

Registration number: 07631213

Highcliffe School
(A company limited by guarantee)

Annual Report and Financial Statements

for the year ended 31 August 2013

Francis Clark LLP
Chartered Accountants & Statutory Auditor
Hitchcock House
Hilltop Park
Devizies Road
Salisbury
Wiltshire
SP3 4UF

Highcliffe School

Financial Statements

Year ended 31 August 2013

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Highcliffe School

Reference and Administrative Details

Year ended 31 August 2013

Governors

Mr M Downs*
Mr W T Smith #
Ms C E Van Wingerden #
Ms K A Jenkinson #
Ms C Kydd-Coutts #
Ms M Gardiner #
Ms E Hutt #
Ms J Bewley #
Mr S White
Ms J A Potts*
Ms C A King #
Mr B P Roberts #
Mr J M Allin*
Mr M J Axton*
Mr G D Moore*
Mr W M Smith*
Mr N C Geary #
Mrs M V Mawbey #
Mr J Lofts #

* Members of the Finance and Facilities Committee

Members of the Audit Committee

Company Secretary

Ms E M Gower

Senior Leadership Team

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

Parkside
Highcliffe
Christchurch
Dorset
BH23 4QD

**Company
Registration Number**
07631213

Highcliffe School

Reference and Administrative Details

Year ended 31 August 2013

External Auditors

Francis Clark LLP
Hitchcock House
Hilltop Park
Devizies Road
Salisbury
Wiltshire
SP3 4UF

Internal Auditors

Southern Internal Audit Partnership

Bankers

Lloyds Bank Plc
4 Castle Street
Christchurch
Dorset
BH23 1DU

Barclays Bank Plc
32 Station Road
New Milton
Hampshire
BH25 6JX

Solicitors

Blake Lapthorn
New Kings Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3LG

Insurance Brokers

Marsh Brokers Ltd
Bluefin Insurance Services Ltd

Highcliffe School

Governors' Report

Year ended 31 August 2013

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 2013.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing document of the Academy Trust.

The governors act as 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 Trust is known as Highcliffe School.

Details of the governors who served throughout the year 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.

Governor's Indemnities

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

Principal Activity

The principal activity of Highcliffe School is the public education of students aged 11 to 18.

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 the 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 specific responsibilities such as child protection. Governors are kept updated with changes in education through subscriptions to Dorset Governor and Curriculum Management publications.

Organisational Structure

The full Governing Body meets at least twice a term. Certain aspects of the company's business are delegated to the following committees on which the Headteacher and Chair of Governors also sit. The School Business Manager and members of the Senior Leadership Team also attend committees as appropriate.

Highcliffe School

Governors' Report

Year ended 31 August 2013

The Finance and Facilities Committee meets at least twice a term and oversees financial matters, maintenance of the school site and buildings and health and safety.

The Audit Committee meets at least once per term and 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.

Risk Management

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

A regular review of risks 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.

Objectives and Activities

Vision Statement

"I believe in using what you have, instead of mourning for that which you do not. In thirty years' time, I want to be able to look back at my youth and know that I used my talents fully, that I wasted nothing."

A former Highcliffe Sixth Form Student.

Objectives 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.

Highcliffe School

Governors' Report

Year ended 31 August 2013

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 2012-13 Curriculum Area reviews:

- Senior Curriculum Leaders (SCLs) working with their respective teams and link Senior Leadership Team (SLT) member, revise their Curriculum Area Progress Plan and Self Evaluation Form (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 leadership and management.
- Continuing Professional Development (CPD) for middle leaders (subject/key stage).
- SLT will regularly review the recommendations. Updates to be carried out by the attached link SLT member.
- SLT 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.

From the 2012-13 Curriculum Area reviews all areas and all individual members of staff have received development objectives which all colleagues will be expected to address as part of the Performance Management process. Curriculum Area objectives and individual objectives should be reflected within the Performance Management objectives set for the 2013-14 PM cycle.

