

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

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HEDINGHAM SCHOOL AND SIXTH FORM

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mr M Scrivens Ms J King Mrs J Barnes
Trustees	Mr M Scrivens, Chairman Ms J King, Vice Chairman Mrs J Barnes Mr J Panayi, Headteacher Mr D Hopper Mr S Jarvis Mr A Harvison, Deputy Headteacher Mrs R Poynter Mrs S Ford Mr M Lee Mr D Lee (appointed 21 March 2018) Mrs E Brown (appointed 1 August 2018)
Company registered number	08330173
Company name	Hedingham School and Sixth Form
Registered and principal office	Yeldham Road Sible Hedingham Halstead Essex CO9 3QH
Company Secretary	Mrs H Carter
Senior Management Team	Mr J Panayi, Headteacher Mr A Harvison, Senior Deputy Headteacher Mr P Finch, Deputy Headteacher Mr D Nash, Assistant Headteacher Mr J Pearson, Assistant Headteacher Mrs K Hillman, Assistant Headteacher Mrs H Carter, Bursar
Independent Auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

HEDINGHAM SCHOOL AND SIXTH FORM

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Hedingham School and Sixth Form (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School (the School) for pupils aged 11 to 19 serving a catchment area in North West Essex. It has a pupil capacity of 1,230 and had a roll of 1,101 in the Summer 2018 school census.

Structure, Governance and Management

The Trust is a Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Hedingham School and Sixth Form.

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

Members' Liability

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

Trustees and Officers' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

Trustees are appointed for a fixed term. The Headteacher is an ex officio member of the Governing Body. Parent Trustees and the staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for 15 Trustees (5 Parents, 2 Staff – Teaching, 1 Staff non-teaching, 6 others plus the Headteacher).

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Trustees will complete a skills audit, based on National Governors' Association Template, as a useful way of assessing the skills, knowledge and experience of the Governing Body. The results are used to identify training needs, when recruiting new Trustees, when reviewing the Trustees Self Evaluation Form and for succession planning.

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Headteacher or Deputy Headteacher. All Trustees are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

Organisational Structure

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

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Governing Body, which meets on at least 3 occasions per year and the two main committees (Finance and Premises Committee and Personnel and Curriculum Committee) at least 3 times per year and the Pay and Headteacher's Pay Committees which meet at least once a year, is responsible for the strategic direction of the Trust. The Governing Body reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

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

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

Arrangements for setting pay and remuneration of the key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Key Management Personnel at the School have been identified as its Senior Management Team (Headteacher, 2 Deputy Headteachers, 3 Assistant Headteachers and the Bursar). The process for determining the pay and remuneration of the Academy's key management personnel is laid out in the School's pay policy.

Progression

Progression within the salary range for all Key Management Personnel, will be subject to the individual demonstrating a sustained high quality of performance having regard to the most recent review carried out under the performance management policy.

Senior Leadership Team

The Headteacher will be responsible for determining the starting salary, and for making pay progression recommendations, following annual performance management, for posts on the leadership pay ranges. Such decisions will be ratified by the Governing Body Pay Committee.

Headteacher

The Headteacher's Pay Committee will approve annual pay progression for the Headteacher having carried out an annual performance review, supported by an independent external advisor. When determining annual pay progression they take account of the outcome and recommendations arising from the annual review.

Trade Union Facility Time

During the year the three employees of the Trust acted as union officials on a 100% full time equivalent contract. The employees spent 228 hours (equating to 6.32%) of their time on union facility. The total cost of facility time is £4,882 for the year, this equates to 0.133% of the total pay bill spent on facility time.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Trust co-operated with the following organisations during the academic year in pursuit of its charitable activities:

- Acorn and Rainbow Children's Centre
- Anglia Ruskin University
- Association of Secondary Headteachers in Essex
- Behaviour and Attendance Partnership
- Braintree Learning Partnership
- Colne Valley Consortium
- Earls Colne Educational Trust
- Essex County Council Road Safety
- Essex Music Services
- Essex Youth Services
- Families and Schools Together
- Football Foundation
- Jack Petchey Awards Scheme
- Make Happen
- Nanjing Jiangning Senior High School
- Saffron Alliance – as a strategic partner of this teaching school
- Sible Hedingham Parish Council
- St Peter's Primary School, Sible Hedingham

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

The School's aims acknowledge and encompass that we are all learners working together to make a better future:

The School:

- aims to provide a high quality, comprehensive educational experience for all students which ensures that each fulfils their highest academic potential;
- values and addresses students individual needs and the contribution they make to the community;
- provides a supportive, caring and safe learning community within a 21st Century environment which promotes lifelong learning; and
- celebrates achievements at every opportunity because every student is an asset and at the heart of everything the School does.

