,864,934</u>	

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	5,241,360	5,241,360	5,412,366
Other DfE / ESFA grants	-	142,583	142,583	137,840
	<u>-</u>	<u>5,383,943</u>	<u>5,383,943</u>	<u>5,550,206</u>
<b>Other government grants</b>				
Local Authority grants	-	63,299	63,299	44,130
	<u>-</u>	<u>63,299</u>	<u>63,299</u>	<u>44,130</u>
<b>Other funding</b>				
Catering income	378,741	-	378,741	359,167
	<u>378,741</u>	<u>-</u>	<u>378,741</u>	<u>359,167</u>
	<u>378,741</u>	<u>5,447,242</u>	<u>5,825,983</u>	<u>5,953,503</u>
<b>Total 2016</b>	<u>359,167</u>	<u>5,594,336</u>	<u>5,953,503</u>	

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	5,998	5,998	5,510
Other income	75,835	75,835	77,290
	<u>81,833</u>	<u>81,833</u>	<u>82,800</u>
<i>Total 2016</i>	<u>82,800</u>	<u>82,800</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	2,877	2,877	2,666
	<u>2,877</u>	<u>2,877</u>	<u>2,666</u>
<i>Total 2016</i>	<u>2,666</u>	<u>2,666</u>	

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of education:					
Direct costs	4,243,166	-	714,413	4,957,579	4,849,317
Support costs	615,665	1,203,975	596,418	2,416,058	1,854,581
	<u>4,858,831</u>	<u>1,203,975</u>	<u>1,310,831</u>	<u>7,373,637</u>	<u>6,703,898</u>
<i>Total 2016</i>	<u>4,812,265</u>	<u>631,676</u>	<u>1,259,957</u>	<u>6,703,898</u>	

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

### **7. CHARITABLE ACTIVITIES**

	2017 £	2016 £
Direct costs	4,957,579	4,849,317
Support costs	2,416,058	1,854,581
<b>Total</b>	<b>7,373,637</b>	<b>6,703,898</b>

Analysis of support costs	2017 £	2016 £
Support staff costs	615,665	632,803
Depreciation costs	228,659	206,536
Governance costs	14,693	18,288
Technology costs	45,367	46,589
Premises costs (excluding depreciation)	975,316	631,676
Other support costs	536,358	318,689
<b>Total</b>	<b>2,416,058</b>	<b>1,854,581</b>

### **8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned or leased by the Academy	228,659	206,536
Auditors' remuneration - audit	6,750	6,750
Auditors' remuneration - non-audit	4,700	5,450

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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,750,606	3,821,691
Social security costs	384,690	333,801
Pension costs	715,630	639,686
	<u>4,850,926</u>	<u>4,795,178</u>
Apprenticeship levy	1,592	-
Supply teacher costs	6,313	17,087
	<u>4,858,831</u>	<u>4,812,265</u>

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

	2017 No.	2016 No.
Teaching	70	72
Administration & support	36	33
Management	7	7
	<u>113</u>	<u>112</u>

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	2	3
In the band £ 70,001 - £ 80,000	2	0
In the band £100,001 - £110,000	1	1

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Academy was £709,322 (2016: £676,844).

Included in the above are employer pension contributions of £92,601 (2016 - £89,686) and employer national insurance contributions of £66,438 (2016 - £57,869).

## **RICHARD HALE SCHOOL**

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

#### **10. TRUSTEES' REMUNERATION AND EXPENSE**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

**S Neate (Head Teacher)**

Remuneration £100,000 - £105,000 (2016: £100,000 - £105,000)

Employer's pension contributions £15,000-£20,000 (2016: £15,000-£20,000)

**P Camm (Staff Trustee)**

Remuneration £Nil (2016: £35,000 - £40,000)

Employer's pension contributions £Nil (2016: £5,000-£10,000)

**D Rolph (Staff Trustee)**

Remuneration £Nil (2016: £20,000-£25,000)

Employer's pension contributions £Nil (2016: £5,000-£10,000)

**T Brownlee (Staff Trustee)**

Remuneration £50,000-55,000 (2016: £Nil)

Employer's pension contributions £5,000-£10,000 (2016: £Nil)

**K Webster (Staff Trustee)**

Remuneration £15,000-£20,000 (2016: £Nil)

Employer's pension contributions £0-£5,000 (2016: £Nil)

During the period 31 August 2017, no Trustees received any reimbursement of expenses for their role as Trustees (2016: £NIL).

