

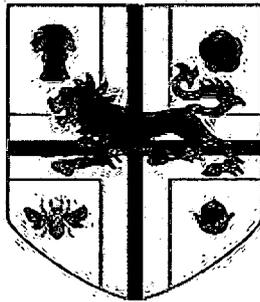
Company Registration No. 07947961 (England and Wales)

HAZEL GROVE HIGH SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019



 **mha**
MOORE & SMALLEY

HAZEL GROVE HIGH SCHOOL

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HAZEL GROVE HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Dr K A Harrington (Chair) (Resigned 1 February 2019)
Mrs V Horsfield (Chair) (Appointed 6 May 2019) *
Mr R F Marchant *
Mr J Roling *
Mr B Vickers (Accounting Officer) *
Ms S Keyworth
Mr C D Walker (Resigned 19 October 2018)
Mr M D Sibson (Resigned 12 February 2019)
Mr C Meakin (Resigned 23 April 2019) *
Mr A J Bentley *
Mr S R Blades *
Mrs S Garner
Mr L J Forsyth
Mr A Phillips (Appointed 23 March 2019) *

* members of the Finance & Asset Management Committee

Members

Dr K A Harrington (Resigned 1 February 2019)
Mr R F Marchant
Mr J Roling
Mr C Cliffe

Senior management team

- Head Teacher Mr M Sibson (Resigned 12 February 2019)
- Deputy Head Teacher Ms C Franklin (Acting Head Teacher 11 February 2019)
- Deputy Head Teacher Mr B Vickers (Acting Head Teacher 11 February 2019)
- Assistant Head Teacher Mrs S Chesworth (Resigned 31 August 2019)
- Assistant Head Teacher Mrs M Majid
- Secondment Assistant Head Teacher Mrs S Kelly (1 September 2018 - 31 August 2019)
- Assistant Head Teacher Mr S Howell (Appointed 1 September 2019)
- Business Director Mrs A Cohen

Company secretary

Mrs A Cohen

Company registration number

07947961 (England and Wales)

Registered office

Jackson Lane
Hazel Grove
Stockport
SK7 5JX

Independent auditor

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

HAZEL GROVE HIGH SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

On 1 September 2019, the school and all its assets and liabilities transferred to The Laurus Trust. Whilst Hazel Grove High School will continue to operate, the Company will discontinue trading and will be wound up. Please note any references to structure, policies and procedures within the report and financial statements refer to those in place for the year ended 31 August 2019.

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

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

Structure, governance and management

Constitution

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

The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Trustees are also directors of the charitable company for the purposes of Company Law. The Academy has entered into funding agreements with the Department for Education which provide the framework within which the Academy must operate.

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

Members' liability

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

Governors' indemnities

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Method of recruitment and appointment or election of Governors

The Articles of Association require members of the Charitable Company to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the Academy.

The Articles of Association require that the Members of the Academy shall comprise:

- The signatories to the Memorandum;
- One person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose;
- The Chair of Governors;
- Any person appointed under Article 15A

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

Policies and procedures adopted for the induction and training of Governors

All Trustees and Governors are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role.

All Trustees and Governors have access to a range of training programmes.

Organisational structure

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

The Academy is governed by the Trustee Board which delegates functions as appropriate to a local Governing Board who are appointed by the Trustees as a committee. Trustees are directors of the charitable company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation. The Trustees and Governors exercise their powers and functions with a view to fulfilling a largely strategic role in the running of the Academy.

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

The Senior Leadership Team members for Hazel Grove High School as at 31 August 2019 has been: two Acting Head Teachers, three assistant Head Teachers and the Business Director. In February 2019 the Head Teacher left the school and this role was then covered jointly between the two Deputy Head Teachers. These Senior Managers control the Academy at an executive level implementing policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and for the appointment of staff. One of the Acting Head Teachers is the Accounting Officer.

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

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

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

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

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

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	1.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties and other connected charities and organisations

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

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

It aims to achieve this by ensuring that the school:

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, strategies and activities

The main objectives of the Academy during the year ended 31 August 2019 have been:

- Improve KS4 outcomes for disadvantaged students so that all students make expected progress and increase the percentage grade 5+ in Maths and English by 15%.
- Improve the consistency of teaching of mathematics in particular that of disadvantaged students.
- Improve attendance for all key groups in particular disadvantaged students.
- Continue to explore alternative curriculum offer to further reduce fixed term exclusions
- Improve leadership structures with the impact of actions reviewed and shared with all stake holders.

The five most important achievements since the last Ofsted report have been

- Continued improvement in headline measures, P8 (>0) and A8 and removing differences
- A sustained improvement in Sixth Form L3 results since 2013.
- The School is heavily over-subscribed for the last 2 academic years and expects 2019 to be the same.
- School curriculum has been enhanced and leads to high levels of attendance and engagement for most students.
- Standards of behaviour in lesson and around school is good.