The School's core purpose is personalising learning: At Hedingham School every student will have every opportunity to learn successfully and achieve their targets within a personalised learning programme which has high expectations.

During the academic year the School has worked towards achieving these aims by providing high quality:

Learning and teaching from well-qualified, skilled teachers and associate staff which:

- motivates and challenges students;
- supports students with a curriculum that is appropriate to their personal needs and has a clear learning pathway; and
- allows students to enjoy their learning both actively and independently in a safe, bright and attractive environment with access to the latest technology.

Assessment of student progress:

- with targets that challenge students, support them and tell them how to improve;
- that gives them the chance to reflect on their own progress;
- with the opportunity for their parents/carers to discuss their progress with teachers and see their improvement online; and
- that recognises and celebrates their achievements at every opportunity in a number of different ways.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Information, advice and guidance from teachers and associate staff about:

- how they learn best and how they can become a better learner;
- what their next step in education should be; and
- how they can get a career that matches their skills and ambition.

Active Citizenship opportunities through:

- a supportive mentoring programme from their personal tutor which supports their learning and social skills;
- a wide range of school clubs and societies;
- the opportunity to work with the local, wider and international community; and
- the opportunity to express their opinions through student voice.

Our success in fulfilling our aims can be measured by:

Achievement:

- performance targets for different groups eg. Gender, Pupil Premium students, SEND.
- current progress of groups (KS 3,4 and 5):
- students achieving 'more than expected progress; and
- A Level achievement.

Quality of Teaching:

- progress;
- all students (including groups of students) to be making progress in line with aspirational targets KS3-5;
- assessment to support learning;
- established assessment systems;
- effective forms of feedback and marking;
- challenge;
- forensic use of performance data;
- appropriate tasks to meet the needs of students ;
- engagement & enthusiasm;
- learning tasks employed that bring variety, inspiration and motivation; and
- students' attitudes to learning.

Behaviour and Safety:

- health and safety in lessons;
- pupils' attitudes to learning;
- managing behaviour-systematic and consistent approach;
- attendance and punctuality; and
- E-safety.

Quality of Leadership and Management:

- impact on teaching and learning;
- self-evaluation;
- curriculum reform;
- Key Stage 3 Assessment;
- expectations and target setting; and
- address areas of underachievement.

Public Benefit

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

Strategic Report

Achievements and Performance

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

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Exam results

The Trustees are delighted with another good year for examination results.

GCSE:

Trustees are delighted with the wonderful GCSE results achieved by Year 11 students. The examination results show a consistency in excellent outcomes for students in a period of real uncertainty due to significant GCSE examination reform.

There were superb results in a number of subjects and a large number of outstanding individual performances Trustees are extremely pleased with the GCSE results gained by our students and wish to congratulate them for their commitment and hard work to attain their excellent examination outcomes.

Post 16:

It has been another successful year at A Level with students achieving a good set of results. 97% of students gained a pass in their A Level examinations and a pleasing 65% achieved a pass rate at A* to C grade. 34% of students achieved A*-B. A special mention must go to the students in the IT department who all achieved a Distinction. These positive results continue to consolidate Hedingham's reputation as a high achieving school.

Governors are pleased with the performances of the students. This has been a challenging year for students with the introduction of new, untested qualifications in most of the A level subjects. This level of uncertainty naturally adds more pressure for the staff and students to deal with. The School has continued to work closely with students to ensure that they achieve the currency to move on to the next stage of their career. Governors wish them all a successful future.

Key Performance Indicators

The Trustees serving on the Finance and Premises Committee and the SMT receive monthly financial information to enable them to monitor the financial performance of the Trust compared to aims, strategies and financial budgets.

Governors unanimously agreed the Key Performance Indicators as below:

- achieve the attainment targets set for all students; and
- to achieve the key priorities identified within the School Development Plan.