Other related party transactions involving the Trustees are set out in note 23.

#### **11. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was included in the total insurance cost.

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

**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	14,531,381	25,229	327,141	291,568	15,175,319
Additions	668,441	-	16,027	6,781	691,249
At 31 August 2017	15,199,822	25,229	343,168	298,349	15,866,568
<b>Depreciation</b>					
At 1 September 2016	482,942	10,220	40,573	137,926	671,661
Charge for the year	152,508	3,623	37,819	34,709	228,659
At 31 August 2017	635,450	13,843	78,392	172,635	900,320
<b>Net book value</b>					
At 31 August 2017	14,564,372	11,386	264,776	125,714	14,966,248
At 31 August 2016	14,048,439	15,009	286,568	153,642	14,503,658

**13. DEBTORS**

	2017 £	2016 £
Trade debtors	1,740	288
VAT recoverable	32,876	56,382
Prepayments and accrued income	47,728	80,786
Grants receivable	663,834	1,856,848
	<u>746,178</u>	<u>1,994,304</u>



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**14. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Other taxation and social security	181,452	181,577
Other creditors	290,453	271,659
Accruals and deferred income	118,312	247,880
	<u>590,217</u>	<u>701,116</u>

Included within creditors are interest free Salix loans totalling £28,691 (2016: £12,812) which are repayable by 2025.

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	186,087	94,054
Resources deferred during the year	118,312	186,087
Amounts released from previous years	(186,087)	(94,054)
	<u>118,312</u>	<u>186,087</u>

Resources deferred at the year ended 31 August 2017 relate to contributions towards future educational visits, catering income, music tuition, devolved formula capital and donations towards a charitable event.

**15. CREDITORS: Amounts falling due after more than one year**

	2017 £	2016 £
Salix Loan	<u>175,220</u>	<u>192,188</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	<u>60,456</u>	<u>89,692</u>

Included within creditors are interest free Salix loans totalling £175,220 (2016: £192,188) which are repayable by 2025.

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

### 16. STATEMENT OF FUNDS

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
<b>Designated funds</b>						
Capital improvements	300,000	-	-	(132,980)	-	167,020
<b>General funds</b>						
Unrestricted funds	677,173	597,313	(459,511)	11,912	-	826,887
Total unrestricted funds	977,173	597,313	(459,511)	(121,068)	-	993,907
<b>Restricted funds</b>						
General annual grant (GAG)	55,010	5,241,360	(5,296,370)	-	-	-
Other DfE/ESFA grants	13,015	53,438	(66,453)	-	-	-
Pupil premium	-	89,145	(89,145)	-	-	-
Local Authority grants	-	63,299	(63,299)	-	-	-
Restricted trip donations	-	330,482	(330,482)	-	-	-
Restricted donation - sports hall fund	-	24,224	-	(24,224)	-	-
Restricted donations	89,177	767	(52,253)	(8,000)	-	29,691
Salix fund	(192,000)	-	-	(11,912)	-	(203,912)
Pension reserve	(2,143,000)	-	(134,000)	-	869,000	(1,408,000)
	(2,177,798)	5,802,715	(6,032,002)	(44,136)	869,000	(1,582,221)
<b>Restricted fixed asset funds</b>						
Restricted fixed assets	14,503,658	-	(228,659)	691,249	-	14,966,248
Devolved Formula Capital (DFC)	-	24,565	-	(14,808)	-	9,757
Capital Improvement Fund	1,902,871	82,182	(653,465)	-	-	1,331,588
Other capital income	511,237	-	-	(511,237)	-	-
	16,917,766	106,747	(882,124)	165,204	-	16,307,593
Total restricted funds	14,739,968	5,909,462	(6,914,126)	121,068	869,000	14,725,372
Total of funds	15,717,141	6,506,775	(7,373,637)	-	869,000	15,719,279