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 2012-13 the key objective strands of the school progress plan were:

- a) Outstanding teaching for outstanding progress.
- b) Narrowing the gaps for Special Educational Needs (SEN) and Particular Needs.
- c) Self-evaluation to support progress.
- d) Literacy and numeracy across the curriculum.
- e) Specific feedback for guided learning.

Highcliffe School

Governors' Report

Year ended 31 August 2013

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.

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. an Art and Literacy evening) 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.

Achievements and Performance

GCSE:

- The 5 A*-C pass rate of 86% is the highest the school has ever achieved, and is particularly impressive given the changing assessment procedures in national examinations.
- The 5 A*-C including English and mathematics pass rate of 74% represents an increase of 17% compared to 2012, and again is the highest ever achieved, and also the highest figure in Dorset maintained schools. The A*-C pass rate of 81% in mathematics made a strong contribution to this improvement, along with the English results returning to their normal very high levels of achievement after the well-publicised government interference with examination grading in English in 2012, and its consequent adverse effect on English achievement in that year.
- The results in 2013 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.
- Out of 31 subject areas, 22 subjects increased their A*-C pass rate compared to 2012. Areas with particularly large increases were: Art Textiles, Chemistry, Citizenship, English Language, History, Mathematics, Product Design, Science and Textiles – all of which had an increase of at least 10%, and in some cases significantly more.
- The average uncapped point score was 518, again the highest the school has ever achieved, reflecting the level of achievement across the whole of the cohort of entry.
- In English, 75% of students made three or more levels of progress, and in mathematics, 78% made three or more levels of progress, both figures significantly higher than in 2012.

Highcliffe School

Governors' Report

Year ended 31 August 2013

- 27% of students gained the English Baccalaureate, with 44% of the cohort eligible.
- 31 students gained at least 10 A*/A grades, a particularly impressive figure.

Advanced level:

- At A2, 26% of students gained A*/A grades (an increase of 4% on 2012), and 46% gained A*-B grades. Both these figures mirror national percentage pass rates.
- The average point score per entry was 210.3 and the average point score per student was 688; both these figures are higher than those of 2012.
- Subjects with 50% or more grades at A*-B grade were: Art, Art Textiles, Biology, English Literature, Extended Project Qualification, French, Further Mathematics, Geography, German, History, Information Technology, Italian, Mathematics, Physical Education, Physics, Product Design, Religious Philosophy, Sociology and Spanish.
- Group numbers post-16 vary a good deal making the identification of trends unreliable; it is interesting to note that out of 33 subjects at A2, only 11 subject areas attained an ALPS (Advanced Level Performance System) score of 7-9, with 11 subjects with a score of 5 or above, meaning that they are at least 'good' according to the ALPS analysis.
- At AS level, the ALPS grading was '5', meaning that achievement regarding progress from GCSE is good.
- For 2013, the ALPS progression score from AS to A2 was graded '4', which means that progress from AS to A2 is very good.
- Two students gained a place at Oxford in summer 2013 to read German & Italian and Experimental Psychology, and one student gained a place at Medical School. Several students gained places on courses at Russell Group universities.

The school is sustaining a rigorous programme of self-evaluation and during 2012-3 all curriculum areas underwent an internal review which was externally validated. All areas are at least good with outstanding features, and in some cases, outstanding.

The attendance of students was 94.7%, and this compares favourably to national attendance data.

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 visited Vietnam and Cambodia. Advanced level French students completed work experience in Normandy.

Sporting success continued to make its mark at school: in rugby Year 9 boys were runners up in the South East State Schools Cup, Dorset and Wiltshire County Plate winners and Bournemouth Schools winners. The U16 girls and the U13 girls teams won the Bournemouth and Christchurch Schools 7-a-side football competitions. Year 10 and 11 were the Bournemouth and District Schools Town Sports Athletics runners up. Expressive Arts students in Y12 and Y13 took part in Theatre in Education and Children's Theatre tours of local schools. There was a very entertaining Y12 and Y13 Acting-Performance evening. In Music, the WoW Factor competition was inaugurated 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.

Highcliffe School

Governors' Report

Year ended 31 August 2013

Going Concern

After making appropriate enquiries, despite the net loss in the year, 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.