Our five most important live issues / challenges are: (In summary only)

- The Summer GCSE 2018 were disappointing for Maths and English, lessons need be learnt and actions put into place to ensure results in 2019 return to the historic and regular success for both departments.
- Further reduce the attainment difference between disadvantaged students and all other students.
- Mathematics in Year 11, internal progress data shows underperformance particularly that of disadvantaged students.
- Further work to improve the attendance of disadvantaged students.
- Further work required in reviewing the sanctions systems and structures for poor behaviour/choices.

To ensure that all students achieve expected progress by ensuring:

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

To close the Pupil Premium (PP) attainment gap

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

To increase the proportion of teaching classed as Outstanding

For all pupils in the Sixth Form to achieve at least their FFT target grade in Summer 2019

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

In 2018-19 the priorities included:

- Implementing and evaluating the 3 year Key Stage 4 program of study
- Ensuring all EBACC subjects were well prepared for the new 9-1 GCSE examinations
- Ensuring the new 1-9 GCSE Maths and English exams continued strong performance in these subject areas
- Increase student numbers in the Sixth Form
- Working towards an A Level Pass rate in Year 13 of 100% with all hitting FFT targets
- To ensure Self-evaluation is rigorous, systematic and its outcomes used to inform planning
- To improve the overall quality of teaching and learning across the school
- To improve the quality of school assessment and reporting to parents/carers
- To ensure the continued breadth of the taught curriculum
- To further develop communications with parents/carers
- To develop a proactive and effective student council
- To develop a wider and stronger community partnership
- To ensure the school maintains financial stability
- To maintain and improve the school premises

Public benefit

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Summary of GCSE results 2018 – 2019:

Attainment/Progress 8 Summary	
Measure	Total
Average Total Attainment 8	47.23
Average Attainment 8 Grade	4.72
Average KS2 Prior Attainment	4.88
Average Estimated A8	49.05
Average PP Total Progress 8	-1.04
Average Girls Total Progress 8	0.097
Average Boys Total Progress 8	-0.27
Average Total Progress 8	-0.8
<i>(up 0.2 on last data trop)</i>	

Measure

		Total	%
Students Achieving 9-4	in English and Maths	127	66.5
Students Achieving 9-4	in English	164	85.9
Students Achieving 9-4	in Maths	133	69.6
Students Achieving 9-5	in English and Maths	83	43.5
Students Achieving 9-5	in English	134	70.2
Students Achieving 9-5	in Maths	94	49.2
Students Achieving 9-7	in English and Maths	18	9.4
Students Achieving 9-7	in English	35	18.3
Students Achieving 9-7	in Maths	34	17.8
Students achieving 5 Standard Passes in English and Maths		115	60.2
Students achieving 5 Strong Passes in English and Maths		81	42.4

The school progress 8 score increased by 0.04 based on the 2018 exam results, Hazel Grove continues to have a significant gap with disadvantaged students. Student's attainment grades are within the national average.

Students' progress 8 score is disappointing with an overall score of -0.10 meaning that students do not make the expected progress based on KS2 data by 0.10 of a grade on average.

We have a large student premium gap of 1.04 with PP student's nearly achieving one grade lower than their expected progress grade based on KS2 data.

Pupil Numbers

Pupil numbers for intake in Year 7 were above PAN (285 vs 250) and it is encouraging that the school continues to be oversubscribed. The Sixth Form continues to attract students and we are aiming to be full, that is 200 students, at financial year 2021/22.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

In common with many schools Hazel Grove High School is facing constant financial challenges with budgets tightening and costs increasing, which have been exacerbated by lagged funding in previous years due to student numbers increasing year-on-year. To mitigate this Hazel Grove High School now has an agreement with the ESFA to move to estimate funding in 2019/20 so the school receives appropriate income reflecting the increased student numbers, in a timelier manner. On 1st September 2019, the school and all its assets and liabilities transferred to the Laurus Trust. Whilst Hazel Grove High School will continue to operate, the Company will discontinue trading and will be wound up.

Financial review

The School held fund balances at 31 August 2019 of £1,248,596 (2018: £2,897,081), comprising a surplus of £33,006 (2018: deficit of £29,480) on restricted general funds, £4,044,590 (2018: £4,408,561) of restricted fixed asset funds, a pension reserve deficit of £2,829,000 (2018: £1,482,000) and £nil (2018: £nil) of unrestricted general funds.

Most of the School's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The School also receives SEN funding from Stockport MBC. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds (non-fixed assets) in the Statement of Financial Activities.

During the year ended 31 August 2019, total expenditure of £8,689,330 (2018: £8,652,792) was greater than recurrent grant funding from the DfE together with other incoming resources. The excess of expenditure over income for the year was £623,485 (2018: £1,041,062).