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**NOTES TO THE FINANCIAL STATEMENTS  
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**16. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Brought forward £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
<b>Designated funds</b>						
Capital improvements	300,000	-	-	-	-	300,000
	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<b>General funds</b>						
Unrestricted funds	653,162	491,301	(446,295)	(20,995)	-	677,173
	<u>653,162</u>	<u>491,301</u>	<u>(446,295)</u>	<u>(20,995)</u>	<u>-</u>	<u>677,173</u>
Total Unrestricted funds	<u>953,162</u>	<u>491,301</u>	<u>(446,295)</u>	<u>(20,995)</u>	<u>-</u>	<u>977,173</u>
<b>Restricted funds</b>						
General annual grant (GAG)	-	5,297,186	(5,200,801)	(41,375)	-	55,010
Other DfE/ESFA grants	-	168,759	(162,849)	7,105	-	13,015
Pupil premium	-	84,261	(84,261)	-	-	-
Local Authority grants	-	44,130	(44,130)	-	-	-
Restricted trip donations	-	236,084	(236,084)	-	-	-
Restricted donation - sports hall fund	86,741	11,270	-	(98,011)	-	-
Restricted donations	47,720	42,352	(14,785)	13,890	-	89,177
Salix fund	-	-	-	(192,000)	-	(192,000)
Pension reserve	(1,367,000)	-	(71,000)	-	(705,000)	(2,143,000)
	<u>(1,232,539)</u>	<u>5,884,042</u>	<u>(5,813,910)</u>	<u>(310,391)</u>	<u>(705,000)</u>	<u>(2,177,798)</u>
<b>Restricted fixed asset funds</b>						
Restricted fixed assets	14,435,769	-	(206,536)	274,425	-	14,503,658
Devolved Formula Capital (DFC)	24,694	-	(24,694)	-	-	-
Capital Improvement Fund	41,050	2,077,867	(174,996)	(41,050)	-	1,902,871
Other capital income	-	450,693	(37,467)	98,011	-	511,237
	<u>14,501,513</u>	<u>2,528,560</u>	<u>(443,693)</u>	<u>331,386</u>	<u>-</u>	<u>16,917,766</u>
Total restricted funds	<u>13,268,974</u>	<u>8,412,602</u>	<u>(6,257,603)</u>	<u>20,995</u>	<u>(705,000)</u>	<u>14,739,968</u>
Total of funds	<u>14,222,136</u>	<u>8,903,903</u>	<u>(6,703,898)</u>	<u>-</u>	<u>(705,000)</u>	<u>15,717,141</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. STATEMENT OF FUNDS (continued)**

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

**General Annual Grant (GAG)**

This represents money from the ESFA to cover costs of recurrent expenditure.

**Other DFE/ESFA grants**

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**Pupil premium**

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**Local Authority grants**

This represents various grants from local and national Government bodies for the provision of specific services to pupils of the Academy.

**Restricted trip donations**

This represents contributions made by parents to the running of educational visits for the pupils of the Academy and the associated costs of running the trips.

**Restricted donation - sports hall fund**

This represents donations made for the Sports Hall. This amount had been transferred into other capital income fund.

**Restricted donations**

This represents other restricted donations for various specific activities.

**Salix fund**

This fund represents the balance of the Salix loan liability used to purchase the new boiler and new roof. The deficit on this fund will be cleared by the future energy savings relating to the boiler over the term of the Salix loan.

