

# Highcliffe School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2014

Registration number: 07631213

# Highcliffe School

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## Highcliffe School

### Reference and Administrative Details

<b>Members</b>	Mrs M Gardiner (resigned 31 July 2014)
	Ms J A Potts (resigned 31 August 2014)
	Mr S White
	Mr M J Axton
	Mr J M Allin
<b>Governors</b>	Mr P D Earnshaw (appointed 1 September 2014)
	Ms J A Potts * (resigned 31 August 2014)
	Mr M Downs *
	Mr W M Smith #
	Ms C E Van Wingerden #
	Ms K A Jenkinson #
	Ms C Kydd-Coutts #
	Ms M Gardiner # (resigned 31 July 2014)
	Ms E Hutt #
	Ms J Bewley #
	Mr S White
	Ms C A King #
	Mr B P Roberts #
	Mr J M Allin *
	Mr M J Axton *
	Mr G D Moore *
	Mr W T Smith * #
Mr N C Geary #	
Mrs M V Mawbey #	
Mr J Lofts #	

\* Members of the Finance and Facilities Committee

# Members of the Audit Committee

## Highcliffe School

### Reference and Administrative Details

**Senior Leadership Team** Mr P D Earnshaw, Headteacher  
Ms J A Potts, Headteacher  
Mr N O'Connor, Deputy Headteacher  
Mr N Campbell, Deputy Headteacher  
Mr M Yapp, Assistant Headteacher  
Mr M Jones, Assistant Headteacher  
Mr M Downs, Assistant Headteacher  
Mrs C King, Assistant Headteacher  
Mrs D Kennedy, Assistant Headteacher  
Mrs A Karanja, Assistant Headteacher  
Mr J Dean, Assistant Headteacher  
Ms K Lewis, Business Manager

**Principal and Registered Office** Mr P D Earnshaw  
Parkside  
Highcliffe  
Christchurch  
Dorset  
BH23 4QD

**Company Registration Number** 07631213

**Auditors** Francis Clark LLP  
Statutory Auditor  
Hitchcock House  
Hilltop Park  
Devizes Road  
Salisbury  
Wiltshire  
SP3 4UF

**Bankers** Lloyds Bank Plc  
4 Castle Street  
Christchurch  
Dorset  
BH23 1DU

**Solicitors** Blake Morgan LLP  
New Kings Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3LG

## **Highcliffe School**

### **Governors' Report for the Year Ended 31 August 2014**

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for students aged 11 to 18. The number of students on roll on the School census in May 2014 was 1,452. Mrs J A Potts resigned as Headteacher with effect from 31 August 2014. Mr P D Earnshaw was appointed Headteacher by the governors with effect from 1 September 2014.

#### **Structure, governance and management**

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07631213.

The governors act as the trustees for the charitable activities of Highcliffe School and are also the directors of the charitable company for the purposes of company law.

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

##### ***Governors' indemnities***

The school has taken out appropriate indemnity insurance to protect governors' interests.

##### ***Method of recruitment and appointment or election of Governors***

The number of governors serving at any time shall not be subject to any maximum. The members may appoint up to nine governors. A maximum of three staff governors and six parent governors can be appointed. Any contested election of a parent governor will be held by secret ballot. A parent governor must be a parent of a registered student at the academy at the time of election. The governors may appoint up to three co-opted governors. The term of office of any governor is four years.

##### ***Policies and procedures adopted for the induction and training of Governors***

The induction and training for new governors will be handled either by a mentor or by the Clerk to the Governors. New governors meet with the Chair of Governors before their first meeting. All new governors are encouraged to attend Dorset County Council's course for new governors. Specialist training is arranged for governors with specific responsibilities such as child protection. Governors are kept updated with changes in education through subscriptions to Dorset Governor Services, Ten Governor and attendance at training courses run by the Association of School and College Leaders.

## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

#### ***Organisational structure***

The full Governing Body is required to meet at least once a term. Specific business areas are delegated to the following committees on which the Headteacher and Chair of Governors also sit. Although some of the organisation's activities are delegated to the committees listed below, all of the committees remain answerable to the authority of the Full Governing Board. The School Business Manager and members of the Senior Leadership Team also attend committees as appropriate.

The Finance and Facilities and Audit Committee meets at least twice a term and oversees financial matters, maintenance of the school site and buildings and health and safety. The Committee also reviews financial controls and risks and agrees relevant programmes of work to implement required improvements.

The Curriculum Committee meets five times a year and strategically plans and monitors the School's formal and informal curriculum provision.

The Personnel Committee meets at least once a year to review the School's pay policies and to oversee the School's Performance Management process and oversee matters relating to staffing.

The Community Links Committee meets four times per year and oversees the School's admissions policies and procedures, safeguarding and child protection and the transition arrangements for students progressing from primary schools.

All committees conduct an annual review of policies.

#### ***Risk management***

The governors are responsible for identifying risks faced by the academy, establishing procedures to mitigate these risks and ensuring that all employees are aware of these procedures.

A regular review is undertaken and controls are in place to mitigate these risks:

- Terms of reference and formal agendas for all committee meetings;
- Strategic planning, budgeting and management accounting;
- Formal written policies and cycles of review;
- Accounting policies and internal financial control measures;
- Documented authorisation and approval levels;
- Regular Audits of health and safety procedures;
- Risk Register monitored by the governing body;
- Appointment of internal auditors.

#### ***Connected organisations, including related party relationships***

Highcliffe School leads the Highcliffe Learning Alliance. This network provides a framework for a programme of shared teaching and learning across the age range (primary / secondary). Participating schools value this alliance as part of their school improvement programme.

## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

#### Objectives and activities

##### *Objects and aims*

To ensure that all students learn to their full potential in an informed, caring and supportive environment and that challenging learning experiences develop students as successful confident young adults.

To address the two key findings from the OFSTED Section 5 inspection of March 2013:

- Improve results and progress in mathematics;
- Increase the proportion of consistently good and outstanding teaching.

To address the key recommendations from the 2013-14 Curriculum Area reviews:

- Senior Curriculum Leaders (SCL's) working with their respective teams and link SLT member, revise their Curriculum Area Progress Plan and SEF to reflect the specific recommendations arising from the review;
- SCLs and SLT continue to undertake learning walks and seek to involve curriculum leaders (subjects) in this work to share "best practice";
- SCLs undertake paired lesson observations with their curriculum leaders to share "best practice";
- SCLs and teams undertake activities relevant to their revised Progress Plan;
- SCLs and teams regularly review progress through the recommendations of the review as a standing item on further team meetings;
- The School makes arrangements to provide CPD on leadership and management for middle leaders (subject/key stage);
- SLT will regularly review the recommendations. Updates to be carried out by the attached link SLT member;
- The Headteacher will update the Governing Body as appropriate;
- SCL time provided for MER: monitoring, evaluation and review led by Assistant Headteacher;
- Continued programme of Curriculum Area reviews on a three-year programme.

Highcliffe School's development process is rooted in the curriculum progress plans and area reviews which are used to identify joint areas of focus and development for the next twelve months. There is a clear link between this planning and the performance management process where the whole school development strands are linked to curriculum and individual planning for improvement.

## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

#### ***Objectives, strategies and activities***

Highcliffe recognises that it is a good school with many outstanding features. We believe that the learner should be at the centre of all school activities and that a consistent approach to the development of the experiences provided for our learners is a key feature of our school progress plan.

We aim to ensure secure learning for all our students and ensure that they have a relevant experience which will equip them for the future.

We believe in distributed leadership which is effective, creative and energetic and which allows all stakeholders to contribute to the school's success.

We value appropriate support systems across the school environment.

We embrace cultural changes in order to remodel and realign the school to ensure that it provides a relevant and appropriate education and which support the transformation of the learning community.

In 2013-14 the key objective strands of the school progress plan were:

- Highcliffe in a national context;
- Raising achievement;
- Consistent practice in subject leadership;
- Classroom impact;
- Sixth Form;
- Challenging the more able;
- Personalisation.

#### ***Public benefit***

The governors have complied with their duty to have due regard to guidance on public benefit published by the Charity Commission in exercising their power and duties.

The school offers considerable public benefit through its role as a local, non-selective provider of education and the links it has developed with the local community. There is a well-established programme of twilight classes in four different foreign languages which run all year. The school has strong links with multi-agencies such as the police and social services and runs several focus days for students using police, health and other community organisations as deliverers and advisors. The school maintains strong links with the local Rotarians organising several joint activities with students and parents. Art and Design work is displayed in a public forum at Highcliffe Castle and other venues such as permanent displays at Bournemouth Hospital. There was an exhibition of student work at the Red House Museum in Christchurch, and at Highcliffe Castle.

The school maintains strong curriculum links with its seven feeder schools both in Dorset and Hampshire with the Highcliffe Learning Alliance. Outreach work occurs in English, Mathematics, Modern Foreign Languages, Science, Physical Education, Music and ICT. There are joint events for gifted and talented students (e.g. a Chrismaths evening in December) which are held for parents and students of our feeder schools. There are several whole-day curriculum events for KS2 students (e.g. the Murder Mystery day). The school hosted a Primary Languages festival in March for students from the feeder schools. A joint lecture programme series for members of the community took place in collaboration with Ballard School, a local independent provider. There is an annual community project held at the Regent Centre in Christchurch in collaboration with our partner primary schools.



## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

#### Achievements and performance

##### GCSE:

- In summer 2014, 68% of students gained 5A\*-C including English and mathematics. This represents the second highest level of achievement for this performance indicator that the school has ever achieved, the highest being 74% in 2013. Much work was done to optimise the results of Year Eleven with intervention work and additional examinations being offered to support good progress and attainment. In addition, the gap in performance between the genders reduced to less than 10% in 2014.
- The numbers of students gaining the English Baccalaureate remained at 27% with an eligibility of 49% even though the APS prior attainment on entry for the year group was 0.5 below that of the previous cohort.
- 73% of students gained 5A\*-C overall which was a decrease from the previous year (2013, 86%); it is worth noting that 2014 was the first year in which some courses had lost their value of 'equivalencies' as GCSEs or had their assessment arrangements altered making it more challenging to gain an 'equivalent' pass compared to previous years – this was particularly the case for ICT with a large entry of nearly the entire cohort.
- Mathematics gained 78% A\*-C (2013, 81%) which was very pleasing and is an endorsement of the intervention work and improvement strategies which have been successfully applied in the curriculum area.
- English gained 72% A\*-C (2013, 82%) with the WJEC specification for 247 students, with a smaller cohort of 48 gaining 85% with the IGCSE specification. Nationally there was a reduction in the number of A\*-C passes in English with variances in the outcomes particularly noted with the WJEC.
- The number of students gaining 5A\*-C including English, mathematics and science was 66% - the same as the previous year. Again it is pleasing that this level of achievement remained at the same level with a cohort which was not quite as able as the previous year based on prior attainment data.
- The results in 2014 are therefore very commendable and validate the hard work and effort by the school staff to support progress and improvement for students at all levels of ability, whilst recognising that the school is not complacent and is keen to work towards further improvement in outcomes for all students.
- Subject areas that increased their A\*-C pass rate by 5% or more in 2014 compared to 2013 are Catering (by 16%), PE, Product Design, Religious Philosophy (entry of 211) and Textiles (by 15%).
- In English, 74% of students made three or more levels of progress, and in mathematics, 78% made three or more levels of progress, both figures identical to 2013 but with a cohort with a lower ability profile.
- 31 students gained at least 8 A\*/A grades (12% of the cohort), a particularly impressive figure.

## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

Advanced level:

- At A2, 14% of students gained A\*/A grades), and 35% gained A\*-B grades. The average point score for the cohort was 42.7, being the lowest over the past 7 years.
- The average point score per entry was 194.3 (2013, 210.3) and the average point score per student was 664.3 (2013, 688); both these figures are lower than those of 2013, but with a lower prior attainment for the cohort.
- Subjects with 50% or more grades at A\*-B grade were: Art & Design, Art Textiles, Chemistry, English Literature, EPQ, French, Further Mathematics, German, History, Italian, Mathematics, Product Design and Spanish.
- Group numbers post-16 vary a good deal making the identification of trends unreliable; it is interesting to note that out of 32 subjects at A2, 8 subject areas attained an ALPS score of 1-3 (outstanding), with 10 subjects with a score of 7-9 (poor or less than satisfactory) with 6 subjects 'satisfactory or good' according to the ALPS analysis.
- The prior attainment of the Year 13 cohort was the third weakest in Dorset, with only two schools lower in 2014.
- At A2 level, the ALPS grading was '5', meaning that achievement regarding progress from GCSE is satisfactory to good.
- For 2014, the ALPS progression score from AS to A2 was graded '2', which means that retention from AS to A2 is outstanding, and is the joint highest in Dorset.
- Two students gained a place at Oxford in summer 2014 to read French & Spanish and one student gained a place to read mathematics. Several students gained places on courses at Russell Group universities.

The school is sustaining a rigorous programme of self-evaluation and during 2013-14 all curriculum areas have undergone an internal review by the Headteacher. Outcomes from these reviews are being addressed through the current curriculum progress plan schedule.

The attendance of students was 94.35%, and this compares favourably to national attendance data, placing the school in the top 40% of schools of a similar nature as defined by the Department for Education.

The school maintained its programme of international links and maintained its position as a British Council International School. Exchange visits occurred with students in France, Spain and Japan, there was a Christmas market visit to Cologne. There was a ski trip to Italy. World Challenge students began their preparations for their Borneo visit in 2015. Advanced level French students completed work experience in Normandy. The Duke of Edinburgh Award scheme continued to thrive at both Bronze and Silver level.

## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

Sporting success continued to make its mark at school: in football Year 7 boys were runners up in the Dorset County Cup and winners of the Bournemouth Schools Cup, while the year 10 boys' football team also won the Bournemouth and Christchurch cup. The Year 10 and Year 8 girls' teams were runners up in the Bournemouth and Christchurch Schools 7-a-side football competitions. In rugby the Year 7 team were Bournemouth & Christchurch Schools Festival winners, while the Year 8 and 9 teams were both runners up. During the Summer the Year 8 and 9 boys and Year 7 girls were the Bournemouth and District Schools Town Sports Athletics runners up, as were the Year 8 cricket team and Year 9 rounders team. Expressive Arts students in Year 12 and Year 13 took part in Theatre in Education and Children's Theatre tours of local schools. There was a very entertaining Year 12 and Year 13 Acting-Performance evening. The Year 9 Dance and Expressive arts students participated in the 20th anniversary year of Rock Challenge winning 'Excellence Award for Best Video Performance', 'Achievement Award in Drug Awareness', 'Excellence Award for Soundtrack', performance at the Pavilion Theatre Bournemouth. While the Year 10 and sixth form BTEC Dancers performed in a variety of collaborative projects with professional companies. A number of Music students participated in the "Wow Factor" competition in collaboration with Highcliffe Rotary Club with 8 Finalists performing in public, and there were two very enjoyable and well-attended Christmas and Summer concerts showcasing a wide range of music and dance.

#### ***Going concern***

A net deficit has been generated in the year which is largely attributable to the depreciation charge and FRS 17 adjustments for the Local Government Pension Scheme, neither of which has a cash impact. After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. This expectation is based on the significant cash balance available along with a review of the forecast performance for the forthcoming 12 months. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

#### ***Financial review***

During the year to 31 August 2014, the school generated a surplus of £15,000 in the restricted general fund, excluding the pension reserve, which relates mainly to specific grants from the Education Funding Agency. The unrestricted balance at 31 August 2014 was £496,000.

#### ***Principal risks and uncertainties***

Over 90% of the school's revenue funding is provided by the Education Funding Agency in the form of recurrent grants, the use of which is restricted to specific purposes.

The school's approach to strategic planning takes account of potential changes to funding levels being brought about by the application of revised local and national formulae for the allocation of funds between institutions. This aims to ensure that planned levels of expenditure can be accommodated through anticipated levels of funding and reserves.

In the current economic climate, it is difficult to forecast accurately the impact that restrictions on public sector expenditure will have at individual school level.

#### ***Reserves policy***

The total of reserves held in both restricted and unrestricted funds, excluding the pension fund reserve, amounts to £18,311,000. This includes amounts of funding received by the school prior to conversion to academy status. The governors intend that this should be retained to assist planning for future development of the school such as providing support for capital works to accommodate increasing numbers of sixth form students.