The School's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The School's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy balance sheet shows a net liability of £2,829,000 (2018: £1,482,000).

Financial and Risk Management Objectives and Policies

The Academy has endeavoured to manage its finances in order to establish a healthy level of reserves at the year-end, to ensure a level of reserves adequate to cover unforeseen circumstances, and to use as part of its medium term financial plan. Reserves at 31st August 2019 totalled £4,077,596 (2018: £4,379,081) before accounting for the Academy's share of the liabilities of the Greater Manchester Pension Fund.

Reserves policy

The Trust has assessed that a minimum level of free reserves equal to £500,000 are required.

Reserves are required to:-

- Ensure sustainability of the school in the event of reductions in funding, reductions in pupil numbers or unexpected increases in expenditure;
- Fund capital projects and the replacement of equipment;
- Enable the Trust to respond to opportunities and implement the longer term strategic plan.

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

At 31 August 2019 the School held the following reserves.	2019	2018
Total reserves	1,248,596	2,897,081
Add back Pension deficit	2,829,000	1,482,000
Less reserves attributable to Fixed assets	(4,044,590)	(4,408,561)
Unrestricted and general restricted funds	33,006	(29,480)
Less restricted general funds	(33,006)	29,480
Free reserves	-	-

In order to bring the reserves in line with the reserves policy, the Trustees have explored the possibility of the Trust merging with another, financially stronger Trust. To this end agreement has been reached, supported by the DfE, for Hazel Grove High School to join a nearby Multi-Academy Trust (MAT) the Laurus Trust, centred on Cheadle Hulme High School, from 1 September 2019.

The Trust reviews the level of reserves throughout the year as part of management reporting.

Investment policy

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

Principal risks and uncertainties

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

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

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

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

HAZEL GROVE HIGH SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

The Academy has undertaken two types of fundraising during 2018/19.

Firstly, funds have been raised to support National Charities. These included Christies Hospital Cancer Research, Comic Relief and BBC Children in Need.

Traditional approaches to fundraising have been used, including the school holding non-uniform days and cake sales. All funds are collected by the Finance Department and paid to the relevant charity via Cheque. In the case of the BBC Children in Need charity, pre-printed paying-in slips are available, whereby cash collected can be directly paid into its nominated bank account.

Secondly, funds have been raised by the Academy to improve the quality of education for all pupils.

Fundraising initiatives undertaken included a Sports Centre Open Day, a '3-Peaks Challenge', and SEN Base Comedy Evening. Anticipated applications for these funds will be in the creation of an outdoor area to host children's parties, and purchasing a specially adapted minibus for use by the school's Special Educational Needs (SEN) Unit pupils.

All fundraising activities are monitored by the Senior Leadership Team and are undertaken in accordance with the apposite regulations. The Academy does not work with professional fundraisers or commercial participators and has received no complaints in relation to its fundraising activities.

Plans for future periods

On 1st September 2019, the school and all its assets and liabilities transferred to the Laurus Trust. Whilst Hazel Grove High School will continue to operate, the Company will discontinue trading and will be wound up.

Funds held as custodian trustee on behalf of others

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

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Governors' report, incorporating a strategic report, was approved by order of the Governing Board, as the company directors, on 18 November 2019 and signed on its behalf by:



Mrs V Horsfield
Chair

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. Attendance of Governors is stated within the tables below for the following committees: Full Governing Board; Finance & Asset Management and The Audit Committee.

The Governing Board has formally met 4 times during the year. Attendance during the year at meetings of the Governing Board was as follows:

Governors	Meetings attended	Out of possible
Dr K A Harrington (Chair) (Resigned 1 February 2019)	2	2
Mrs V Horsfield (Chair) (Appointed 6 May 2019)	9	9
Mr R F Marchant	8	9
Mr J Roling	7	9
Mr B Vickers (Accounting Officer)	4	4
Ms S Keyworth	7	9
Mr C D Walker (Resigned 19 October 2018)	0	1
Mr M D Sibson (Resigned 12 February 2019)	2	2
Mr C Meakin (Resigned 23 April 2019)	5	6
Mr A J Bentley	8	9
Mr S R Blades	7	9
Mrs S Garner	8	9
Mr L J Forsyth	7	9
Mr A Phillips (Appointed 23 March 2019)	2	2

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

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mrs V Horsfield (Chair) (Appointed 6 May 2019)	1	1
Mr R F Marchant	3	3
Mr J Roling	2	3
Mr B Vickers (Accounting Officer)	3	3
Mr C Meakin (Resigned 23 April 2019)	2	2
Mr A J Bentley	2	3
Mr S R Blades	3	3
Mr A Phillips (Appointed 23 March 2019)		

Review of value for money

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Hazel Grove High School for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Capacity to handle risk

The Governing Board has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Board is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Board.

