

Highcliffe School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

Registration number: 07631213

Highcliffe School

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Highcliffe School

Reference and Administrative Details

Members

Mr S White
Mr M J Axton (resigned 19 July 2016)
Mr J M Allin

Governors

Mr P D Earnshaw
Mr M Downs, *
Ms C E Van Wingerden (resigned 19 July 2016)
Ms C Kydd-Coutts (resigned 19 July 2016)
Ms E Hutt (resigned 30 October 2015)
Mr J M Allin, *
Mr M J Axton (resigned 19 July 2016)
Mr G D Moore, *
Mr W T Smith, * (Chair of Resources)
Mr N C Geary
Mr J Lofts
Mrs L G Downie
Mrs D Chaffey
Mr S Midgley, (Chair of Governors)
Mr T Sampson, * (appointed 11 April 2016)
Mrs C Dooks, * (appointed 24 May 2016)
Mrs T Heathman, * (appointed 26 November 2015)

* Members of the Resources Committee.

Highcliffe School

Reference and Administrative Details (continued)

Principal	Mr P D Earnshaw
Company Registration Number	07631213
Independent Auditors	PKF Francis Clark Statutory Auditor Hitchcock House Hilltop Park Devizes Road Salisbury Wiltshire SP3 4UF
Senior Management Team	Mr P D Earnshaw, 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 (Retired 31 December 2015) Mrs D Kennedy, Assistant Headteacher Mrs A Karanja, Assistant Headteacher Mr J Dean, Assistant Headteacher Mr S Fuller, Director of Business and Finance (Appointed 7 September 2015)
Principal and Registered Office	Parkside Highcliffe Christchurch Dorset BH23 4QD
Bankers	Lloyds Bank Plc 4 Castle Street Christchurch Dorset BH23 1DU
Solicitors	Blake Lapthorn New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG

Highcliffe School

Governors' Report for the Year Ended 31 August 2016

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. 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 2016 was 1,442.

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. The Charitable Company is known as Highcliffe School.

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 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 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 9 governors. A maximum of 3 staff governors and 6 parent governors can be appointed. Any contested election of parent governors is held by secret ballot. A parent governor must be a parent of a registered student at the academy at the time of the election. The governors may appoint up to 3 co-opted governors. The term of office of any governor is 4 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's course for new governors. Specialist training is arranged for 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 2016 (continued)

Organisational structure

The Full Governing Body is required to meet at least once per 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 Resources Committee (which replaced the Finance & Audit and Personnel Committees) meets several times 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. In addition, at least once a year its agenda will review the School's pay policies, the School's Performance Management process and oversee matters relating to staffing, including annual review of the Headteacher's performance.

The School Performance Committee (which replaced the curriculum and community links committees) meets at least five times a year and strategically plans and monitors the School's formal and informal curriculum provision. The committee also reviews the school's examination performance. In addition, it 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.

Arrangements for setting pay and remuneration of key management personnel

The school is fully aligned with Dorset County Council's pay and conditions and this covers all staff. Key management personnel sit within that grade structure and that level has been determined by Governor review against other similar schools in the locality and is monitored on a regular basis.

Risk management

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

A regular review of risks is undertaken and the following 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.

Related parties and other connected charities and organisations

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 2016 (continued)

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 experiences provided for our learners is a key feature of our school development plan and it is this belief that informs our Vision Statement of:

'We believe in the power of education to change lives'

Objectives and activities

Objects and aims

Over the course of 2015/2016 the school's aims were:

Improving the quality and effectiveness of learning and teaching

The school has introduced a redeveloped continued professional development programme and a new performance management system based on Coaching and Mentoring being introduced across both the Teaching and Non-teaching staff. The school has also introduced a new feedback and marking policy developed in 2015/2016 and implemented from September 2016.

Improving learning by implementing in a consistent manner the Behaviour for Learning policy

September 2015 saw the introduction of new Rewards and Behaviour policies which have resulted in celebration of success becoming common practice whilst also improving students' learning behaviours.