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

Financial Review

At 31 August 2013, the school held reserves of £270,000 in the restricted general fund, excluding the pension reserve, which relates mainly to the recurrent general grant from the Education Funding Agency. The unrestricted balance at 31 August 2013 was £449,000.

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 and investments Policy

The total of reserves held in both restricted and unrestricted funds, excluding the pension fund reserve, amounts to £18,526,000. This includes amounts of funding received by the school prior to conversion to academy status. The governors intend that this should be retained to offset financial uncertainties arising from the current climate of economic austerity.

Plans for Future Periods

The governing body is committed to maintaining and improving the infrastructure of the School. The acquisition of an additional mobile classroom to enable appropriate grouping of curriculum areas will be dependent upon the availability of capital funds.

Highcliffe School

Governors' Report

Year ended 31 August 2013

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 members of the governing body on 28 NOVEMBER 2013 and signed on its behalf by:



Martin Axton
(Chair)

Highcliffe School

Governance Statement

Year ended 31 August 2013

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Highcliffe School has effective and appropriate systems 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 that 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. The Accounting Officer is also responsible to reporting to the Governing Body any material weaknesses or break-downs 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 six times between 1 September 2012 and 31 August 2013. Attendance during this period at meetings of the governing body was as follows:

Governor	Meetings Attended	Out of a possible
J Allin	5	6
M Axton (Chairman)	5	6
J Bewley (Staff Governor)	5	6
M Downs (Staff Governor)	6	6
M Gardiner	4	6
N Geary	3	6
E Hutt	1	6
K Jenkinson	3	6
C King (Staff Governor)	5	6
C Kydd-Coutts	5	6
J Lofts	5	6
M Mawbey	5	6
G Moore	4	6
J Potts (Headteacher and Accounting Officer)	5	6
B Roberts	6	6
Wilbert Smith	3	6
William Smith	5	6
S White (Responsible Officer)	5	6
C Van Wingerden	5	6

Highcliffe School

Governance Statement

Year ended 31 August 2013

The **Finance and Facilities 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 period since 1 September 2012, the committee has completed the following tasks:

- agreed new terms of reference following the establishment of an Audit Committee;
- ensured completion of statutory returns to the Education Funding Agency;
- set budgets in accordance with statutory guidelines and monitored activities against the budgets;
- considered the impact of funding reforms on future spending plans;
- procurement of a 3 year insurance agreement;
- recommended approval of the installation of solar panels.

Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a possible
J Allin	6	8
M Axton	6	8
M Downs	7	8
C King (until May 2013)	3	6
G Moore	7	8
J Potts	6	8
Wilbert Smith	3	8
William Smith (Chair of Finance until May 2013)	5	6

The **Audit Committee** was established during 2012-13.

Its main function is to review risks to internal financial control at the Academy Trust and:

- agree a programme of work to address these risks;
- establish arrangements for internal audit;
- inform the Governance Statement in the statutory published accounts;
- establish arrangements for external audit.

During 2012/13 the committee:

- agreed terms of reference;
- approved appointment of internal auditors;
- received reports from the internal auditors and Responsible Officer;
- reviewed progress on the action points identified by the report from the External Auditors for 2011/12.

Attendance at meetings in the year was as follows:

Highcliffe School

Governance Statement

Year ended 31 August 2013

Governor	Meetings Attended	Out of a possible From May 2013
J Bewley (Staff Governor)	2	2
M Gardiner	2	2
N Geary	1	2
E Hutt	-	2
K Jenkinson	-	2
C King (staff Governor)	2	2
C Kydd-Coutts	2	2
J Lofts	1	2
M Mawbey	2	2
B Roberts	2	2
William Smith	2	2
S White	2	2
C Van Wingerden	1	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 for the year to 31 August 2013, 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 on-going process for identifying, evaluating and managing the School's significant risks that has been in place for the year ending 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

Highcliffe School

Governance Statement

Year ended 31 August 2013

The Risk and Control Framework

The School's system of internal financial control is based on a framework of regular management information and administrative procedures including 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 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.