Multi Academy Trust -

The Governing Board researched and discussed at length the opportunity to join a multi academy trust to secure the school's future and improve students' education. The Members agreed to the Governors' proposal and three Multi-Academy Trusts were considered. The decision was taken for Hazel Grove High School to join the Laurus Trust, and this took place on 1st September 2019.

The risk and control framework

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

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

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

Mr C Cliffe (Appointed Associate Trustee & Manager of Audit 23rd October 2018)

Mr Cliffe has met with Moore & Smalley directly throughout 2018-19, with them reporting to the Governing Board on the End of Year Accounts at the Autumn Term 2019 meeting.

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 external auditor;
- the financial management and governance self-assessment process;
- independent reviews of systems and procedures;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

HAZEL GROVE HIGH SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Approved by order of the Governing Board on 18 November 2019 and signed on its behalf by:



Mrs V Horsfield
Chair



Mr B Vickers
Accounting Officer

HAZEL GROVE HIGH SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Hazel Grove High School I have considered my responsibility to notify the Academy Trust Governing Board and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2018.

I confirm that I and the Academy Trust's Governing Board are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



Mr B Vickers
Accounting Officer

18 November 2019

HAZEL GROVE HIGH SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The Governors (who act as trustees for Hazel Grove High School and are also the directors of Hazel Grove High School for the purposes of company law) are responsible for preparing the Governors' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law, the Governors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Board on 18 November 2019 and signed on its behalf by:



Mrs V Horsfield
Chair

HAZEL GROVE HIGH SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAZEL GROVE HIGH SCHOOL FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of Hazel Grove High School for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Financial statements prepared on the basis that the academy is not a going concern

We draw attention to Note 1.2 in the financial statements, which indicates that the academy ceased to be a going concern when its assets and liabilities were transferred to a Multi Academy Trust on 1 September 2019 and that the financial statements have been drawn up on this basis. Our opinion is not modified in respect of this matter.

Other information

The Governors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes Reference and Administrative details, Trustees Report, incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

HAZEL GROVE HIGH SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2019

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

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

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

Auditor's responsibilities for the audit of the accounts

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

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

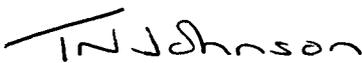
HAZEL GROVE HIGH SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Richard House
9 Winckley Square
Preston
PR1 3HP

12 December 2019

HAZEL GROVE HIGH SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hazel Grove High School during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Hazel Grove High School's funding agreement with the Secretary of State for Education dated 1 March 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

HAZEL GROVE HIGH SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HAZEL GROVE HIGH SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley

Reporting Accountant
MHA Moore and Smalley

Richard House
9 Winckley Square
Preston
PR1 3HP

12 December 2019

HAZEL GROVE HIGH SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2019 Discontinued operations £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	-	-	354,093	354,093	768,648
Charitable activities:						
- Funding for educational operations	4	368,318	6,986,901	-	7,355,219	6,576,026
Other trading activities	5	356,215	-	-	356,215	266,412
Investments	6	318	-	-	318	644
Total income and endowments		<u>724,851</u>	<u>6,986,901</u>	<u>354,093</u>	<u>8,065,845</u>	<u>7,611,730</u>
Expenditure on:						
Raising funds	7	112,285	-	-	112,285	99,965
Charitable activities:						
- Educational operations	8	612,322	7,665,535	299,188	8,577,045	8,552,827
Total expenditure	7	<u>724,607</u>	<u>7,665,535</u>	<u>299,188</u>	<u>8,689,330</u>	<u>8,652,792</u>
Net income/(expenditure)		244	(678,634)	54,905	(623,485)	(1,041,062)
Transfers between funds		(244)	419,120	(418,876)	-	-
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	18	-	(1,025,000)	-	(1,025,000)	512,000
Net movement in funds		-	(1,284,514)	(363,971)	(1,648,485)	(529,062)
Reconciliation of funds						
Total funds brought forward		-	(1,511,480)	4,408,561	2,897,081	3,426,143
Total funds carried forward	19	<u>-</u>	<u>(2,795,994)</u>	<u>4,044,590</u>	<u>1,248,596</u>	<u>2,897,081</u>

Academy activities for the current period are classed as discontinued activities on the basis that the Academy has transferred all its assets and liabilities to The Laurus Trust and the Company is therefore not a going concern.