Five Year Budget Plan

Included in the Budget Plan is a five year forecast representing anticipated pupil numbers and known changes in staffing. The plan demonstrates the Trust's continued financial viability over time. The plan will be kept under review and careful financial planning monitoring will continue to ensure a balanced budget can be set in the future.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2018 the Trust received £5,831,189 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,008,085 on general running costs and spent £443,871 to support capital maintenance and improvement projects on the School site. The Academy brought forward from 16/17, £90,050 restricted funding, £420,026 Capital Funding, £1,000 Funds held on behalf of the Braintree Learning Partnership and £31,729 unrestricted funding. The carry forward for 17/18 is £96,870 restricted funding, £1,000 Funds held on behalf of the Braintree Learning Partnership and £72,168 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £2,775,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Reserves Policy

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

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £72,168. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees earmark restricted and unrestricted reserves where they feel it is appropriate. The School's reserves carried forward break down as follows:

	£
Earmarked Carry forward	
Artificial Pitch Sink Fund	95,049
Design & Technology Contributions	980
Stationery Shop	1,339
Sixth form Bursary	821
Work Related Learning Grant	541
School Fund Cost Centre Carry Forward	20,924
Non Earmark Carry Forward	49,384
Total Revenue Carry Forward	169,038

The Trustees are obliged to restrict balances of £95,049 for the Artificial Pitch Sinking Fund, and are holding other unrestricted funds of £49,384 to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds £49,384 for in year contingencies and always plans to maintain this level of carry forward to assist the Trustees in making strategic decisions to keep in line with national funding changes and curriculum needs.

Reserves Context

This year the School has no reserves earmarked for staffing brought forward from the previous financial year.

Up until the academy programme, schools were not permitted to hold reserves as funding is for the students in school at the time the funding is given and any unspent funds were clawed back by the Department for Education.

The model of funding matching expenditure is a familiar way of working for the School's Management Team.

The budget plan 2018/19 has been prepared based on current and known staffing changes which indicates that a balanced budget can be set with a small (£10k) unallocated funds.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £330,423. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the Finance and Premises Committee Business Manager reports and attempt to hold a minimum of £94,000 to cover short term cash flow variances.

Investment Policy

An investment policy was reviewed and approved by the Governing Body on 22nd March 2017 as part of the Trust's financial regulations.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure, are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow. Investments must be made only in accordance with written procedures approved by the Governing Body and clearly held in the Academy's name.

Aspects to consider include:

- objectives;
- risk;
- type of investment and term;
- Academy's financial position;
- financial limit for type of investment;
- spreading investments between providers to ensure savings are covered by the Financial Services Authority;
- security of access;
- rate of return;
- charges;
- business interests of Trust and staff;
- ethical, social and environmental considerations; and
- review including review of performance.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received and recorded on the financial accounting system.

The Academy has no investments at the present time.

Principal Risks and Uncertainties

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

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

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

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

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

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

- Presence of other organisations with similar objects and little scope for differentiation. This risk is mitigated by having an effective marketing strategy and forward financial planning. Maximising students numbers has been a priority since incorporation.
- Change of funding policy and introduction of new education priorities by Government – This risk is mitigated as policy is monitored by the Senior Management Team and core strategy is checked for compliance. Sound forward financial planning supports this.
- Risk that budget will be in a deficit position that cannot be met by reserves. This risk is mitigated by effective budget planning and forecasting against staffing model and pupil numbers.

Other areas of risk are as follows:

- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. This is an area of strength for the School.
- Staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning
- Fraud and mismanagement of funds - The Academy has appointed Essex County Council to carry out independent and external checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep up to date with best practice requirements and develop their skills in this area.
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist, the main risk to the Academy is not being able to meet the annual cash flow funding of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust only held small fundraising events during the year in addition to minor events to raise funds for donating to charities. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

The Trustees intend to enhance and expand facilities in pursuance of the School's commitment to ensure that all students achieve their potential. It is recognised that students with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these.

The Trust continues to seek opportunities to engage with local schools with the ultimate aim of building a family of schools of exceptional quality.

Funds Held as Custodian Trustee on Behalf of Others

The Trust hold funds for the Braintree Learning Partnership which is a group arising from the Braintree Deputy Headteacher's group. These funds are used to provide a Careers Fair each September for Year 11 students. The Trust holds these funds in a separate cost centre. It receives funding from participating schools and uses these to meet the cost of the Careers Fair. Any funds being held at year end are carried forward into the following year. This year £1,000 was carried forward.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Governing Body, on 20 November 2018 and signed on its behalf by:

**Mr M Scrivens
Chairman**

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Hedingham School and Sixth Form 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 3 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 M Scrivens, Chairman	2	3
Ms J King, Vice Chairman	2	3
Mrs J Barnes	3	3
Mr J Panayi, Headteacher	3	3
Mr D Hopper	0	3
Mr S Jarvis	3	3
Mr A Harvison, Deputy Headteacher	1	3
Mrs R Poynter	3	3
Mrs S Ford	2	3
Mr M Lee	3	3
Mr D Lee	1	2
Mrs E Brown	1	2

The Governing Body remains largely unchanged. Mr Daniel Lee and Mrs Emma Brown have joined the Governing Body this year. Mr Martin Lees has become Chairman of the Finance and Premises Committee. There are 3 vacancies on the Governing Body and an active recruitment process is taking place.