The governing body has reviewed the need for a specific internal audit function and decided during 2012/13 to appoint an internal auditor. The Southern Internal Audit Partnership (SIAP) was appointed, and the internal audit programme of work was shared between SIAP and Steven White, a Governor holding the position of Responsible Officer (RO). The auditor's and RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. Both the SIAP and RO have reported to the Governing Body, and their reports found that satisfactory controls were in place. The external auditor has taken account of the work completed by the RO in establishing the scope of any additional checks required as part of the external audit process.

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year ended 31 August 2013 the review has been performed by:

- The work of the internal auditors and Responsible Officer;
- 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 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 28 NOVEMBER 2013 and signed on its behalf by:



M Axton (Chair)



J A Potts (Accounting Officer)

Highcliffe School

Statement on Regularity, Propriety and Compliance

Year ended 31 August 2013

As Accounting Officer of Highcliffe School Academy Trust 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.

A handwritten signature in black ink, appearing to read 'J A Potts', is positioned above the printed name and title.

J A Potts
(Accounting Officer)

Highcliffe School

Statement of Governors' Responsibilities

Year ended 31 August 2013

The governors (who act as trustees for charitable activities of Highcliffe School and are also 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 Requirements issued by the EFA, 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 then 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.



M Axton
Chair

Highcliffe School

Independent Auditor's Report to the member of Highcliffe School Academy

Year ended 31 August 2013

We have audited the financial statements of Highcliffe School for the year ended 31 August 2013, 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 trustees, 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 trustees 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 trustees 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 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 financial statements to identify material inconsistencies with the audited financial statements. 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 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

Highcliffe School

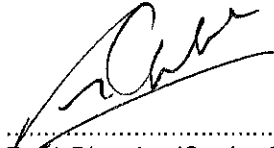
Independent Auditor's Report to the member of Highcliffe School Academy

Year ended 31 August 2013

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)
For and on behalf of Francis Clark LLP, Statutory Auditor

Hitchcock House
Hilltop Park
Devizes Road
Salisbury
Wiltshire
SP3 4UF

Date: 16 December 2013

Highcliffe School

Independent Reporting Auditor's Assurance Report on Regularity to the Governing Body of Highcliffe School Academy and the Education Funding Agency

Year ended 31 August 2013

In accordance with the terms of our engagement letter dated 5 December 2011 and further to the requirements of the Education Funding Authority (EFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the year ended 31 August 2013 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 and 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 any 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 accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Highcliffe School's funding agreement with the Secretary of State for education dated 30 March 2011 and the Academies Financial Handbook, extant from 1 September 2012, 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 review 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 issued by the 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 our conclusion has been designed to comply with the requirements set out in The Accounts Direction 2013 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

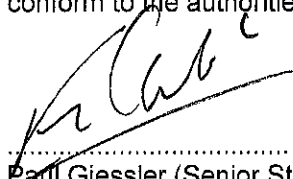
Highcliffe School

Independent Reporting Auditor's Assurance Report on Regularity to the Governing Body of Highcliffe School Academy and the Education Funding Agency

Year ended 31 August 2013

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Paul Giessler (Senior Statutory Auditor)
For and on behalf of Francis Clark LLP, Statutory Auditor