HAZEL GROVE HIGH SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
Income and endowments from:					
Donations and capital grants	3	-	-	768,648	768,648
Charitable activities:					
- Funding for educational operations	4	338,864	6,237,162	-	6,576,026
Other trading activities	5	266,412	-	-	266,412
Investments	6	644	-	-	644
Total income and endowments		<u>605,920</u>	<u>6,237,162</u>	<u>768,648</u>	<u>7,611,730</u>
Expenditure on:					
Raising funds	7	99,965	-	-	99,965
Charitable activities:					
- Educational operations	8	689,498	7,574,718	288,611	8,552,827
Total expenditure	7	<u>789,463</u>	<u>7,574,718</u>	<u>288,611</u>	<u>8,652,792</u>
Net income/(expenditure)		(183,543)	(1,337,556)	480,037	(1,041,062)
Transfers between funds		(21,976)	946,803	(924,827)	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	18	-	512,000	-	512,000
Net movement in funds		(205,519)	121,247	(444,790)	(529,062)
Reconciliation of funds					
Total funds brought forward		205,519	(1,632,727)	4,853,351	3,426,143
Total funds carried forward		<u>-</u>	<u>(1,511,480)</u>	<u>4,408,561</u>	<u>2,897,081</u>

HAZEL GROVE HIGH SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	12		4,019,183		4,268,861
Current assets					
Debtors	13	525,717		628,521	
Cash at bank and in hand		246,139		208,894	
		<u>771,856</u>		<u>837,415</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(514,523)		(524,299)	
Net current assets			257,333		313,116
Total assets less current liabilities			<u>4,276,516</u>		<u>4,581,977</u>
Creditors: amounts falling due after more than one year	15		(198,920)		(202,896)
Net assets before defined benefit pension scheme liability			4,077,596		4,379,081
Defined benefit pension scheme liability	18		(2,829,000)		(1,482,000)
Total net assets			<u>1,248,596</u>		<u>2,897,081</u>
Funds of the Academy Trust:					
Restricted funds	19				
- Fixed asset funds			4,044,590		4,408,561
- Restricted income funds			33,006		(29,480)
- Pension reserve			(2,829,000)		(1,482,000)
Total restricted funds			<u>1,248,596</u>		<u>2,897,081</u>
Unrestricted income funds	19		-		-
Total funds			<u>1,248,596</u>		<u>2,897,081</u>

The accounts on pages 24 to 48 were approved by the Governors and authorised for issue on 18 November 2019 and are signed on their behalf by:

Mrs V Horsfield
Chair



Company Number 07947961

HAZEL GROVE HIGH SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	23		218,186		(305,027)
Cash flows from investing activities					
Dividends, interest and rents from investments		318		644	
Capital grants received		402,219		904,497	
Refurbishments funded by capital grants		(551,684)		(1,304,638)	
Payments to acquire tangible fixed assets		(49,510)		(113,238)	
			(198,657)		(512,735)
Cash flows from financing activities					
New other loan		36,529		10,522	
Repayment of other loan		(18,181)		(17,979)	
Financing costs		(632)		(834)	
			17,716		(8,291)
Change in cash and cash equivalents in the reporting period			37,245		(826,053)
Cash and cash equivalents at 1 September 2018			208,894		1,034,947
Cash and cash equivalents at 31 August 2019			246,139		208,894

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The accounts of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts.

The assets and liabilities of the academy transferred to The Laurus Trust with effect from 1 September 2019 and therefore the academy is not considered to be a going concern. As a result, the accounts have not been prepared on the going concern basis.

No adjustments were required to the carrying value of the assets and liabilities on transfer to The Laurus Trust.

1.3 Income

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

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Donations

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

Other income

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

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

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

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

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

Financial liabilities

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

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

1.9 Taxation

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

1.10 Pensions benefits

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 Fund accounting

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

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

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

1.12 Agency Arrangements

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

Impairment of fixed assets

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

Valuation of the Local Government Pension Scheme defined benefit liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Classification of finance and operating leases

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

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

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	354,093	354,093	768,648

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	5,840,717	5,840,717	5,183,446
Other DfE / ESFA grants	-	741,321	741,321	585,523
	<u>-</u>	<u>6,582,038</u>	<u>6,582,038</u>	<u>5,768,969</u>
Other government grants				
Local authority grants	-	229,605	229,605	258,951
	<u>-</u>	<u>229,605</u>	<u>229,605</u>	<u>258,951</u>
Other funds				
Other incoming resources	368,318	175,258	543,576	548,106
	<u>368,318</u>	<u>175,258</u>	<u>543,576</u>	<u>548,106</u>
Total funding	<u>368,318</u>	<u>6,986,901</u>	<u>7,355,219</u>	<u>6,576,026</u>

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	240,017	-	240,017	206,082
Other income	116,198	-	116,198	60,330
	<u>356,215</u>	<u>-</u>	<u>356,215</u>	<u>266,412</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	318	-	318	644
	<u>318</u>	<u>-</u>	<u>318</u>	<u>644</u>