Life without levels: development of assessment to promote progress

With the removal of levels for assessment the school has undertaken a complete review of its Year 7 to 9 assessment and reporting system. This has resulted in a new system focussed on being able to identify gaps in students' knowledge/understanding to inform future curriculum planning and in class interventions to remove these. This system has been developed in 2015/2016 with teaching staff mapping the requirements of the new curriculums from the key expectations at Key Stage 5 back to Year 7.

2015/16 was a year of transformation for the governing board as we align ourselves with the modern practices as an Academy and responded to changes in the education landscape. Change is always difficult and for us it has been compounded by the need to do this in a flat funding system where Dorset is within the lowest 15 funded local authorities nationally.

In spite of the challenges, the school has achieved a significant amount and secured a platform to build upon for continued success.

Highcliffe School

Governors' Report for the Year Ended 31 August 2016 (continued)

Public benefit

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 world.

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.

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 (i.e. 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 (i.e. the Murder Mystery day).

Highcliffe School

Governors' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

GCSE Outcomes:

GCSE Attainment has remained significantly in excess of national outcomes. The numbers gaining 5 or more A*-C rose to 86% in 2013, were 71% in 2014 and 79.4% in 2015 (examination best result) and 73% in 2016. Older 'expected progress' measures show English (best entry) and Mathematics being in line with national figures over in 2014 and 2015 with the newer Progress 8 figures showing English having made a substantial improvement in terms of progress in 2016 (both Literature and Language).

The average grade capped at best 8 over the past 3 years has been C+.

Summer 2016 saw the percentage of students achieving English and Maths at C or above at 68.3% against a national figure of 58.7% (9.4% higher) with past years being at 72% and 62.9% respectively. The schools Attainment 8 figure at 53.1 (48.2 nationally) shows the school's curriculum to be broad and balanced whilst also adapting to the needs of our students. The 22% of students achieving the EBACC measure is in line with the national percentage of 22.8%. This is a slight reduction on previous years of 25% in 2015 and 26% in 2014 despite an increase in eligibility/entries which indicates an area for development.

20 of the 32 subjects undertaken at GCSE were above the national A*-C % including English Language, English Literature, Mathematics, Science, Additional Science, Biology, Physics, Chemistry, Computing, IT, Music, PE and Expressive Arts. Subjects substantially out performing nationally at A*-A include English Literature, English Language, Biology, Chemistry, Physics, Computing, Mathematics and Music.

The strategies adopted by the English subject team and the extra support provided tangible impact on the final outcome across Language and Literature with the Progress 8 English element being 0.24. The school's overall Progress 8 measure of -0.07 places the school at the higher end of the average category nationally in the provisional performance tables.

The school's KS2 entry is Sig+ on entry for the all but the current Year 8 cohort (Year 7 not yet known) so it is very pleasing to see a 20 subjects having over 40% of students making 4 levels of progress for the High KS2 entry banding. There is also a trend of improvement for the lower ability KS2 band having seen the VA for this cohort moving from 942 in 2014 to 996 in 2015 and now 1034 (provisional based on 2015 VA measures) in 2016. This progress of the lower ability KS2 band is also shown in the progress 8 figure of +0.23 (0.25 En, +0.34 Ma, +0.14 EBACC and +0.22 Open).

The results in 2016 are therefore 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.

Sixth Form Outcomes:

At A2, 29% of students' grades achieved were A*-A sustaining this figure from 2015. 60% of all grades were A*-B an improvement of 10% from the previous year and A*-C at 80%. The average grade overall was sustained at a C+ with a lower GCSE profile on entry (45.3 Avg GCSE Pts).

Highcliffe School

Governors' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

The A2 ALPS single year grading was a 2/Outstanding (from a 5 in 2013/2014 and 2014/2015) putting the overall three-year T-Score at a 4/Very Good. We believe that the ALPS grade of 2 places our sixth form as the best for progress across the county. The number of subjects with negative ALPS grading of 7-9 decreased to 0 from 9 in 2015 and 10 in 2014. 14 subjects were reported between ALPS 1 and 3.