The Governing Body carried out a self-evaluation in the Summer term. This has been used to ensure the committee membership reflects Governors' skills sets and has shaped the Governing Body's training and development programme. The next review will take place in Summer 2019.

Finance and Premises Committee

The Finance and Premises Committee meets termly and it's main areas of responsibility are:

- Budget setting
- Budget monitoring
- Premises – maintenance and Improvement
- Health and safety
- Risk management

Mr Martin Lee has become Chairman of the Committee and Mr Daniel Lee has joined the committee. The continued pressure on school funding continues to be challenging for this and all state funded educational establishments. The Budget has performed in line with expectations whilst the situation remains very tight. Trustees have kept this under review through monthly reports and termly meetings. A balanced budget has been set for 2018/19.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Ford	2	3
Mr A Harvison, Deputy Headteacher	3	3
Mr S Jarvis	3	3
Ms J King	3	3
Mr J Panayi, Headteacher	3	3
Mr M Scrivens, Chairman	3	3
Mr D Lee	2	2
Mr M Lee	3	3

Audit Committee

The Audit Committee is responsible for keeping under review, the strategic objectives of the school and to be responsible for advising the Governing Body through the Finance & Premises Committee in matters relating to the Accounting Policies. They have particular responsibility for internal and external audit.

The committee met three times in 2017/18 and considered the following.

Internal Audit:

The committee received three reports from the Internal Auditor. There were few recommendations and all were implemented and their implementation monitored.

External Audit and Year End Agree Audit Process:

The Governors received and discussed the External Audit and Year End including the audit of the Teachers' Pensions End of Year Certificate.

There was consideration of the External Audit Summary and the full accounts. Governors confirmed that they were satisfied with the External Auditor's Reports and confident that the controls, security measures and the precautions the school had in place were exceptional.

Mr M. Lee has filled the vacancy on the committee in 2017/18.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Ms J King	3	3
Mr J Panayi	3	3
Mr M Scrivens	1	1
Mr M Lee	2	2

REVIEW OF VALUE FOR MONEY

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

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GOVERNANCE STATEMENT (continued)

The Accounting Officer has delivered improved value for money during the year by the following measures:

1. Year 11 GCSE - Students GCSE examination results demonstrate a consistency in excellent outcomes for students in a period of real uncertainty due to significant GCSE examination reform.
2. Recruitment Advertising – The School took out a subscription for Recruitment Advertising with the TES in 2017/18. This fixed recruitment costs at £21k. At the end of this year the School has placed advertisement that would have cost £59k had they been placed on a pay by advert basis and have had strong fields during recruitment. This subscription will continue next year.
3. Fire Protection System - The Academy worked with the Archer Building Consultancy to devise a scheme to replace the School's fire protection system. This included running a full tender process and successfully bidding for funding from the Government's Condition Improvement Fund. The £474k project ran from Summer 2017 until July 2018 and, has been delivered on time and within budget and was fully funded by the Condition improvement Grant, representing very good value for money. This project ensures the safety of the School building.
4. Phone System Upgrade – The phone system has been replaced. This has delivered a new system at lower costs which is more fit for purpose and routes calls via the School's broadband further driving down costs.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Hedingham School and Sixth Form for the year 1 September 2017 to 31 August 2018 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 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's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Governing Body has considered the need for a specific internal audit function and has decided to appoint Essex County Council Financial Services as Internal Auditor.

Essex County Council Financial Services reports to the Academy's Audit Committee by performing checks on their behalf in accordance with the Academies Financial Handbook, in which, the ESFA sets out a number of mandatory requirements and some best practice guidelines.

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Academy Internal Controls Evaluation service comprises of three on-site visits throughout the year to test the adequacy of internal financial controls via sampling transactions, questioning and giving advice and recommendations, following a structured programme that covers all aspects of the school's financial risk:

- Governance and financial management
- Banking
- Payroll and expenses
- Income
- Assets
- Expenditure

On a termly basis, the Internal Auditor reports to the Governing Body through the Audit Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The visits took place on schedule and the ensuing reports were considered by the Audit Committee. There were no material control issues. Any minor issues raised were immediately addressed.

REVIEW OF EFFECTIVENESS

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

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

Approved by the Governing Body on 20 November 2018 and signed on their behalf, by:

Mr M Scrivens
Chair of Trustees

Mr J Panayi
Accounting Officer

HEDINGHAM SCHOOL AND SIXTH FORM

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hedingham School and Sixth Form I have considered my responsibility to notify the Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy 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 2017.