## Highcliffe School

### Governors' Report for the Year Ended 31 August 2014

#### *Plans for future periods*


The Governing Body is committed to maintaining and improving the infrastructure of the School. The procurement of additional classroom space to enable appropriate grouping of curriculum areas will be dependent upon the availability of capital funds. The increasing number of sixth form students has made the expansion of social and catering space for this group a priority.

#### **Auditor**

In so far as the governors are aware:

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

Approved by order of the governing body on 20/11/2014 and signed on its behalf by:

  
.....  
Mr M J Axton  
Chair

## Highcliffe School

### Governance Statement

#### Scope of responsibility

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

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

#### Governance

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

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr J M Allin	0	5
Mr M J Axton	5	5
Ms J Bewley	5	5
Mr M Downs	5	5
Ms M Gardiner	1	5
Mr N C Geary	2	5
Ms E Hutt	4	5
Ms K A Jenkinson	0	5
Ms C A King	4	5
Ms C Kydd-Coutts	4	5
Mr J Lofts	5	5
Mrs M V Mawbey	4	5
Mr G D Moore	3	5
Ms J A Potts	4	5
Mr B P Roberts	4	5
Mr W M Smith	4	5
Mr W T Smith	3	5
Mr S White	2	5
Ms C E Van Wingerden	2	5

## Highcliffe School

### Governance Statement

The Finance Facilities and Audit Committee is a sub-committee of the main Governing Body. Its purpose is to ensure compliance with relevant statutory and internal regulations; to submit annual revenue and capital budgets to the full governing body for approval; to monitor actual expenditure against these budgets; to annually review the School's internal financial policies and procedures, including the policy for fees and charges and to be responsible for:

- receiving quotations, tenders and contracts for all services;
- risk management and insurance arrangements;
- the maintenance, refurbishment and safety of buildings.

During the year, this committee also absorbed the functions of the Audit Committee which reviews risks to internal financial control at the Academy Trust. This includes responsibility for:

- Establishing arrangements for internal audit;
- Informing the Governance Statement in the statutory published accounts;
- Providing assurance to the external auditors.

Activities of this committee during the academic year 2013/14 included:

- ensuring completion of statutory returns to the Education Funding Agency;
- setting budgets in accordance with statutory guidelines and monitored activities against the budgets;
- considering the impact of funding reforms on future spending plans;
- Reviewing arrangements for covering the cost of staff absences;
- Approving the charging policy for 2013/14;
- Reviewing Financial Controls Documents ;
- Reviewing findings of the Health and Safety Audit report and considered the updated Health and Safety Policy;
- Reviewing employer discretions under the Local Government Pension Scheme;
- Approval of procurement arrangements for ICT equipment.

Attendance at meetings during the year was as follows:

<b>Members of the Committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr J M Allin	4	6
Mr M J Axton	6	6
Mr M Downs	5	6
Mr G D Moore	6	6
Ms J A Potts	6	6
Mr S White	5	6
Mr W M Smith	4	6
Mr W T Smith	1	2

## Highcliffe School

### Governance Statement

The Audit Committee held only one meeting during 2013/14 before amalgamating with the Finance and Facilities Committee. At that meeting, the Committee received reports from the internal auditor and responsible officer.

Attendance at that meeting was as follows:

<b>Members of the committee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Ms J Bewley	1	1
Ms M Gardiner	0	1
Mr N C Geary	0	1
Ms E Hutt	1	1
Ms K A Jenkinson	0	1
Ms C A King	1	1
Ms C Kydd-Coutts	1	1
Mr J Lofts	1	1
Mrs M V Mawbey	1	1
Mr B P Roberts	1	1
Mr W T Smith	1	1
Ms C E Van Wingerden	0	1

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Highcliffe School for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Finance and Facilities Committee on behalf of the Governing Body;

## Highcliffe School

### Governance Statement

- regular reviews by the Finance and Facilities Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- clearly defined purchasing guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks;
- Reviewing reports from the internal auditor.

The Governing Body has considered the need for a specific internal audit function and has decided:

- to appoint Southern Internal Audit Partnership as internal auditor.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis, the auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities to follow up the reports made to the Finance and Facilities Committee. In their reviews of financial systems they have not found any material control issues to bring to the Board's attention.

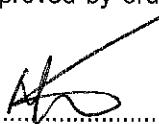
#### Review of effectiveness

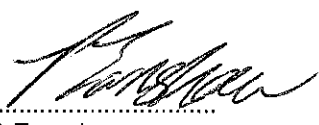
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 20/11/2014 and signed on its behalf by:

  
.....  
Mr M J Axton  
Chair

  
.....  
Mr P D Earnshaw  
Accounting officer



## Highcliffe School

### Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust Governing Body 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.

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 Body and Education Funding Agency.



.....  
Mr P D Earnshaw  
Accounting officer

## Highcliffe School

### Statement of Governors' Responsibilities

The Governors (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


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

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

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

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

Approved by order of the members of the Board on 20/11/2014 and signed on its behalf by:

  
.....  
Mr M J Axton  
Director

## Highcliffe School

### Independent Auditor's Report on the Financial Statements to the members of Highcliffe School

We have audited the financial statements of Highcliffe School for the year ended 31 August 2014, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### Respective responsibilities of governors and auditors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 16), the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

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

#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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 and the Annual Accounts Direction issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Opinion on other matter prescribed by the Companies Act 2006

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

#### Matters on which we are required to report by exception

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

## Highcliffe School

### Independent Auditor's Report on the Financial Statements to the members of Highcliffe School

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

Francis Clark LLP

.....  
Michael Bath (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Hitchcock House  
Hilltop Park  
Devizes Road  
Salisbury  
Wiltshire  
SP3 4UF

Date:.....