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Expenditure on raising funds					
- Direct costs	112,285	-	-	112,285	99,965
Academy's educational operations					
- Direct costs	5,228,580	5,063	694,805	5,928,448	5,364,313
- Allocated support costs	1,017,444	1,228,183	402,970	2,648,597	3,188,514
	<u>6,358,309</u>	<u>1,233,246</u>	<u>1,097,775</u>	<u>8,689,330</u>	<u>8,652,792</u>

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	9,140	8,900
- Other services	4,200	3,830
Operating lease rentals	20,677	22,566
Depreciation of tangible fixed assets	299,188	288,611
Bank and loan interest	632	834
Net interest on defined benefit pension liability	<u>45,000</u>	<u>46,000</u>

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	101,319	5,827,129	5,928,448	5,364,313
Support costs				
Educational operations	511,003	2,137,594	2,648,597	3,188,514
	<u>612,322</u>	<u>7,964,723</u>	<u>8,577,045</u>	<u>8,552,827</u>

	2019 £	2018 £
Analysis of support costs		
Support staff costs	1,018,076	1,003,714
Depreciation	294,125	282,129
Premises costs	890,023	1,521,151
Other support costs	432,118	366,793
Governance costs	14,255	14,727
	<u>2,648,597</u>	<u>3,188,514</u>

9 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	4,597,319	4,173,076
Social security costs	431,377	378,839
Pension costs	1,039,183	962,678
Amounts paid to employees	6,067,879	5,514,593
Agency staff costs	290,430	205,342
Staff restructuring costs	-	9,942
	<u>6,358,309</u>	<u>5,729,877</u>

Staff restructuring costs comprise:

Redundancy payments	-	9,942
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Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2018: £9,942). Individually, the payments in the previous year were: £7,091 made on 15 November 2017 and £2,851 made on 22 November 2017.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff (Continued)

Staff numbers

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

	2019 Number	2018 Number
Teachers	85	80
Administration and support	90	87
Management	7	8
	<u>182</u>	<u>175</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£90,000 - £100,000	-	1
	<u>2</u>	<u>3</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £622,683 (2018: £563,314).

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Governors' remuneration and expenses

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

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

M Sibson - head teacher and governor (resigned 11 February 2019)

- Remuneration £40,000 - £45,000 (2018: £95,000 - £100,000)
- Employer's pension contributions £5,000 - £10,000 (2018: £15,000 - £20,000)

B Vickers - staff governor

- Remuneration £70,000 - £75,000 (2018: £60,000 - £65,000)
- Employer's pension contributions £10,000 - £15,000 (2018: £10,000 - £15,000)

L Forsyth - staff governor (appointed 1 July 2018)

- Remuneration £30,000 - £35,000 (2018: less than £5,000)
- Employer's pension contributions less than £5,000 (2018: less than £5,000)

A Phillips - staff governor (appointed 23 March 2019)

- Remuneration £45,000 - £50,000
- Employer's pension contributions £5,000 - £10,000

During the year, travel and subsistence payments totalling £nil (2018: £nil) were reimbursed or paid directly to governors.

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

11 Governors and officers insurance

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Leasehold land and buildings £	ICT equipment £	Plant & machinery £	Total £
Cost				
At 1 September 2018	5,644,975	60,578	288,490	5,994,043
Additions	14,506	6,800	28,204	49,510
At 31 August 2019	5,659,481	67,378	316,694	6,043,553
Depreciation				
At 1 September 2018	1,538,359	50,803	136,020	1,725,182
Charge for the year	262,866	5,063	31,259	299,188
At 31 August 2019	1,801,225	55,866	167,279	2,024,370
Net book value				
At 31 August 2019	3,858,256	11,512	149,415	4,019,183
At 31 August 2018	4,106,616	9,775	152,470	4,268,861

13 Debtors

	2019 £	2018 £
VAT recoverable	79,886	180,171
Other debtors	5,684	26,629
Prepayments and accrued income	440,147	421,721
	525,717	628,521

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Other loans	40,505	18,181
Trade creditors	42,879	35,721
Other taxation and social security	104,785	91,411
Other creditors	135,910	117,001
Accruals and deferred income	190,444	261,985
	514,523	524,299

15 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other loans	198,920	202,896

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

	(Continued)	
15 Creditors: amounts falling due after more than one year	2019	2018
Analysis of loans		
Not wholly repayable within five years other than by instalments:	176,945	191,414
Wholly repayable within five years	62,480	29,663
	<u>239,425</u>	<u>221,077</u>
Less: included in current liabilities	(40,505)	(18,181)
	<u>198,920</u>	<u>202,896</u>
Instalments not due within five years	<u>66,355</u>	<u>78,701</u>
Loan maturity		
Debt due in one year or less	40,505	18,181
Due in more than one year but not more than two years	40,716	35,939
Due in more than two years but not more than five years	91,849	88,256
Due in more than five years	66,355	78,701
	<u>239,425</u>	<u>221,077</u>

Included within other loans are loans of £219,442 from Salix Finance Ltd, which are interest free loans to be deducted biannually from the General Annual Grant.