I confirm that I and the Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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 ESFA.

Mr J Panayi
Accounting Officer

Date: 20 November 2018

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by the Governing Body on 20 November 2018 and signed on its behalf by:

Mr M Scrivens
Chair of Trustees

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HEDINGHAM SCHOOL AND SIXTH FORM

OPINION

We have audited the financial statements of Hedingham School and Sixth Form (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 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
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HEDINGHAM SCHOOL AND SIXTH FORM

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements .
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEDINGHAM SCHOOL AND SIXTH FORM**

USE OF OUR REPORT

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
27 November 2018

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HEDINGHAM SCHOOL AND SIXTH FORM AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hedingham School and Sixth Form during the year 1 September 2017 to 31 August 2018 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 Hedingham School and Sixth Form and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hedingham School and Sixth Form and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hedingham School and Sixth Form and the ESFA, for our work, for this Report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF HEDINGHAM SCHOOL AND SIXTH FORM'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Hedingham School and Sixth Form's funding agreement with the Secretary of State for Education dated 31 December 2012, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HEDINGHAM SCHOOL AND SIXTH FORM AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

27 November 2018

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	172,549	23,845	196,394	698,933
Charitable activities	4	36,068	5,506,721	-	5,542,789	5,530,872
Other trading activities	5	65,560	26,107	-	91,667	122,597
Investments	3	339	-	-	339	355
TOTAL INCOME		<u>101,967</u>	<u>5,705,377</u>	<u>23,845</u>	<u>5,831,189</u>	<u>6,352,757</u>
EXPENDITURE ON:						
Charitable activities		61,528	5,946,557	296,946	6,305,031	6,393,919
TOTAL EXPENDITURE	6	<u>61,528</u>	<u>5,946,557</u>	<u>296,946</u>	<u>6,305,031</u>	<u>6,393,919</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		40,439	(241,180)	(273,101)	(473,842)	(41,162)
Actuarial gains on defined benefit pension schemes	21	-	611,000	-	611,000	519,000
NET MOVEMENT IN FUNDS		<u>40,439</u>	<u>369,820</u>	<u>(273,101)</u>	<u>137,158</u>	<u>477,838</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		31,729	(3,047,950)	12,700,556	9,684,335	9,206,497
TOTAL FUNDS CARRIED FORWARD		<u>72,168</u>	<u>(2,678,130)</u>	<u>12,427,455</u>	<u>9,821,493</u>	<u>9,684,335</u>

The notes on pages 25 to 41 form part of these financial statements.

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)
REGISTERED NUMBER: 08330173

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		12,427,455		12,280,530
CURRENT ASSETS					
Debtors	13	189,756		466,968	
Cash at bank and in hand		330,423		359,514	
			<u>520,179</u>	<u>826,482</u>	
CREDITORS: amounts falling due within one year	14	(351,141)		(283,677)	
NET CURRENT ASSETS			<u>169,038</u>		<u>542,805</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,596,493</u>		<u>12,823,335</u>
Defined benefit pension scheme liability	21		(2,775,000)		(3,139,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>9,821,493</u>		<u>9,684,335</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	15	96,870		91,050	
Restricted fixed asset funds	15	12,427,455		12,700,556	
			<u>12,524,325</u>	<u>12,791,606</u>	
Restricted income funds excluding pension liability					
Pension reserve		(2,775,000)		(3,139,000)	
			<u>9,749,325</u>	<u>9,652,606</u>	
Total restricted income funds					
Unrestricted income funds	15		72,168		31,729
TOTAL FUNDS			<u>9,821,493</u>		<u>9,684,335</u>

The financial statements on pages 22 to 41 were approved by the Trustees, and authorised for issue on 20 November 2018 and are signed on their behalf, by:

Mr M Scrivens
Chairman

HEDINGHAM SCHOOL AND SIXTH FORM**(A Company Limited by Guarantee)****STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	17	390,596	132,030
		<hr/>	<hr/>
Returns on investments and servicing of finance			
Interest received		339	355
Capital expenditure		(420,026)	(54,286)
		<hr/>	<hr/>
Net cash used in investing activities		(419,687)	(53,931)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(29,091)	78,099
Cash and cash equivalents brought forward		359,514	281,415
		<hr/>	<hr/>
Cash and cash equivalents carried forward		330,423	359,514
		<hr/> <hr/>	<hr/> <hr/>

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hedingham School and Sixth Form constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The Academy is a company limited by guarantee. The Members of the Company are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Academy's registered office is Yeldham Road, Sible Hedingham, Halstead, CO9 3QH.