For the BTEC and Diploma subjects 94% of all grades were D*-D moving the ALPS score to 2/Outstanding, with no subjects being in the negative category of 7-9, a substantial improvement on 2014 (ALPS 4) and 2015 (ALPS 6). Both A2 and BTEC/Diploma subjects show a clear three-year trend of improvement in KS5 results and place the sixth form in the top 10% nationally for progress (ALPS 2016)

Destinations data from 2014 (provisional performance tables 2016) show 96% of students progressing at KS4 to education or training against a national figure of 94% and reflects the suitability of the school's curriculum, subsequent adjustments made for individuals and the CEIG. Students leaving at the end of KS5 progress to apprenticeships and a large array of universities with over 41% entering courses at the 40 top universities. The school has also continued its trend of having at least one student progress to Oxbridge each year over the past 8 years (3 students in 2016).

Going concern

The governing body has taken steps through restructuring the school's staffing to ensure that there is a reasonable expectation of the academy trust returning to an annual surplus and having adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

During the year 31 August 2016, the school generated a deficit of £705,000 in the restricted general fund, excluding the pension reserve. In the main this relates to the cost of restructuring (£426,000) the staffing at the school to ensure that it can return to a surplus and it is budgeted to do this in 2017. The unrestricted balance at 31 August 2016 was £500,000.

Reserves policy

The total of reserves held in both restricted and unrestricted funds, excluding the pension fund reserve, amounts to £141,000. This includes amounts of funding received by the school prior to conversion to academy status. The Governors intend that Reserves should be retained at an appropriate but not excessive level to balance the continual investment in year with planning for future developments. This year the Governors have taken the step of reducing costs through restructuring staffing to ensure that the school returns to annual surpluses and therefore can rebuild reserves to the reasonable level required and this will be revisited when any impact from the 'Fair Funding' policy is understood.

Highcliffe School

Governors' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

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.

Plans for future periods

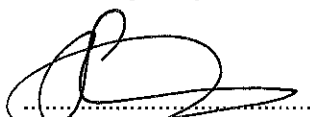
The Governing Body is committed to maintaining and improving the infrastructure of the School whilst maintaining a balanced budget

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.

Governors' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body, as the company directors, on ~~24/11/2016~~ and signed on its behalf by:



.....
Mr S Midgley
Governor

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 Mr P D Earnshaw, 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 8 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr J M Allin	5	8
Mr M J Axton	5	8
Mr M Downs	8	8
Mrs L G Downie	7	8
Mrs D Chaffey	8	8
Mr P D Earnshaw	7	8
Mr N C Geary	4	8
Ms C Kydd-Coutts	7	8
Mr J Lofts	6	8
Mr S Midgley	8	8
Mr G D Moore	4	8
Mr W T Smith	6	8
Ms C E Van Wingerden	8	8
Mrs T Heathman	6	8
Mrs C Dooks	1	1
Mr T Sampson	1	2

Highcliffe School

Governance Statement (continued)

The Resources 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 2015/16 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 2015/16;
- 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:

Trustee	Meetings attended	Out of a possible
Mr J M Allin	2	2
Mr M J Axton	3	7
Mr M Downs	2	2
Mr P D Earnshaw	5	7
Mr G D Moore	7	7
Mr W T Smith	7	7
Mrs T Heathman	4	5
Mr N C Geary	2	5
Mr S Midgley	2	2
Mr J Lofts	3	5

Highcliffe School

Governance Statement (continued)

Review of value for money

As Accounting Officer the Headteacher 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by deploying existing resources in a manner that has improved performance of the school's students in a number of ways:

- The school's KS4 performance remained significantly in excess of national outcomes.
- The A2 ALPS score for 2015 should the school improving from 4 to 2 meaning the School was in the top 10% of A level providers.
- There was a significant improvement in the lower ability KS2 band which had a positive 0.23 value add score on Progress 8.