15/12/2014

## Highcliffe School

### Independent Auditor's Assurance Report on Regularity to Highcliffe School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 11 December 2011 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Highcliffe School during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 30 March 2011 and the Academies Financial Handbook extant from 1 September 2013, 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 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 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 Annual Accounts Direction issued by the Education Funding Agency. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion has been designed to comply with the requirements set out in The Accounts Direction 2014 and includes:

- Inspection and review of documentation providing evidence of governance procedures;
- Evaluation of the system of internal controls for authorisation and approval;
- Performing substantive tests on relevant transactions.

## Highcliffe School

### Independent Auditor's Assurance Report on Regularity to Highcliffe School and the Education Funding Agency

#### Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- During the year the Trust incurred expenditure that required the prior approval of the Education Funding Agency, which was not obtained. Retrospective approval has been obtained.

*Francis Clark LLP*

Michael Bath (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Chartered Accountants

Hitchcock House  
Hilltop Park  
Devizes Road  
Salisbury  
Wiltshire  
SP3 4UF

Date:.....

*15/12/14*

## Highcliffe School

### Statement of Financial Activities for the Year Ended 31 August 2014 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2014 £ 000	Total 2013 £ 000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Voluntary income	2	13	-	-	13	76
Activities for generating funds	3	311	201	-	512	356
Investment income	4	2	-	-	2	1
<i>Incoming resources from charitable activities:</i>						
Funding for the Trust's educational operations	5	-	6,953	43	6,996	7,198
Total incoming resources		<u>326</u>	<u>7,154</u>	<u>43</u>	<u>7,523</u>	<u>7,631</u>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		-	1	-	1	2
Cost of generating funds		273	-	-	273	61
<i>Charitable activities:</i>						
Trust's educational operations		6	7,209	350	7,565	7,692
Governance costs	8	-	18	-	18	16
Total resources expended	6	<u>279</u>	<u>7,228</u>	<u>350</u>	<u>7,857</u>	<u>7,771</u>
Net incoming/(outgoing) resources before transfers		47	(74)	(307)	(334)	(140)
Gross transfers between funds		-	(30)	30	-	-
Net income/(expenditure) for the year		47	(104)	(277)	(334)	(140)

## Highcliffe School

### Statement of Financial Activities for the Year Ended 31 August 2014 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2014 £ 000	Total 2013 £ 000
<b>Other recognised gains and losses</b>						
Actuarial loss on defined benefit pension schemes	23	-	(358)	-	(358)	(46)
Net movement in funds/(deficit)		47	(462)	(277)	(692)	(186)
<b>Reconciliation of funds</b>						
Funds/(deficit) brought forward at 1 September 2013		449	(942)	17,807	17,314	17,500
Funds/(deficit) carried forward at 31 August 2014		496	(1,404)	17,530	16,622	17,314

All of the academy's activities derive from continuing operations.

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



## Highcliffe School

(Registration number: 07631213)  
Balance Sheet as at 31 August 2014

	Note	2014 £ 000	2013 £ 000
<b>Fixed assets</b>			
Tangible assets	12	17,530	17,807
<b>Current assets</b>			
Debtors	13	173	176
Cash at bank and in hand		<u>1,086</u>	<u>1,032</u>
		1,259	1,208
Creditors: Amounts falling due within one year	14	<u>(478)</u>	<u>(489)</u>
Net current assets		<u>781</u>	<u>719</u>
Total assets less current liabilities		<u>18,311</u>	<u>18,526</u>
Net assets excluding pension liability		18,311	18,526
Pension scheme liability	23	<u>(1,689)</u>	<u>(1,212)</u>
Net assets including pension liability		<u><u>16,622</u></u>	<u><u>17,314</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		285	270
Restricted fixed asset fund		17,530	17,807
Restricted pension fund		<u>(1,689)</u>	<u>(1,212)</u>
		16,126	16,865
<b>Unrestricted funds</b>			
Unrestricted general fund		<u>496</u>	<u>449</u>
Total funds		<u><u>16,622</u></u>	<u><u>17,314</u></u>

The financial statements on pages 21 to 46 were approved by the Governors, and authorised for issue on 20/11/2014 and signed on their behalf by:

  
.....  
Mr M J Axton  
Chair

## Highcliffe School

### Cash Flow Statement for the Year Ended 31 August 2014

	Note	2014 £ 000	2013 £ 000
Net cash inflow from operating activities	18	82	218
Returns on investments and servicing of finance	19	2	1
Capital expenditure and financial investment	20	<u>(30)</u>	<u>(32)</u>
Increase in cash in the year	21	<u>54</u>	<u>187</u>

#### Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	54	187
Net funds at 1 September 2013	<u>1,032</u>	<u>845</u>
Net funds at 31 August 2014	<u>1,086</u>	<u>1,032</u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 1 Accounting policies

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Annual Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

##### **Going concern**

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a minimum period of one year from the date of approval of the financial statements.

##### **Incoming resources**

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

##### **Grants receivable**

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

##### **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 is certainty of receipt.

##### **Donations**

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

##### **Other income**

Other income, including the hire of facilities and fees to other schools and organisations for services rendered, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 1 Accounting policies (continued)

##### ***Donated services and gifts in kind***

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

##### **Resources expended**

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

All resources expended are inclusive of irrecoverable VAT.