Also included within other loans is a loan of £19,983 from Stockport Metropolitan Borough Council. The loan is secured against the asset to which it relates. Interest is payable at a rate of 2.13% and repayments are made annually.

16 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	<u>30,015</u>	<u>19,063</u>
Deferred income at 1 September 2018	19,063	17,659
Released from previous years	(19,063)	(17,659)
Resources deferred in the year	<u>30,015</u>	<u>19,063</u>
Deferred income at 31 August 2019	<u>30,015</u>	<u>19,063</u>

At the balance sheet date, the academy was holding funds received in advance for rates and Year 7 catch up funding for 2019/20.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	4,019,183	4,019,183
Current assets	40,995	705,454	25,407	771,856
Creditors falling due within one year	(40,995)	(473,528)	-	(514,523)
Creditors falling due after one year	-	(198,920)	-	(198,920)
Defined benefit pension liability	-	(2,829,000)	-	(2,829,000)
Total net assets	-	(2,795,994)	4,044,590	1,248,596

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	4,268,861	4,268,861
Current assets	-	697,715	139,700	837,415
Creditors falling due within one year	-	(524,299)	-	(524,299)
Creditors falling due after one year	-	(202,896)	-	(202,896)
Defined benefit pension liability	-	(1,482,000)	-	(1,482,000)
Total net assets	-	(1,511,480)	4,408,561	2,897,081

18 Pension and similar obligations

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

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

Contributions amounting to £88,918 (2018: £81,704) were payable to the schemes at 31 August 2019 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' 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.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Pension and similar obligations

(Continued)

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 latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The pension costs paid to the TPS in the period amounted to £505,590 (2018: £471,802).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.2% for employers and 5.5-12.5% for employees.

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Pension and similar obligations

(Continued)

Total contributions made	2019 £	2018 £
Employer's contributions	198,000	187,000
Employees' contributions	67,000	66,000
Total contributions	<u>265,000</u>	<u>253,000</u>

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.1	3.2
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	<u>1.8</u>	<u>2.8</u>

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

	2019 Years	2018 Years
Retiring today		
- Males	20.6	21.5
- Females	23.1	24.1
Retiring in 20 years		
- Males	22.0	23.7
- Females	<u>24.8</u>	<u>26.2</u>

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

- 0.5% decrease in real discount rate - approx. 13% increase to employer liability (£953,000)
- 0.5% decrease in the salary increase rate - approx. 2% increase to employer liability (£126,000)
- 0.5% decrease in the pension increase rate - approx. 11% increase to employer liability (£808,000)

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

	2019 Fair value £	2018 Fair value £
Equities	2,881,000	2,601,000
Bonds	636,000	612,000
Cash	381,000	344,000
Property	339,000	268,000
Total market value of assets	<u>4,237,000</u>	<u>3,825,000</u>

The actual return on scheme assets was £189,000 (2018: £192,000).

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	475,000	443,000
Interest income	(110,000)	(88,000)
Interest cost	155,000	134,000
Total operating charge	<u>520,000</u>	<u>489,000</u>
Changes in the present value of defined benefit obligations		2019 £
At 1 September 2018		5,364,000
Current service cost		418,000
Interest cost		155,000
Employee contributions		67,000
Actuarial loss/(gain)		1,104,000
Benefits paid		(42,000)
At 31 August 2019		<u>7,066,000</u>
Changes in the fair value of the Academy Trust's share of scheme assets		2019 £
At 1 September 2018		3,825,000
Interest income		110,000
Actuarial gain		79,000
Employer contributions		198,000
Employee contributions		67,000
Benefits paid		(42,000)
At 31 August 2019		<u>4,237,000</u>

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	(80,724)	5,840,717	(6,191,782)	419,120	(12,669)
Other DfE / ESFA grants	-	741,321	(741,321)	-	-
Other government grants	-	229,605	(229,605)	-	-
Other restricted funds	51,244	175,258	(180,827)	-	45,675
Pension reserve	(1,482,000)	-	(322,000)	(1,025,000)	(2,829,000)
	<u>(1,511,480)</u>	<u>6,986,901</u>	<u>(7,665,535)</u>	<u>(605,880)</u>	<u>(2,795,994)</u>
Restricted fixed asset funds					
Inherited on conversion	4,268,861	-	(299,188)	49,510	4,019,183
DfE group capital grants	139,700	354,093	-	(468,386)	25,407
	<u>4,408,561</u>	<u>354,093</u>	<u>(299,188)</u>	<u>(418,876)</u>	<u>4,044,590</u>
Total restricted funds	<u>2,897,081</u>	<u>7,340,994</u>	<u>(7,964,723)</u>	<u>(1,024,756)</u>	<u>1,248,596</u>
Unrestricted funds					
General funds	(38,359)	724,851	(694,085)	(10,873)	(18,466)
Astroturf sinking fund	7,837	-	-	8,629	16,466
Major refurbishments	30,522	-	(30,522)	2,000	2,000
	<u>-</u>	<u>724,851</u>	<u>(724,607)</u>	<u>(244)</u>	<u>-</u>
Total funds	<u>2,897,081</u>	<u>8,065,845</u>	<u>(8,689,330)</u>	<u>(1,025,000)</u>	<u>1,248,596</u>