**Pension reserve**

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from a state controlled school.

**Devolved formula capital (DFC) fund**

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

**Capital Improvement Fund (CIF)**

The Academy is required to use the funding for the specific project as defined within the funding agreement.

**Other capital income**

This represents other capital income received for the sports hall and the 3G football pitch.

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	14,966,248	14,966,248
Current assets	1,501,273	83,850	1,341,345	2,926,468
Creditors due within one year	(507,366)	(82,851)	-	(590,217)
Creditors due in more than one year	-	(175,220)	-	(175,220)
Provisions for liabilities and charges	-	(1,408,000)	-	(1,408,000)
	<u>993,907</u>	<u>(1,582,221)</u>	<u>16,307,593</u>	<u>15,719,279</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	14,503,658	14,503,658
Current assets	1,678,289	157,390	2,414,108	4,249,787
Creditors due within one year	(701,116)	-	-	(701,116)
Creditors due in more than one year	-	(192,188)	-	(192,188)
Provisions for liabilities and charges	-	(2,143,000)	-	(2,143,000)
	<u>977,173</u>	<u>(2,177,798)</u>	<u>16,917,766</u>	<u>15,717,141</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(866,862)	2,200,005
<b>Adjustment for:</b>		
Depreciation charges	228,659	206,536
Interest received	(2,877)	(2,666)
Decrease in debtors	1,248,126	434,179
(Decrease)/increase in creditors	(110,899)	267,431
Capital grants from DfE and other capital income	(82,182)	(2,528,560)
Pension adjustment	134,000	71,000
<b>Net cash provided by operating activities</b>	<u>547,965</u>	<u>647,925</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash in hand	2,180,290	2,255,483
<b>Total</b>	<u>2,180,290</u>	<u>2,255,483</u>

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**20. MEMBERS' LIABILITY**

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

**21. PENSION COMMITMENTS**

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £82,177 were payable to the schemes at 31 August 2017 (2016 - 78,831) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £455,848 (2016 - £450,106).

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

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**21. PENSION COMMITMENTS (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate Trustee-Administered funds. The total contribution made for the year ended 31 August 2017 was £208,000 (2016 - £212,000), of which employer's contributions totalled £167,000 (2016 - £170,000) and employees' contributions totalled £41,000 (2016 - £42,000). The agreed contribution rates for future years are 25.4% for employers and 6.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	3,174,588	3,623,888
Discount rate -0.1%	3,317,412	3,802,112
Mortality assumption - 1 year increase	3,207,048	3,690,722
Mortality assumption - 1 year decrease	3,284,952	3,735,278
CPI rate +0.1%	3,304,428	3,764,982
CPI rate -0.1%	3,187,572	3,661,018

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**21. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,165,000	989,000
Bonds	448,000	440,000
Property	125,000	110,000
Cash and other liquid assets	54,000	31,000
<b>Total market value of assets</b>	<b>1,792,000</b>	<b>1,570,000</b>

The actual return on scheme assets was £60,000 (2016 - £199,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(255,000)	(189,000)
Interest income	35,000	48,000
Interest cost	(81,000)	(100,000)
<b>Total</b>	<b>(301,000)</b>	<b>(241,000)</b>

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

	2017 £	2016 £
Opening defined benefit obligation	3,713,000	2,526,000
Current service cost	255,000	189,000
Interest cost	81,000	100,000
Employee contributions	41,000	42,000
Actuarial (gains)/losses	(844,000)	856,000
Benefits paid	(46,000)	-
<b>Closing defined benefit obligation</b>	<b>3,200,000</b>	<b>3,713,000</b>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,570,000	1,159,000
Interest income	35,000	48,000
Actuarial losses	25,000	151,000
Employer contributions	167,000	170,000
Employee contributions	41,000	42,000
Benefits paid	(46,000)	-
<b>Closing fair value of scheme assets</b>	<b>1,792,000</b>	<b>1,570,000</b>