##### ***Cost of generating funds***

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

##### ***Charitable activities***

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

##### ***Governance costs***

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

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 1 Accounting policies (continued)

##### Tangible fixed assets

Assets costing £2,000 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold buildings	50 years straight line
Freehold improvements	3 - 10 years straight line
Furniture & fittings	3 - 5 years straight line
Computer equipment	3 - 5 years straight line
Motor vehicles	5 years straight line

##### Leased assets

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

##### 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.

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 1 Accounting policies (continued)

##### **Pension 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

##### **Fund accounting**

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

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

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

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 2 Voluntary income

	<b>Unrestricted funds £ 000</b>	<b>Total 2014 £ 000</b>	<b>Total 2013 £ 000</b>
Donations - capital	-	-	60
Other donations	13	13	16
	<u>13</u>	<u>13</u>	<u>76</u>

#### 3 Activities for generating funds

	<b>Unrestricted funds £ 000</b>	<b>Restricted funds £ 000</b>	<b>Total 2014 £ 000</b>	<b>Total 2013 £ 000</b>
Hire of facilities	1	-	1	1
Trip income	-	201	201	216
Sales of educational supplies	6	-	6	8
Sales of educational services	21	-	21	32
Insurance claims	2	-	2	57
Catering income	197	-	197	-
Other generating funds income	84	-	84	42
	<u>311</u>	<u>201</u>	<u>512</u>	<u>356</u>

#### 4 Investment income

	<b>Unrestricted funds £ 000</b>	<b>Total 2014 £ 000</b>	<b>Total 2013 £ 000</b>
Short term deposits	<u>2</u>	<u>2</u>	<u>1</u>

# Highcliffe School

## Notes to the Financial Statements for the Year Ended 31 August 2014

### 5 Funding for Academy's educational operations

	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2014 £ 000	Total 2013 £ 000
<b>DfE/EFA capital grants</b>				
Capital grants	-	43	43	23
<b>DfE/EFA revenue grants</b>				
General Annual Grant (GAG)	6,738	-	6,738	6,956
Other EFA grants	182	-	182	163
	<u>6,920</u>	<u>-</u>	<u>6,920</u>	<u>7,119</u>
<b>Other government grants</b>				
Local Authority grants	33	-	33	56
Total grants	<u>6,953</u>	<u>43</u>	<u>6,996</u>	<u>7,198</u>

### 6 Resources expended

	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2014 £ 000	Total 2013 £ 000
Costs of generating voluntary income	-	-	1	1	2
Costs of activities for generating funds	38	-	235	273	61
<b>Academy's educational operations</b>					
Direct costs	5,200	350	572	6,122	6,103
Allocated support costs	729	469	245	1,443	1,589
	<u>5,929</u>	<u>819</u>	<u>817</u>	<u>7,565</u>	<u>7,692</u>
Governance costs including allocated support costs	-	-	18	18	16
	<u>5,967</u>	<u>819</u>	<u>1,071</u>	<u>7,857</u>	<u>7,771</u>



## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 6 Resources expended (continued)

Net incoming/outgoing resources for the year include:

	2014	2013
	£ 000	£ 000
Operating leases - other leases	7	11
Fees payable to auditor - audit	10	7
- other audit services	<u>3</u>	<u>3</u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 7 Charitable activities - Academy's educational operations

	<b>Total 2014 £ 000</b>	<b>Total 2013 £ 000</b>
<b>Direct costs</b>		
Teaching and educational support staff costs	5,200	5,208
Depreciation	350	341
Educational supplies	194	166
Examination fees	161	132
Staff development	22	29
Trip costs	193	217
Other direct costs	2	10
	<u>6,122</u>	<u>6,103</u>
<b>Allocated support costs</b>		
Support staff costs	729	657
Technology costs	44	58
Recruitment and support	68	69
Maintenance of premises and equipment	167	239
Cleaning	125	151
Rent and rates	43	36
Energy costs	88	89
Insurance	46	106
Printing, postage and stationery	43	50
Security & transport	38	29
Catering	4	39
Bank interest and charges	4	3
Advertising and promotion	18	35
Telephone	9	14
Other support costs	17	14
	<u>1,443</u>	<u>1,589</u>
	<u>7,565</u>	<u>7,692</u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 8 Governance costs

	Restricted funds £ 000	Total 2014 £ 000	Total 2013 £ 000
Legal and professional fees	5	5	6
<b>Auditors' remuneration</b>			
Audit of financial statements	10	10	7
Other services	3	3	3
	<u>18</u>	<u>18</u>	<u>16</u>

#### 9 Staff costs

	2014 £ 000	2013 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	4,796	4,780
Social security costs	333	336
Pension costs	778	750
Supply teacher costs	43	23
Compensation payments	17	5
	<u>5,967</u>	<u>5,894</u>

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

	2014 No	2013 No
<b>Charitable Activities</b>		
Teachers	90	90
Administration and support	51	49
Management	7	7
	<u>148</u>	<u>146</u>

The number of employees whose emoluments (excludes pension contributions) fell within the following bands was:

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 9 Staff costs (continued)

	2014 No	2013 No
£70,001 - £80,000	2	2
£130,001 - £140,000	-	1
£140,001 - £150,000	<u>1</u>	<u>-</u>

3 (2013 - 3) of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £41,358 (2013 - £40,480).

#### 10 Governors' remuneration and expenses

The Headteacher and staff governors only receive remuneration (includes pension contributions) in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration was as follows:

Ms J A Potts (Headteacher): £160,000 - £165,000 (2013 - £150,000 - £155,000)

Ms J Bewley (Staff governor): £50,000 - £55,000 (2013 - £50,000 - £55,000)

Ms C A King (Staff governor): £55,000 - £60,000 (2013 - £50,000 - £55,000)

Mr M Downs (Staff governor): £55,000 - £60,000 (2013 - £50,000 - £55,000)

There were no other related party transactions involving the governors.