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

(Continued)

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

General Annual Grant must be used for the normal running expenses of the school and any amounts carried forward must be used in accordance with the terms of the funding agreement. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that could be carried forward at 31 August 2019.

DfE/ESFA capital and other revenue grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant. The carried forward balances are to be spent in 2019/2020.

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

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

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

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

Details of the designated funds are as follows:

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

The major refurbishments fund represents monies set aside to fund work during 2019/20 for the electrical rewiring. 2018 represented £20,522 for the heating system and £10,000 for the kitchen. These amounts have now been spent during the year.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	5,183,446	(6,210,973)	946,803	(80,724)
Other DfE / ESFA grants	-	585,523	(585,523)	-	-
Other government grants	-	258,951	(258,951)	-	-
Other restricted funds	59,273	209,242	(217,271)	-	51,244
Pension reserve	(1,692,000)	-	(302,000)	512,000	(1,482,000)
	<u>(1,632,727)</u>	<u>6,237,162</u>	<u>(7,574,718)</u>	<u>1,458,803</u>	<u>(1,511,480)</u>
Restricted fixed asset funds					
Transfer on conversion	4,444,234	-	(288,611)	113,238	4,268,861
DfE group capital grants	409,117	768,648	-	(1,038,065)	139,700
	<u>4,853,351</u>	<u>768,648</u>	<u>(288,611)</u>	<u>(924,827)</u>	<u>4,408,561</u>
Total restricted funds	<u>3,220,624</u>	<u>7,005,810</u>	<u>(7,863,329)</u>	<u>533,976</u>	<u>2,897,081</u>
Unrestricted funds					
General funds	18,378	605,920	(605,569)	(57,088)	(38,359)
Astroturf sinking fund	3,247	-	-	4,590	7,837
Major refurbishments	183,894	-	(183,894)	30,522	30,522
	<u>205,519</u>	<u>605,920</u>	<u>(789,463)</u>	<u>(21,976)</u>	<u>-</u>
Total funds	<u>3,426,143</u>	<u>7,611,730</u>	<u>(8,652,792)</u>	<u>512,000</u>	<u>2,897,081</u>

20 Contingent liabilities

On 1 April 2016 the Academy entered into a partnership agreement with Stockport Metropolitan Borough Council. The Academy has taken over the management and operation of the Sports Centre situated at the school. As per the terms of the agreement, the Academy will pay the Council 33% of any surplus generated from the Sports Centre, capped at £193,000 cumulatively. An amount of £6,511 (2018: £2,261), comprising £4,250 in respect of 2018/19 and £2,261 in respect of 2017/18, was payable at the year end in respect of this arrangement and is included within other creditors. The timing of any additional future payments will depend upon the level of surpluses made. As any additional obligation in relation to the Sports Centre cannot be measured reliably, this has been disclosed as a contingent liability.

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	16,502	20,677
Amounts due in two and five years	14,795	14,086
Amounts due after five years	-	177
	<u>31,297</u>	<u>34,940</u>

22 Capital commitments

	2019 £	2018 £
Expenditure contracted for but not provided in the accounts	<u>63,939</u>	<u>170,222</u>

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

	2019 £	2018 £
Net expenditure for the reporting period	(623,485)	(1,041,062)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(354,093)	(768,648)
Refurbishments funded by capital grants	551,684	1,304,638
Investment income	(318)	(644)
Financing costs	632	834
Defined benefit pension costs less contributions payable	277,000	256,000
Defined benefit pension net finance cost	45,000	46,000
Depreciation of tangible fixed assets	299,188	288,611
(Increase)/decrease in debtors	54,678	(124,513)
(Decrease)/increase in creditors	(73,095)	(266,243)
Net cash provided by operating activities	<u>177,191</u>	<u>(305,027)</u>

24 Related party transactions

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

HAZEL GROVE HIGH SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

25 Post balance sheet events

On 1st September 2019, the school and all its assets and liabilities transferred to The Laurus Trust. Whilst Hazel Grove High School will continue to operate as before, the company will discontinue trading and will be wound up.

26 Members' liability

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

27 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the Trust received £10,728 and disbursed £3,239 from the fund. An amount of £39,945 (2018: £32,456) is included in other creditors relating to undistributed funds that is repayable to ESFA.