Over the coming year, the school intends to review the value for money obtained from services provided by Dorset County Council, and to consider the potential benefit of engaging alternative suppliers.

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 priorities the risks to the achievement of the School's 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 2016 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 2016 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;
- Regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes

Highcliffe School

Governance Statement (continued)

- Clearly defined purchasing guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks
- Reviewing reports from the internal auditor. This service is provided by the Southern Internal Audit Partnership.

During the year, the internal auditors carried out checks on the following areas:

- School Development Plan
- Performance Reporting
- Cash and Banking
- Payroll
- Purchasing, including the use of charge cards
- Petty Cash

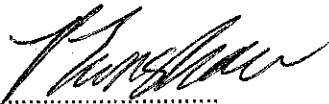
Review of effectiveness

As Accounting Officer, Mr P D Earnshaw 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 financial management and governance self assessment process;
- 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 General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 24/11/16 and signed on its behalf by:



.....
Mr P D Earnshaw
Accounting officer
Governor



.....
Mr S Midgley
Governor

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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 EFA.



.....
Mr P D Earnshaw
Accounting officer

Date: 24/11/16

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 published 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:

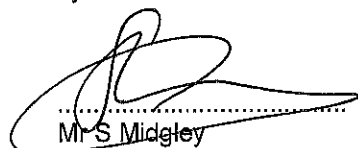
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Governing Body on 24.11.16 and signed on its behalf by:



Mrs S Midgley
Governor

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 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Trustees and Auditors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 15), 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 Annual 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 2016 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 Academies Accounts Direction 2015 to 2016; 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.

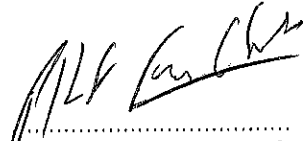
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Independent Auditor's Report on the Financial Statements to the Members of Highcliffe School (continued)

Matters on which we are required to report by exception

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

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



.....
Paul Giessler (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Hitchcock House
Hilltop Park
Devizes Road
Salisbury
Wiltshire
SP3 4UF

Date: B December 2016

Highcliffe School

Independent Reporting Accountant's 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 2015 to 2016, 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 2015 to 31 August 2016 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' funding agreement with the Secretary of State for Education dated 30 March 2011 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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 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 Reporting Accountant's Report on Regularity to Highcliffe School and the Education Funding Agency (continued)

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Paul Giessler

For and on behalf of Francis Clark LLP, Chartered Accountants

Hitchcock House
Hilltop Park
Devizes Road
Salisbury
Wiltshire
SP3 4UF

Date: 13 December 2016

Highcliffe School

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

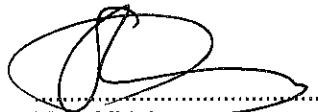
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2016 £ 000
Income and endowments from:					
Donations and capital grants	2	14	-	30	44
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	3	304	7,156	-	7,460
Other trading activities	4	89	-	-	89
Investments	5	4	-	-	4
Total		<u>411</u>	<u>7,156</u>	<u>30</u>	<u>7,597</u>
Expenditure on:					
Raising funds	6	77	5	-	82
<i>Charitable activities:</i>					
Academy trust educational operations	7	<u>319</u>	<u>7,868</u>	<u>373</u>	<u>8,560</u>
Total		<u>396</u>	<u>7,873</u>	<u>373</u>	<u>8,642</u>
Net income/(expenditure)		15	(717)	(343)	(1,045)
Transfers between funds		-	12	(12)	-
Other recognised gains and losses					
Actuarial loss on defined benefit pension schemes	21	<u>-</u>	<u>(1,119)</u>	<u>-</u>	<u>(1,119)</u>
Net movement in funds/(deficit)		15	(1,824)	(355)	(2,164)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2015		<u>485</u>	<u>(1,577)</u>	<u>17,230</u>	<u>16,138</u>
Total funds/(deficit) carried forward at 31 August 2016		<u>500</u>	<u>(3,401)</u>	<u>16,875</u>	<u>13,974</u>