1.3 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.4 Income

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

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

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

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

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

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

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

Leasehold Property	-	50 - 125 years straight line
Furniture and fixtures	-	5-20 years straight line
Plant and machinery	-	20 years straight line

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 incorporating Income and Expenditure Account.

HEDINGHAM SCHOOL AND SIXTH FORM

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 Taxation

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

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

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

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

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

HEDINGHAM SCHOOL AND SIXTH FORM

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the Actuary in valuing the pensions liability at 31 August 2018. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	172,549	-	172,549	201,074
Capital grants	-	23,845	23,845	497,859
	<u>172,549</u>	<u>23,845</u>	<u>196,394</u>	<u>698,933</u>
Total 2017	<u>201,074</u>	<u>497,859</u>	<u>698,933</u>	

HEDINGHAM SCHOOL AND SIXTH FORM

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NOTES TO THE FINANCIAL STATEMENTS
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3. INVESTMENT INCOME

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank Interest	339	339	355
Total 2017	355	355	

4. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,171,299	5,171,299	5,162,763
Other DfE / ESFA grants	-	224,693	224,693	212,890
	-	5,395,992	5,395,992	5,375,653
Other government grants				
Local Authority grants	-	110,729	110,729	148,498
	-	110,729	110,729	148,498
Other funding				
Catering income	36,068	-	36,068	6,721
	36,068	-	36,068	6,721
	36,068	5,506,721	5,542,789	5,530,872
Total 2017	6,721	5,524,151	5,530,872	

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	-	26,107	26,107	17,512
Rental income	3,047	-	3,047	3,855
Other income	62,513	-	62,513	101,230
	65,560	26,107	91,667	122,597
Total 2017	105,085	17,512	122,597	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Direct costs	3,647,534	-	689,366	4,336,900	4,439,268
Support costs	1,159,310	596,562	212,259	1,968,131	1,954,651
	<u>4,806,844</u>	<u>596,562</u>	<u>901,625</u>	<u>6,305,031</u>	<u>6,393,919</u>
Total 2017	<u>4,907,332</u>	<u>570,927</u>	<u>915,660</u>	<u>6,393,919</u>	

In 2017, of total expenditure, £122,754 was to unrestricted funds, £5,957,568 was to restricted funds and £313,597 was to restricted funds

7. CHARITABLE ACTIVITIES

	2018 £	2017 £
Direct costs	4,336,900	4,439,268
Support costs	1,968,131	1,954,651
	<u>6,305,031</u>	<u>6,393,919</u>
Total	<u>6,305,031</u>	<u>6,393,919</u>

Analysis of support costs	2018 £	2017 £
Support staff costs	1,159,310	1,172,724
Depreciation	273,101	278,165
Technology costs	182	181
Premises costs	323,461	292,762
Other support costs	198,526	197,686
Governance costs	13,551	13,133
	<u>1,968,131</u>	<u>1,954,651</u>
Total	<u>1,968,131</u>	<u>1,954,651</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Trust	273,101	278,165
Auditors' remuneration - audit	7,110	7,000
Auditors' remuneration - non-audit	4,425	4,300
Operating lease rentals	63,931	38,659
	<u>63,931</u>	<u>38,659</u>

HEDINGHAM SCHOOL AND SIXTH FORM

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,659,714	3,767,547
Social security costs	334,794	360,636
Pension costs	791,959	771,901
	4,786,467	4,900,084
Staff restructuring costs	15,280	-
Supply teachers costs	5,097	7,248
	4,806,844	4,907,332
Staff restructuring costs comprise:		
Redundancy payments	15,280	-
	15,280	-

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	65	67
Administration and support	79	81
Management	7	7
	151	155

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	1	1
In the band £ 90,001 - £100,000	1	1
In the band £120,001 - £130,000	0	1
In the band £130,001 - £140,000	1	0

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy was £710,790 (2017: £660,229).

Included in the above are employer pension contributions of £94,868 (2017: £88,671) and employers national insurance contributions of £67,100 (2017: £65,609)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018	2017
		£	£
Mr J A Panayi, Headteacher	Remuneration	130,000-135,000	120,000-125,000
	Pension contributions paid	20,000-25,000	20,000-25,000
Mr A Harvison, Deputy Headteacher	Remuneration	90,000-95,000	90,000-95,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Mrs S Ford, Trustee	Remuneration	0-5,000	0-5,000
	Pension contributions paid	0-5,000	0-5,000
Mr S Jarvis, Trustee	Remuneration	30,000-35,000	30,000-35,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year ended 31 August 2018, Trustees expenses totalling £83 (2017: £60) were reimbursement to 2 Trustees (2017: 1). These related to reimbursements for activities undertaken in respect of their services to the Trust as staff members.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was included in the total insurance cost.