Hitchcock House
Hilltop Park
Devizes Road
Salisbury
Wiltshire
SP3 4UF

Date: 16 December 2013

Highcliffe School

Statement of Financial Activities for the year ended 31 August 2013 (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 2013 £'000	Total 2012 £'000
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Transfer on conversion from local authority	3	-	-	-	-	18,523
Voluntary income	3	16	-	60	76	44
Activities for generating funds	4	140	216	-	356	493
Investment income	5	1	-	-	1	1
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	6	-	7,175	23	7,198	8,841
Total incoming resources		157	7,391	83	7,631	27,902
Resources expended						
<i>Cost of generating funds:</i>						
Costs of generating voluntary income		2	-	-	2	123
Fundraising trading		61	-	-	61	-
<i>Charitable activities:</i>						
Academy's educational operations	8	-	7,351	341	7,692	9,230
Governance costs	9	-	16	-	16	22
Total resources expended	7	63	7,367	341	7,771	9,375
Net incoming resources before transfers		94	24	(258)	(140)	18,527
Gross transfers between funds	16	-	(32)	32	-	-
Net income for the period		94	(8)	(226)	(140)	18,527
Other recognised gains and losses						
Opening defined benefit pension scheme liability		-	-	-	-	(738)
Actuarial losses on defined benefit pension schemes	25	-	(46)	-	(46)	(289)
Net movement in funds		94	(54)	(226)	(186)	17,500

Highcliffe School

Statement of Financial Activities for the year ended 31 August 2013
(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2013 £'000	Total 2012 £'000
Net movement in funds	94	(54)	(226)	(186)	17,500
Reconciliation of funds					
Total funds brought forward at 1 September 2012	355	(888)	18,033	17,500	-
Total funds carried forward at 31 August 2013	449	(942)	17,807	17,314	17,500

All of the Academy's activities derive from continuing operations in the year.


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 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	13		17,807		18,033
Current assets					
Debtors	14	176		191	
Cash at bank and in hand		1,032		845	
		<u>1,208</u>		<u>1,036</u>	
Creditors: Amounts falling due within one year	15	<u>(489)</u>		<u>(486)</u>	
Net current assets			<u>719</u>		<u>550</u>
Total assets less current liabilities			<u>18,526</u>		<u>18,583</u>
Net assets excluding pension liability			<u>18,526</u>		<u>18,583</u>
Pension scheme liability	25		<u>(1,212)</u>		<u>(1,083)</u>
Net assets including pension liability			<u>17,314</u>		<u>17,500</u>
Funds of the academy:					
Restricted funds					
Fixed asset fund	16		17,807		18,033
General fund	16		270		195
Pension fund	16		(1,212)		(1,083)
Total restricted funds			<u>16,865</u>		<u>17,145</u>
Unrestricted funds					
Unrestricted general fund	16		449		355
Total unrestricted funds			<u>449</u>		<u>355</u>
Total funds			<u>17,314</u>		<u>17,500</u>

The financial statements on pages 20 to 40 were approved by the governors, and authorised for issue on 23/11/2013 and signed on their behalf by:


.....
Mr M Axton
Chair

Highcliffe School

Cash Flow Statement for the year ended 31 August 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	20	218	1,015
Returns on investments and servicing of finance	21	1	1
Capital expenditure	22	(32)	(171)
(Decrease)/Increase in cash in the year	23	187	845
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012		845	-
Net funds at 31 August 2013		1,032	845

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

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.

The school was granted academy status as from 1 June 2011. Therefore, the comparative figures in these financial statements cover the 15-month period 1 June 2011 to 31 August 2012.

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 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.

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 charged 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 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.

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

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.

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 on a straight line basis, 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.

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	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.

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

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.

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.

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 2013

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2013.

3 Voluntary Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Donations at conversion – Capital	-	-	-	18,198
Donations at conversion – Other donations	-	-	-	325
Capital grants	-	-	-	44
Other donations	16	60	76	-
	<u>16</u>	<u>60</u>	<u>76</u>	<u>18,567</u>

4 Activities for Generating Funds

Hire of facilities	1	-	1	2
Trip income	-	216	216	288
Sales of educational supplies	8	-	8	18
Sales of educational services	32	-	32	24
Insurance claims	57	-	57	32
Other generating funds income	42	-	42	129
	<u>140</u>	<u>216</u>	<u>356</u>	<u>493</u>

5 Investment Income

Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

6 Funding for Academy's educational operations

DfE/EFA revenue grants

General Annual Grant	-	6,956	6,956	8,667
Capital grants	-	23	23	-
Other DfE grants	-	163	163	103
	<u>-</u>	<u>7,412</u>	<u>7,412</u>	<u>8,770</u>