Highcliffe School

(Registration number: 07631213) Balance Sheet as at 31 August 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Tangible assets	11	16,875	17,230
Current assets			
Debtors	12	166	251
Cash at bank and in hand		<u>758</u>	<u>997</u>
		924	1,248
Creditors: Amounts falling due within one year	13	<u>(783)</u>	<u>(582)</u>
Net current assets		<u>141</u>	<u>666</u>
Total assets less current liabilities		<u>17,016</u>	<u>17,896</u>
Net assets excluding pension liability		17,016	17,896
Defined benefit pension scheme liability	21	<u>(3,042)</u>	<u>(1,758)</u>
Total assets		<u><u>13,974</u></u>	<u><u>16,138</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		(359)	181
Restricted fixed asset fund		16,875	17,230
Restricted pension fund		<u>(3,042)</u>	<u>(1,758)</u>
		13,474	15,653
Unrestricted funds			
Unrestricted general fund		<u>500</u>	<u>485</u>
Total funds		<u><u>13,974</u></u>	<u><u>16,138</u></u>

The financial statements on pages 20 to 44 were approved by the Governors, and authorised for issue on 24/11/16 and signed on their behalf by:


.....
Mr S Midgley
Governor

Highcliffe School

Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2015 £ 000
Income and endowments from:					
Donations and capital grants	2	6	-	40	46
<i>Charitable activities:</i>					
Funding for the Academy Trust's educational operations	3	248	7,131	-	7,379
Other trading activities	4	106	-	-	106
Investments	5	3	-	-	3
Total		363	7,131	40	7,534
Expenditure on:					
Raising funds	6	96	-	-	96
<i>Charitable activities:</i>					
Academy trust educational operations	7	278	7,347	367	7,992
Total		374	7,347	367	8,088
Net expenditure		(11)	(216)	(327)	(554)
Transfers between funds		-	(27)	27	-
Other recognised gains and losses					
Actuarial gain on defined benefit pension schemes	21	-	70	-	70
Net movement in deficit		(11)	(173)	(300)	(484)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2014		496	(1,404)	17,530	16,622
Total funds/(deficit) carried forward at 31 August 2015		485	(1,577)	17,230	16,138

Highcliffe School

Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £ 000	2015 £ 000
Cash flows from operating activities			
Net cash used in operating activities	17	(256)	(64)
Cash flows from investing activities	18	<u>17</u>	<u>(25)</u>
Change in cash and cash equivalents in the year		(239)	(89)
Cash and cash equivalents at 1 September		<u>997</u>	<u>1,086</u>
Cash and cash equivalents at 31 August	19	<u><u>758</u></u>	<u><u>997</u></u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of 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.

Basis of preparation

The financial statements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Highcliffe School meets the definition of a public benefit entity under FRS 102. These financial statements are the first financial statements of Highcliffe School prepared in accordance with FRS 102. Refer to note 23 for more details on the first time adoption and explanation of transition to FRS 102.

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.

The governing body has taken steps through restructuring the school's staffing to ensure that there is a reasonable expectation of the academy trust returning to an annual surplus and having adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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.

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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 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 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.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Expenditure

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

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.

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.

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.

Asset class	Depreciation method and rate
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

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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.

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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 2016 (continued)

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.

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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.

Critical accounting estimates and areas of judgement

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.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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

A critical area of judgement is the recognition of trip income and costs as either restricted or unrestricted funds.

The school has a long-standing policy that any surplus on an individual trip in excess of a reasonable administration fee per pupil is returned to the parent. The school does not retain any surplus in respect of any this income. It is raised from parents for an explicit purpose, and where a trip is cancelled subsequent to contributions being collected then all of the contributions received are returned to the parents concerned. Therefore, this clearly is not money that is available for the general purposes of the charity and so is classified as restricted.

A critical area of judgement is whether the school has a construction obligation in respect of a redundancy payment or not.