#### 11 Governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £861 (2013 - £1,776).

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

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 12 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
<b>Cost</b>					
At 1 September 2013	18,406	21	87	14	18,528
Additions	<u>13</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>73</u>
At 31 August 2014	<u>18,419</u>	<u>21</u>	<u>87</u>	<u>74</u>	<u>18,601</u>
<b>Depreciation</b>					
At 1 September 2013	673	14	27	7	721
Charge for the year	<u>319</u>	<u>3</u>	<u>19</u>	<u>9</u>	<u>350</u>
At 31 August 2014	<u>992</u>	<u>17</u>	<u>46</u>	<u>16</u>	<u>1,071</u>
<b>Net book value</b>					
At 31 August 2014	<u>17,427</u>	<u>4</u>	<u>41</u>	<u>58</u>	<u>17,530</u>
At 31 August 2013	<u>17,733</u>	<u>7</u>	<u>60</u>	<u>7</u>	<u>17,807</u>

#### 13 Debtors

	2014 £ 000	2013 £ 000
Trade debtors	3	-
Prepayments	133	133
VAT recoverable	<u>37</u>	<u>43</u>
	<u>173</u>	<u>176</u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 14 Creditors: amounts falling due within one year

	2014 £ 000	2013 £ 000
Trade creditors	53	114
Other taxation and social security	15	68
Pension scheme creditor	177	126
Accruals	233	181
	<u>478</u>	<u>489</u>

	2014 £ 000
Deferred income at 1 September 2013	(153)
Resources deferred in the period	(170)
Amounts released from previous periods	<u>153</u>
Deferred income at 31 August 2014	<u>(170)</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips which will take place in the new financial year, as well as funds received in advance on grants which cover the year to 31 March 2015.

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 15 Funds

	Balance at 1 September 2013 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2014 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	244	6,738	(6,853)	89	218
Pupil Premium	-	156	(132)	-	24
Other DfE grants	26	26	(9)	-	43
LEA and other grants	-	33	(33)	-	-
Trips	-	201	(201)	-	-
	<u>270</u>	<u>7,154</u>	<u>(7,228)</u>	<u>89</u>	<u>285</u>
<b>Restricted fixed asset funds</b>					
Donation from Local Authority	17,534	-	(289)	-	17,245
DfE capital funding	44	43	(19)	-	68
Other donations	60	-	(3)	-	57
Capital expenditure from GAG	169	-	(39)	30	160
	<u>17,807</u>	<u>43</u>	<u>(350)</u>	<u>30</u>	<u>17,530</u>
<b>Restricted pension funds</b>					
Pension reserve	<u>(1,212)</u>	<u>-</u>	<u>-</u>	<u>(477)</u>	<u>(1,689)</u>
Total restricted funds	16,865	7,197	(7,578)	(358)	16,126
<b>Unrestricted funds</b>					
Unrestricted general funds	<u>449</u>	<u>326</u>	<u>(279)</u>	<u>-</u>	<u>496</u>
Total funds	<u><u>17,314</u></u>	<u><u>7,523</u></u>	<u><u>(7,857)</u></u>	<u><u>(358)</u></u>	<u><u>16,622</u></u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 15 Funds (continued)

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

General Annual Grant (GAG) - The Academy's principal funding stream received from the Education Funding Agency (EFA).

A transfer has been made from GAG into the fixed asset fund to cover additional capital purchases during the year not funded by specific capital income.

Pupil premium - DfE funding to address inequalities between children eligible for free school meals and their wealthier peers by ensuring that funding reaches the pupils who need it most.

Other DfE grants - Other specific grants from the DfE including grants for bursary funding, assistance with the cost of reporting requirements and PE teacher grants.

LEA and other grants - Other grants from the Local Education Authority including for teacher training and skills support.

Pension reserve - The deficit on the Local Government Pension Scheme has been recognised against restricted funds in order to match it against GAG as recommended by the Academies Accounts Direction.

Trips - Contributions from students towards trips and events run by the school. Where a surplus above a set limit is generated on a specific trip, this is returned to the students.

Restricted fixed asset funds - Funding for capital items and projects. This also includes an element of capital spend funded from GAG.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014



## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 16 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	17,530	17,530
Current assets	523	736	-	1,259
Current liabilities	-	(478)	-	(478)
Pension scheme liability	-	(1,689)	-	(1,689)
Total net assets	<u>523</u>	<u>(1,431)</u>	<u>17,530</u>	<u>16,622</u>

#### 17 Financial commitments

##### *Operating leases*

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

##### Operating leases which expire:

	2014 £ 000	2013 £ 000
<b>Other</b>		
Within one year	-	2
Within two to five years	<u>7</u>	<u>5</u>
	<u>7</u>	<u>7</u>

#### 18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2014 £ 000	2013 £ 000
Net expenditure	(334)	(140)
Depreciation	350	341
Donated capital and capital grants	(43)	(83)
Interest receivable	(2)	(1)
FRS 17 pension cost less contributions payable	67	47
FRS 17 net interest cost	52	36
Decrease in debtors	3	15
(Decrease)/increase in creditors	<u>(11)</u>	<u>3</u>
Net cash inflow from operating activities	<u>82</u>	<u>218</u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 19 Returns on investments and servicing of finance

	2014 £ 000	2013 £ 000
Interest received	<u>2</u>	<u>1</u>
Net cash inflow from returns on investments and servicing of finance	<u>2</u>	<u>1</u>

#### 20 Capital expenditure and financial investment

	2014 £ 000	2013 £ 000
Purchase of tangible fixed assets	(73)	(115)
Capital funding received from sponsors and others	-	60
Capital grants	<u>43</u>	<u>23</u>
Net cash outflow from capital expenditure and financial investment	<u>(30)</u>	<u>(32)</u>

#### 21 Analysis of changes in net funds

	At 1 September 2013 £ 000	Cash flows £ 000	At 31 August 2014 £ 000
Cash at bank and in hand	<u>1,032</u>	<u>54</u>	<u>1,086</u>

#### 22 Members' liability

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

#### 23 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2012.

Contributions amounting to £176,605 (2013 - £125,850) were payable to the schemes at 31 August and are included within creditors.