Other government grants

Local authority grants	-	56	56	10
Special educational projects	-	-	-	61
	<u>-</u>	<u>56</u>	<u>56</u>	<u>71</u>
	<u>-</u>	<u>7,198</u>	<u>7,198</u>	<u>8,841</u>

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

7 Resources Expended

	Staff Costs	Non Pay Expenditure		Total 2013	Total 2012
		Premises	Other Costs		
	£000	£000	£000	£000	£000
Costs of generating voluntary income	-	-	2	2	123
Costs of activities for generating funds	29	-	32	61	-
Academy's educational operations					
Direct costs	5,119	-	895	6,014	7,283
Allocated support costs	746	621	311	1,678	1,947
	<u>5,894</u>	<u>621</u>	<u>1,240</u>	<u>7,755</u>	<u>9,353</u>
 Governance costs including allocated support costs	 -	 -	 16	 16	 22
	<u>5,894</u>	<u>621</u>	<u>1,256</u>	<u>7,771</u>	<u>9,375</u>
 Net incoming resources for the period include:				2013	2012
				£000	£000
Operating leases				11	10
Fees payable to auditor - audit				7	7
- other services				3	4
				<u>3</u>	<u>4</u>

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

8 Charitable Activities - Academy's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2013 £000	Total 2012 £000
Direct costs				
Teaching and educational support staff costs	-	5,208	5,208	6,066
Depreciation	-	341	341	380
Educational supplies	-	166	166	310
Examination fees	-	132	132	166
Staff development	-	29	29	23
Trip costs	-	217	217	338
Other direct costs	-	10	10	-
	-	6,103	6,103	7,283
Allocated support costs				
Support staff costs	-	657	657	876
Technology costs	-	58	58	-
Recruitment and support	-	69	69	80
Maintenance of premises and equipment	-	239	239	392
Cleaning	-	151	151	162
Rent & rates	-	36	36	38
Light and heat	-	89	89	92
Insurance	-	106	106	88
Printing, postage and stationery	-	50	50	73
Security and transport	-	29	29	32
Catering	-	39	39	44
Advertising and promotion	-	35	35	34
Telephone	-	14	14	17
Bank interest and charges	-	3	3	1
Bad debts	-	-	-	-
Other support costs	-	14	14	18
	-	1,589	1,589	1,947
Total	-	7,692	7,692	9,230
9 Governance costs				
Legal and professional fees	-	6	6	6
Auditor's remuneration				
. Audit of financial statements	-	7	7	7
. Other services	-	3	3	4
Governors' reimbursed expenses	-	-	-	5
	-	16	16	22

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

10 Staff costs

	Year to 31 August 2013	15 months to 31 August 2012
	£000	£000
Wages and salaries	4,780	5,621
Social security costs	336	448
Pension costs	750	833
	<u>5,866</u>	<u>6,902</u>
Cover supervisors' costs	23	28
Compensation payments	5	12
	<u>5,894</u>	<u>6,942</u>

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

	2013 No.	2012 No.
Charitable Activities		
Teachers	90	87
Administration and support	49	47
Management	7	7
	<u>146</u>	<u>141</u>

The number of employees whose emoluments fell within the following bands was:

	Year to 31 August 2013	15 months to 31 August 2012
	No.	No.
£60,001 - £70,000	-	7
£70,001 - £80,000	2	-
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
£130,001 - £140,000	1	-
£160,001 - £170,000	-	1

Three of the above employees participated in the Teachers' Pension Scheme (2012: 9 employees). During the year ended 31 August 2013, pension contributions for these staff amounted to £40,480 (2012: £99,460).

None of these employees participated in the Local Government Pension Scheme (2012: 1 employee) and pension contributions for the year amounted to £nil (2012: £11,472).

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

11 Governors' Remuneration and Expenses

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal 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.