The school issues a member of staff a notice of termination of employment. This notice creates a constructive obligation between the member of staff and the school. At this point the school recognises an accrual or provision in the accounts for the expected redundancy payment.

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total 2016 £ 000	Total 2015 £ 000
Capital grants	-	30	30	40
Other donations	14	-	14	6
	<u>14</u>	<u>30</u>	<u>44</u>	<u>46</u>

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2016 £ 000	Total 2015 £ 000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	6,684	6,684	6,710
Other EFA grants	-	200	200	195
	<u>-</u>	<u>6,884</u>	<u>6,884</u>	<u>6,905</u>
Other government grants				
Local Authority grants	-	56	56	56
Non-government grants and other income				
Catering Income	304	-	304	248
Trip Income	-	216	216	170
	<u>304</u>	<u>216</u>	<u>520</u>	<u>418</u>
Total grants	<u>304</u>	<u>7,156</u>	<u>7,460</u>	<u>7,379</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4 Other trading activities

	Unrestricted funds £ 000	Total 2016 £ 000	Total 2015 £ 000
Minibus income	52	52	68
Music income	11	11	17
Sales of educational supplies	8	8	8
Sales of educational services	7	7	11
Hire of facilities	1	1	1
Other generating funds income	10	10	1
	<u>89</u>	<u>89</u>	<u>106</u>

5 Investment income

	Unrestricted funds £ 000	Total 2016 £ 000	Total 2015 £ 000
Short term deposits	<u>4</u>	<u>4</u>	<u>3</u>

6 Expenditure

	Non Pay Expenditure			Total 2016 £ 000	Total 2015 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds	35	-	47	82	96
Academy's educational operations					
Direct costs	5,831	373	564	6,768	6,158
Allocated support costs	796	411	585	1,792	1,834
	<u>6,662</u>	<u>784</u>	<u>1,196</u>	<u>8,642</u>	<u>8,088</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Expenditure (continued)

Net incoming/outgoing resources for the year include:

	2016 £ 000	2015 £ 000
Operating leases - other leases	7	7
Fees payable to auditor - audit	9	7
- other audit services	5	3
	<u>5</u>	<u>3</u>

7 Charitable activities

	Total 2016 £ 000	Total 2015 £ 000
Direct costs - educational operations	6,768	6,158
Support costs - educational operations	1,792	1,834
	<u>8,560</u>	<u>7,992</u>

	Educational operations £ 000	Total 2016 £ 000	Total 2015 £ 000
Analysis of support costs			
Support staff costs	796	796	720
Technology costs	42	42	73
Premises costs	411	411	503
Other support costs	528	528	527
Governance costs	15	15	11
Total support costs	<u>1,792</u>	<u>1,792</u>	<u>1,834</u>

8 Staff

Staff costs

	2016 £ 000	2015 £ 000
Staff costs during the year were:		
Wages and salaries	4,899	4,806
Social security costs	400	323
Pension costs	930	795
	<u>6,229</u>	<u>5,924</u>
Supply teacher costs	7	37
Staff restructuring costs	426	-
	<u>6,662</u>	<u>5,961</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff (continued)

	2016 £ 000	2015 £ 000
Staff restructuring costs comprise:		
Redundancy payments	<u>426</u>	<u>-</u>

Staff numbers

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

	2016 No	2015 No
Charitable Activities		
Teachers	110	109
Administration and support	86	93
Management	<u>7</u>	<u>7</u>
	<u>203</u>	<u>209</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000, including redundancy payments where appropriate, was:

	2016 No	2015 No
£60,001 - £70,000	1	-
£70,001 - £80,000	3	2
£80,001 - £90,000	1	-
£100,001 - £110,000	2	1
£140,001 - £150,000	1	-
£150,001 - £160,000	<u>1</u>	<u>-</u>

The key management personnel of the Academy Trust comprise the Governors, Headteacher and Deputy Headteachers 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 £583,853 (2015: £525,157).