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Furniture and fixtures £	Assets under construction £	Total £
Cost					
At 1 September 2017	12,877,034	266,589	426,794	54,286	13,624,703
Additions	-	-	-	420,026	420,026
Transfer between classes	474,312	-	-	(474,312)	-
At 31 August 2018	<u>13,351,346</u>	<u>266,589</u>	<u>426,794</u>	<u>-</u>	<u>14,044,729</u>
Depreciation					
At 1 September 2017	983,949	86,575	273,649	-	1,344,173
Charge for the year	212,261	15,071	45,769	-	273,101
At 31 August 2018	<u>1,196,210</u>	<u>101,646</u>	<u>319,418</u>	<u>-</u>	<u>1,617,274</u>
Net book value					
At 31 August 2018	<u><u>12,155,136</u></u>	<u><u>164,943</u></u>	<u><u>107,376</u></u>	<u><u>-</u></u>	<u><u>12,427,455</u></u>
At 31 August 2017	<u><u>11,893,085</u></u>	<u><u>180,014</u></u>	<u><u>153,145</u></u>	<u><u>54,286</u></u>	<u><u>12,280,530</u></u>

HEDINGHAM SCHOOL AND SIXTH FORM

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. DEBTORS

	2018	2017
	£	£
Trade debtors	40,860	8,668
VAT recoverable	11,223	10,054
Prepayments and accrued income	137,673	448,246
	189,756	466,968
	189,756	466,968

14. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	39,304	49,893
Other taxation and social security	85,263	85,897
Other creditors	76,901	76,606
Accruals and deferred income	149,673	71,281
	351,141	283,677
	351,141	283,677
	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	60,333	68,387
Resources deferred during the year	93,584	60,333
Amounts released from previous years	(60,333)	(68,387)
	93,584	60,333
	93,584	60,333

Resources deferred at the period end relate to contributions towards future educational visits and music tuition.

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15. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	31,729	101,967	(61,528)	-	-	72,168
Restricted funds						
	Balance at 1 September 2017 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	3,195	5,171,299	(5,173,673)	-	-	821
Other Government grants	1,000	110,729	(110,729)	-	-	1,000
Other DfE and ESFA grants	-	224,693	(224,693)	-	-	-
Restricted donations	-	172,549	(172,549)	-	-	-
Restricted ATP sink fund	86,855	26,107	(17,913)	-	-	95,049
Pension reserve	(3,139,000)	-	(247,000)	-	611,000	(2,775,000)
	(3,047,950)	5,705,377	(5,946,557)	-	611,000	(2,678,130)
Restricted fixed asset funds						
Restricted fixed asset fund	12,280,530	-	(273,101)	420,026	-	12,427,455
Devolved Formula Capital grant	-	23,845	(23,845)	-	-	-
Condition Improvement Fund	420,026	-	-	(420,026)	-	-
	12,700,556	23,845	(296,946)	-	-	12,427,455
Total restricted funds	9,652,606	5,729,222	(6,243,503)	-	611,000	9,749,325
Total of funds	9,684,335	5,831,189	(6,305,031)	-	611,000	9,821,493

HEDINGHAM SCHOOL AND SIXTH FORM

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

This represents income received that does not have restrictions.

Restricted donations

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

Other Government grants

This represents various grants from local and national Government bodies for the provision of specific services to pupils of the School. These grants are generally restrictive in nature.

Other DfE and ESFA grants

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

Restricted ATP sink fund

This represents the value of a sinking fund that the Academy has an obligation to build up under the agreement for funding in preparation for replacing the all weather pitch.

Pension reserve

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

Restricted fixed asset fund

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

Devolved Formula Capital grant

This represents funding received from ESFA specifically for the maintenance and improvement of the Trust's buildings and facilities.

Condition improvement fund (CIF)

This represents a Government grant received for an upgrade to the fire alarm protection system.