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 23 Pension and similar obligations (continued)

##### Teachers' Pension Scheme

###### Introduction

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

###### Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 23 Pension and similar obligations (continued)

##### Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published a proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representative bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

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

##### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £182,000 (2013 - £188,000), of which employer's contributions totalled £139,000 (2013 - £145,000) and employees' contributions totalled £43,000 (2013 - £43,000). The agreed contribution rates for future years are 20.2% per cent for employers and 5.5% to 7.2% per cent 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.

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 23 Pension and similar obligations (continued)

##### Principal actuarial assumptions

	At 31 August 2014 %	At 31 August 2013 %
Rate of increase in salaries	4.10	4.90
Rate of increase for pensions in payment/inflation	2.60	2.90
Discount rate for scheme liabilities	3.90	4.70
Inflation assumptions (CPI)	2.60	2.90
RPI increases	<u>3.40</u>	<u>3.70</u>

##### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
<b>Adjustment to discount rate</b>			
Present value of total obligation	2,989	3,053	3,118
Projected service cost	<u>190</u>	<u>194</u>	<u>198</u>

	+ 0.1% £ 000	0.0% £ 000	- 0.1% £ 000
<b>Adjustment to rate of salary growth</b>			
Present value of total obligation	3,068	3,053	3,038
Projected service cost	<u>194</u>	<u>194</u>	<u>194</u>

	+ 1 Year £ 000	None £ 000	- 1 Year £ 000
<b>Adjustment to mortality age rating assumption</b>			
Present value of total obligation	2,948	3,053	3,159
Projected service cost	<u>187</u>	<u>194</u>	<u>201</u>

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

	At 31 August 2014	At 31 August 2013
<b>Retiring today</b>		
Males retiring today	22.70	20.10
Females retiring today	25.10	24.10
<b>Retiring in 20 years</b>		
Males retiring in 20 years	24.90	22.10
Females retiring in 20 years	<u>27.40</u>	<u>26.00</u>

The academy's share of the assets and liabilities in the scheme were:

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 23 Pension and similar obligations (continued)

	At 31 August 2014 £ 000	At 31 August 2013 £ 000
Equities	743	748
Gilts	273	241
Property	125	96
Cash	126	60
Other	97	60
Total market value of assets	1,364	1,205
Present value of scheme liabilities - funded	(3,053)	(2,417)
Deficit in the scheme	(1,689)	(1,212)

The expected rates of return were:

	At 31 August 2014 %	At 31 August 2013 %
Equities	6.90	6.50
Gilts	3.00	4.40
Property	5.90	4.50
Cash	2.90	.50
Other	6.90	2.50

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect the default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The actual return on scheme assets was £156,000 (2013 - £135,000).

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 23 Pension and similar obligations (continued)

##### Amounts recognised in the statement of financial activities

	2014 £ 000	2013 £ 000
Current service cost	206	192
Total operating charge	<u>206</u>	<u>192</u>

##### Analysis of pension finance income/(costs)

	2014 £ 000	2013 £ 000
Expected return on pension scheme assets	67	45
Interest on pension liabilities	<u>(119)</u>	<u>(81)</u>
Pension finance costs	<u>(52)</u>	<u>(36)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is (£693,000) (2013 - (£335,000)).

##### Movements in the present value of defined benefit obligation

	2014 £ 000	2013 £ 000
At 1 September	2,417	1,977
Current service cost	206	192
Interest cost	119	81
Employee contributions	43	43
Actuarial losses	306	135
Benefits paid	<u>(38)</u>	<u>(11)</u>
At 31 August	<u>3,053</u>	<u>2,417</u>

## Highcliffe School

### Notes to the Financial Statements for the Year Ended 31 August 2014

#### 23 Pension and similar obligations (continued)

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

	2014 £ 000	2013 £ 000
At 1 September	1,205	894
Expected return on assets	67	45
Actuarial (losses)/gains	(52)	89
Employer contributions	139	145
Employee contributions	43	43
Benefits paid	<u>(38)</u>	<u>(11)</u>
At 31 August	<u>1,364</u>	<u>1,205</u>

The estimated value of employer contributions for the next period is £127,000 (2013 - £139,000).

##### History of experience adjustments

Amounts for the current and previous 3 periods are as follows:

	2014 £ 000	2013 £ 000	2012 £ 000	2011 £ 000
Present value of scheme liabilities	(3,053)	(2,417)	(1,977)	(1,311)
Fair value of scheme assets	<u>1,364</u>	<u>1,205</u>	<u>894</u>	<u>573</u>
Deficit in the scheme	<u>(1,689)</u>	<u>(1,212)</u>	<u>(1,083)</u>	<u>(738)</u>
		2014 £ 000	2013 £ 000	2012 £ 000
Experience adjustments arising on scheme assets		(52)	89	52
Experience adjustments arising on scheme liabilities		<u>(101)</u>	<u>-</u>	<u>-</u>

Comparative figures have not been restated as permitted by FRS 17.

#### 24 Related party transactions

There were no related party transactions in the year.