	Annual salary Year ended 31/08/2013 £	Annual salary 12 months to 31/08/2012 £	Remuneration in 15 months to 31/08/2012 £
Mrs J A Potts (Headteacher)	135,001 – 140,000	130,001 – 135,000	161,001 – 165,000
Ms J Bewley (Staff governor)	40,001 – 45,000	40,001 – 45,000	60,001 – 65,000
Ms C King (Staff governor)	40,001 – 45,000	45,001 – 50,000	60,001 – 65,000
Mr M Downs (Staff governor)	45,001 – 50,000	45,001 – 50,000	65,001 – 70,000

During the year ended 31 August 2013, travel, subsistence and other reimbursements expenses totaled £nil (2012: £85 reimbursed to one governor).

Related party transactions involving the trustees are set out in note 26.

12 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 2013 was £1,776 (2012: £2,420). The cost of this insurance is included in the total insurance cost.

13 Tangible Fixed Assets

	Freehold Land and Buildings £000	Freehold Improvements £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles	Total £000
Cost						
At 1 September 2012	18,150	165	21	14	63	18,413
Additions	-	91	-	-	24	115
Disposals	-	-	-	-	-	-
At 31 August 2013	18,150	256	21	14	87	18,528
Depreciation						
At 1 September 2012	350	10	5	3	12	380
Charged in period	280	33	9	4	15	341
Disposals	-	-	-	-	-	-
At 31 August 2013	630	43	14	7	27	721
Net book values						
At 31 August 2013	17,520	213	7	7	60	17,807
At 1 September 2012	17,800	155	16	11	51	18,033

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

14 Debtors

	2013	2012
	£000	£000
Prepayments	133	120
VAT recoverable	43	71
	<u>176</u>	<u>191</u>

15 Creditors: amounts falling due within one year

Trade creditors	114	204
Other taxation and social security	194	107
Accruals and deferred income	181	175
	<u>489</u>	<u>486</u>

Deferred income

	£000
Deferred income at 1 September 2012	36
Resources deferred in the period	153
Amounts released from previous years	(36)
Deferred Income at 31 August 2013	<u>153</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 2014.

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

16 Funds

	Balance at 1 September 2012 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2013 £000
Restricted general funds					
General Annual Grant (GAG)	182	6,956	(6,945)	51	244
Pupil Premium	-	119	(119)	-	-
Other DfE grants	9	44	(27)	-	26
LEA and other grants	-	56	(56)	-	-
Pension reserve	(1,083)	-	-	(129)	(1,212)
Trips	4	216	(220)	-	-
	(888)	7,391	(7,367)	(78)	(942)
Restricted fixed asset funds					
Donation from Local Authority	18,198	-	(294)	(370)	17,534
DfE capital funding	(336)	23	(12)	369	44
Other donations	-	60	-	-	60
Capital expenditure from GAG	171	-	(35)	33	169
	18,033	83	(341)	32	17,807
Total restricted funds	17,145	7,474	(7,708)	(46)	16,865
Unrestricted funds					
Unrestricted funds	355	157	(63)	-	449
Total unrestricted funds	355	157	(63)	-	449
Total funds	17,500	7,631	(7,771)	(46)	17,314

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

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 EFA 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.

17 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	17,807	17,807
Current assets	449	759	-	1,208
Current liabilities	-	(489)	-	(489)
Pension scheme liability	-	(1,212)	-	(1,212)
Total net assets	449	(942)	17,807	17,314

18 Capital commitments

	2013 £000	2012 £000
Contracted for, but not provided in the financial statements	-	-

Highcliffe School

Notes to the Financial Statements for the year ended 31 August 2013

19 Financial commitments

Operating leases

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	2013 £000	2012 £000
<u>Other</u>		
Expiring within one year	2	5
Expiring within two and five years inclusive	5	5
	<u>7</u>	<u>10</u>

20 Reconciliation of net income to net cash inflow from operating activities

	2013 £000	2012 £000
Net income/(expenditure)	(140)	18,527
Depreciation (note 13)	341	380
Capital grants from DfE and other capital income	(83)	(18,242)
Interest receivable (note 5)	(1)	(1)
FRS 17 pension cost less contributions payable (note 25)	47	11
Net FRS 17 pension finance cost (note 25)	36	45
(Increase)/decrease in debtors	15	(191)
Increase/(decrease) in creditors	3	486
Net cash inflow from operating activities	<u>218</u>	<u>1,015</u>
	2013 £000	2012 £000