General Annual Grant (GAG)

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds	42,322	112,161	(122,754)	-	-	31,729
Restricted funds						
	Balance at 1 September 2016 £	Income £	Resources expended £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	5,235	5,162,763	(5,164,803)	-	-	3,195
Other Government grants	3,800	148,498	(151,298)	-	-	1,000
Other DfE and ESFA grants	-	212,890	(212,890)	-	-	-
Restricted donations	-	201,074	(201,074)	-	-	-
Restricted ATP sink fund	82,846	17,512	(13,503)	-	-	86,855
Pension reserve	(3,444,000)	-	(214,000)	-	519,000	(3,139,000)
	<u>(3,352,119)</u>	<u>5,742,737</u>	<u>(5,957,568)</u>	<u>-</u>	<u>519,000</u>	<u>(3,047,950)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	12,507,342	-	(281,098)	54,286	-	12,280,530
Devolved Formula Capital grant	-	23,547	(23,547)	-	-	-
Condition Improvement Fund	8,952	474,312	(8,952)	(54,286)	-	420,026
	<u>12,516,294</u>	<u>497,859</u>	<u>(313,597)</u>	<u>-</u>	<u>-</u>	<u>12,700,556</u>
Total restricted funds	<u>9,164,175</u>	<u>6,240,596</u>	<u>(6,271,165)</u>	<u>-</u>	<u>519,000</u>	<u>9,652,606</u>
Total of funds	<u>9,206,497</u>	<u>6,352,757</u>	<u>(6,393,919)</u>	<u>-</u>	<u>519,000</u>	<u>9,684,335</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,427,455	12,427,455
Current assets	72,168	448,011	-	520,179
Creditors due within one year	-	(351,141)	-	(351,141)
Provisions for liabilities and charges	-	(2,775,000)	-	(2,775,000)
	<u>72,168</u>	<u>(2,678,130)</u>	<u>12,427,455</u>	<u>9,821,493</u>

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16. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	12,280,530	12,280,530
Current assets	31,729	374,727	420,026	826,482
Creditors due within one year	-	(283,677)	-	(283,677)
Provisions for liabilities and charges	-	(3,139,000)	-	(3,139,000)
	<u>31,729</u>	<u>(3,047,950)</u>	<u>12,700,556</u>	<u>9,684,335</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(473,842)	(41,162)
Adjustment for:		
Depreciation charges	273,101	278,165
Interest	(339)	(355)
Loss on the sale of fixed assets	-	2,933
Decrease/(increase) in debtors	277,212	(339,604)
Increase in creditors	67,464	18,053
Pension adjustments	247,000	214,000
Net cash provided by operating activities	<u>390,596</u>	<u>132,030</u>

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	330,423	359,514
Total	<u>330,423</u>	<u>359,514</u>

19. 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.

20. CAPITAL COMMITMENTS

At 31 August 2018 the Academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	-	224,429

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS

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

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

Contributions amounting to £76,901 were payable to the schemes at 31 August 2018 (2017 - 76,359) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £ 426,652 (2017 - £447,182).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £245,000 (2017 - £235,000), of which employer's contributions totalled £193,000 (2017 - £183,000) and employees' contributions totalled £52,000 (2017 - £52,000).

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21. PENSION COMMITMENTS (continued)

The agreed contribution rates for future years are 12.2% for employers and 6.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.30 %	4.20 %

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

As at the 31 August 2018 the Trust had a pension liability of £2,775,000 (2017 - £3,139,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way;

Sensitivity movement	At 31 August	At 31 August
	2018	2017
	£	£
Discount rate +0.1%	110,000	110,000
Discount rate -0.1%	112,000	113,000
Mortality assumption - 1 year increase	168,000	169,000
Mortality assumption - 1 year decrease	163,000	163,000
CPI rate +0.1%	96,000	90,000
CPI rate -0.1%	94,000	88,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,417,000	1,235,000
Gilts	119,000	118,000
Corporate bonds	130,000	74,000
Property	199,000	184,000
Cash and other liquid assets	76,000	59,000
Alternative assets	200,000	145,000
Other managed funds	86,000	80,000
Total market value of assets	<u>2,227,000</u>	<u>1,895,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(360,000)	(323,000)
Interest income	52,000	31,000
Interest cost	(131,000)	(105,000)
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Total	(439,000)	(397,000)
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Actual return on scheme assets	125,000	207,000
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Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	5,034,000	4,764,000
Current service cost	360,000	323,000
Interest cost	131,000	105,000
Employee contributions	52,000	52,000
Actuarial gains	(538,000)	(157,000)
Benefits paid	(37,000)	(53,000)
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Closing defined benefit obligation	5,002,000	5,034,000
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Movements in the fair value of the Academy's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	1,895,000	1,320,000
Interest income	52,000	31,000
Actuarial losses	73,000	362,000
Employer contributions	193,000	183,000
Employee contributions	52,000	52,000
Benefits paid	(37,000)	(53,000)
Administrative expenditure	(1,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	2,227,000	1,895,000
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22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	52,064	48,773
Between 1 and 5 years	61,310	86,414
	<hr/>	<hr/>
Total	113,374	135,187
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HEDINGHAM SCHOOL AND SIXTH FORM

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

23. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.

Owing to the nature of the Academy's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Any transaction where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.