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Related party transactions - Trustees' 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 role as Governors. The value of Governors' remuneration and other benefits was as follows:

Mr P D Earnshaw (Headteacher):

Remuneration: £105,000 - £110,000 (2015 - £100,000 - £105,000)

Employer's pension contributions: £15,000 - £20,000 (2015 - £10,000 - £15,000)

Mr M Downs (Staff governor):

Remuneration: £50,000 - £55,000 (2015 - £50,000 - £55,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £5,000 - £10,000)

Mrs L G Downie (Staff governor):

Remuneration: £45,000 - £50,000 (2015 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

Mrs T Heathman (Staff governor):

Remuneration: £10,000 - £15,000 (2015 - £Nil)

Employer's pension contributions: £0 - £5,000 (2015 - £Nil)

T Heathman was appointed 26/11/2015

Other related party transactions involving the Governors are set out in note 22.

10 Trustees' 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 2016 was £947 (2015 - £965).

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 2016 (continued)

11 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2015	18,445	42	87	95	18,669
Additions	<u>4</u>	<u>3</u>	<u>-</u>	<u>10</u>	<u>17</u>
At 31 August 2016	<u>18,449</u>	<u>45</u>	<u>87</u>	<u>105</u>	<u>18,686</u>
Depreciation					
At 1 September 2015	1,311	25	62	41	1,439
Charge for the year	<u>322</u>	<u>6</u>	<u>15</u>	<u>29</u>	<u>372</u>
At 31 August 2016	<u>1,633</u>	<u>31</u>	<u>77</u>	<u>70</u>	<u>1,811</u>
Net book value					
At 31 August 2016	<u>16,816</u>	<u>14</u>	<u>10</u>	<u>35</u>	<u>16,875</u>
At 31 August 2015	<u>17,134</u>	<u>17</u>	<u>25</u>	<u>54</u>	<u>17,230</u>

12 Debtors

	2016 £ 000	2015 £ 000
Trade debtors	10	11
Prepayments	109	170
VAT recoverable	<u>47</u>	<u>70</u>
	<u>166</u>	<u>251</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

13 Creditors: amounts falling due within one year

	2016 £ 000	2015 £ 000
Trade creditors	112	153
Other taxation and social security	144	107
Other creditors	19	22
Pension scheme creditor	139	87
Accruals and deferred income	369	213
	<u>783</u>	<u>582</u>

	2016 £ 000
Deferred income	
Deferred income at 1 September 2015	176
Resources deferred in the period	177
Amounts released from previous periods	<u>(176)</u>
Deferred income at 31 August 2016	<u>177</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 2017.

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Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Funds

	Balance at 1 September 2015 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2016 £ 000
Restricted general funds					
General Annual Grant (GAG)	99	6,684	(7,402)	177	(442)
Pupil Premium	23	199	(199)	-	23
Other DfE grants	59	1	-	-	60
LEA and other grants	-	56	(56)	-	-
Trips	-	216	(216)	-	-
	<u>181</u>	<u>7,156</u>	<u>(7,873)</u>	<u>177</u>	<u>(359)</u>
Restricted fixed asset funds					
Donation from Local Authority	16,961	-	(280)	-	16,681
DfE capital funding	79	30	(39)	-	70
Other donations	54	-	(3)	-	51
Capital expenditure from GAG	136	-	(51)	(12)	73
	<u>17,230</u>	<u>30</u>	<u>(373)</u>	<u>(12)</u>	<u>16,875</u>
Restricted pension funds					
Pension reserve	<u>(1,758)</u>	<u>-</u>	<u>-</u>	<u>(1,284)</u>	<u>(3,042)</u>
Total restricted funds	15,653	7,186	(8,246)	(1,119)	13,474
Unrestricted funds					
Unrestricted general funds	<u>485</u>	<u>411</u>	<u>(396)</u>	<u>-</u>	<u>500</u>
Total funds	<u>16,138</u>	<u>7,597</u>	<u>(8,642)</u>	<u>(1,119)</u>	<u>13,974</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 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 the fixed asset fund to GAG to cover revenue expenditure that does not meet the capitalisation criteria.