21 Returns on investments and servicing of finance

Interest received	<u>1</u>	<u>1</u>
Net cash inflow from returns on investment and servicing of finance	<u>1</u>	<u>1</u>

22 Capital expenditure and financial investment

Purchase of tangible fixed assets	(115)	(223)
Capital grants from DfE/EFA	83	52
Net cash outflow from capital expenditure and financial investment	<u>(32)</u>	<u>(171)</u>

23 Analysis of changes in net funds

	At 1 September 2012 £000	Cash flows £000	At 31 August 2013 £000
Cash in hand and at bank	845	187	1,032
	<u>845</u>	<u>187</u>	<u>1,032</u>

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Notes to the Financial Statements for the year ended 31 August 2013

24 Members' Liability

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

25 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 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

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.

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Notes to the Financial Statements for the year ended 31 August 2013

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 currently 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 the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, pension benefits built up before 1 April 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 just 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.

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 2013 was £188,000, of which employer's contributions totaled £145,000 and employees' contributions totaled £43,000. The agreed contribution rates for future years are 20.2% for employers and 5.5% to 7.2% for employees.

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Notes to the Financial Statements for the year ended 31 August 2013

As described in the notes the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal actuarial assumptions

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	4.90%	3.90%
Rate of increase for pensions in payment / inflation	2.90%	1.90%
Discount rate for scheme liabilities	4.70%	3.90%
Inflation assumption (CPI)	2.90%	1.90%
RPI increases	3.70%	2.70%

Sensitivity analysis

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

Adjustment to discount rate	+ 0.1%	0.0%	- 0.1%
Present value of total obligation	2,351	2,417	2,485
Projected service cost	199	206	213

Adjustment to mortality age rating assumption	+ 1 Year	None	- 1 Year
Present value of total obligation	2,328	2,417	2,508
Projected service cost	197	206	215

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 2013	At 31 August 2012
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 years		
Males	22.1	22.0
Females	26.0	25.9

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Notes to the Financial Statements for the year ended 31 August 2013

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £000	Expected return at 31 August 2012	Fair value at 31 August 2012 £000
Equities	6.50%	748	5.80%	545
Bonds	4.40%	241	3.90%	179
Property	4.50%	96	3.80%	80
Cash	0.50%	60	0.50%	45
Other	2.50%	60	0.50%	45
Total market value of assets		1,205		894
Present value of scheme liabilities				
- Funded		(2,417)		(1,977)
Surplus/(deficit) in the scheme		(1,212)		(1,083)

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 £135,000 (2012: £101,000).

Amounts recognised in the statement of financial activities

	2013 £000	2012 £000
Current service cost (net of employee contributions)	192	181
Total operating charge	192	181

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	45	50
Interest on pension liabilities	(81)	(95)
Pension finance income / (costs)	(36)	(45)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in statement of financial activities since the adoption of FRS 17 is a £335,000 loss (2012: £289,000 loss).

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Notes to the Financial Statements for the year ended 31 August 2013

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

	2013	2012
	£000	£000
At 1 September	1,977	1,311
Current service cost	192	181
Interest cost	81	95
Employee contributions	43	50
Actuarial (gain)/loss	135	341
Benefits paid	(11)	(1)
At 31 August	2,417	1,977

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

At 1 September	894	573
Expected return on assets	45	50
Actuarial gain/(loss)	89	52
Employer contributions	145	170
Employee contributions	43	50
Benefits paid	(11)	(1)
At 31 August	1,205	894

The estimated value of employer contributions for the year ended 31 August 2014 is £143,000.

History of experience adjustments

	2013	2012
	£000	£000
Present value of scheme liabilities	(2,417)	(1,977)
Fair value of scheme assets	1,205	894
Surplus/(Deficit) in the scheme	(1,212)	(1,083)
Experience adjustments arising on scheme assets	89	52
Experience adjustments arising on scheme liabilities	-	-

26 Related party transactions

There were no related party transactions in the current or prior period.