A transfer of the pension costs has been made from GAG to the pension fund.

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.

15 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	16,875	16,875
Current assets	549	375	-	924
Current liabilities	(49)	(734)	-	(783)
Pension scheme liability	-	(3,042)	-	(3,042)
Total net assets	<u>500</u>	<u>(3,401)</u>	<u>16,875</u>	<u>13,974</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Financial commitments

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £ 000	2015 £ 000
Amounts due within one year	10	7
Amounts due between one and five years	5	-
	<u>15</u>	<u>7</u>

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

	2016 £ 000	2015 £ 000
Net expenditure	(1,045)	(554)
Depreciation	372	368
Capital grants from DfE and other capital income	(30)	(40)
Interest receivable	(4)	(3)
Defined benefit pension scheme cost less contributions payable	98	82
Defined benefit pension scheme finance cost	67	57
Decrease/(increase) in debtors	85	(78)
Increase in creditors	201	104
Net cash used in Operating Activities	<u>(256)</u>	<u>(64)</u>

18 Cash flows from investing activities

	2016 £ 000	2015 £ 000
Dividends, interest and rents from investments	4	3
Purchase of tangible fixed assets	(17)	(68)
Capital grants from DfE/EFA	30	40
Net cash provided by/(used in) investing activities	<u>17</u>	<u>(25)</u>

19 Analysis of cash and cash equivalents

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Cash at bank and in hand	<u>758</u>	<u>997</u>
Total cash and cash equivalents	<u>758</u>	<u>997</u>

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

20 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.

21 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 Dorset County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £(138,867) (2015 - £(86,589)) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £617,205 (2015: £520,150).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a 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 contribution made for the year ended 31 August 2016 was £200,000 (2015 - £181,000), of which employer's contributions totalled £148,000 (2015 - £135,000) and employees' contributions totalled £52,000 (2015 - £46,000). The agreed contribution rates for future years are 17.4 per cent for employers and 5.8 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.

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Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.80	4.10
Rate of increase for pensions in payment/inflation	2.30	2.60
Discount rate for scheme liabilities	2.20	4.00
Inflation assumptions (CPI)	2.30	2.60
RPI increases	3.20	3.50
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</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 2016	At 31 August 2015
Retiring today		
Males retiring today	22.90	22.80
Females retiring today	25.30	25.20
Retiring in 20 years		
Males retiring in 20 years	25.20	25.10
Females retiring in 20 years	<u>27.70</u>	<u>27.60</u>

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

	At 31 August 2016 £ 000	At 31 August 2015 £ 000
Equities	1,019	858
Gilts	194	184
Other bonds	225	196
Property	181	157
Cash	18	60
Other	<u>129</u>	<u>95</u>
Total market value of assets	1,766	1,550
Present value of scheme liabilities - funded	<u>(4,808)</u>	<u>(3,308)</u>
Deficit in the scheme	<u>(3,042)</u>	<u>(1,758)</u>

The actual return on scheme assets was £165,000 (2015 - £68,000).

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

21 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2016 £ 000	2015 £ 000
Current service cost	245	217
Net interest cost	68	69
Total operating charge	<u>313</u>	<u>286</u>

Changes in the present value of defined benefit obligations were as follows:

	2016 £ 000	2015 £ 000
At 1 September	3,308	3,053
Current service cost	245	217
Interest cost	130	123
Employee contributions	52	46
Actuarial losses/(gains)	1,221	(68)
Benefits paid	(148)	(63)
At 31 August	<u>4,808</u>	<u>3,308</u>

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

	2016 £ 000	2015 £ 000
At 1 September	1,550	1,364
Interest income	62	54
Return on plan assets (excluding net interest on the net defined pension liability)	102	14
Employer contributions	148	135
Employee contributions	52	46
Benefits paid	(148)	(63)
At 31 August	<u>1,766</u>	<u>1,550</u>

22 Related party transactions

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.

Highcliffe School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

23 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Highcliffe School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Highcliffe School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £14,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.