

Company Registration Number: 07690414 (England & Wales)

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**HANLEY AND UPTON EDUCATIONAL TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	J Robinson B Unwin N Lechmere (resigned 30 November 2017) M Walters MBE D Webster S Morris (appointed 30 November 2017)
Trustees	J Robinson, Chair L F Cooke, Accounting Officer & Chief Executive Officer G Black R Carter (resigned 30 April 2018) S Fitzjohn S Morris (resigned 30 November 2017) A Randall-Brandwood (resigned 30 November 2017) K Taylor S Price N Lechmere (appointed 30 November 2017) N Skellum (appointed 1 July 2018)
Company Registered Number	07690414
Company name	Hanley and Upton Educational Trust
Principal and Registered Office	Church End Hanley Castle Worcester Worcestershire WR8 0BL
Company Secretary	M Snape
Accounting Officer	L F Cooke
Senior Leadership Team	L F Cooke, Chief Executive Officer & Accounting Officer HUET, Headteacher Hanley Castle High School E Wilkins, Chief Financial Officer HUET, Business & Finance Director Hanley Castle High School A Pratley, Headteacher, Hanley Swan, St Gabriel's with St Mary's Church of England Primary School B Baynes, Headteacher Kempsey Primary School R Johnston, Deputy Headteacher S Anderson-Kirby, Assistant Headteacher D Findlater, Assistant Headteacher J Burrows, Assistant Headteacher P Bundy, Assistant Headteacher, Hanley Swan, St Gabriel's with St Mary's Church of England B Baynes, Headteacher Kempsey Primary School D Willetts, Deputy Headteacher, Kempsey Primary School

**HANLEY AND UPTON EDUCATIONAL TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent Auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB
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Bankers	Lloyds Bank plc 1st Floor 4 The Cross Worcester WR1 3PY
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Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ
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**HANLEY AND UPTON EDUCATIONAL TRUST
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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 auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The academy trust operates 2 primary academies and 1 secondary academy for pupils aged 4 to 19 in Upton-upon-Severn and the surrounding area. It has a pupil capacity of 1,447 and had a roll of 1,455 in the school census on 1 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The trustees of Hanley and Upton Educational Trust (HUET) are also the directors of the charitable company for the purposes of company law. The charitable company is known as Hanley & Upton Educational Trust.

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

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 £2,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The academy trust shall have the following members and trustees as set out in its Articles of Association and funding agreement:

Members

- 1 member appointed by the Diocesan Board of Education
- The Chair of the Directors
- 3 members appointed according to the Articles of Association

Trustees

- 6 trustees appointed by the members
- 2 trustees appointed by the Diocesan Board of Education
- The Chief Executive Officer

Trustees are appointed for a four-year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of trustee, any trustee can be re-appointed or re-elected.

When appointing new trustees, members will give consideration to the skills and experience mix of existing trustees in order to ensure that the board has the necessary skills to contribute fully to the trust's development.

**HANLEY AND UPTON EDUCATIONAL TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Policies and Procedures Adopted for the Induction and Training of Trustees

The trust has a recruitment, induction and training procedure which is followed for every new appointment, whether member or trustee. The training and induction provided will depend upon their existing experience but would always include attendance at an induction course, the provision of an induction handbook, a tour of the schools within the academy trust and a chance to meet staff and pupils. All members and trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their respective roles. Advantage may also be taken of specific courses offered by the Local Authority (LA) and other bodies.

Organisational Structure

The board of trustees normally meets a minimum of four times per annum. The board establishes an overall framework for the governance of the trust and determines membership, terms of reference and procedures for committees, lead trustees and other groups. It receives reports including policies for ratification. It monitors the activities of the committees and lead trustees through the minutes of their meetings and reports. The board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two committees as follows:

- **Audit Committee** - this meets a minimum of once a year and is responsible for examining and reviewing the risk management process and agreeing a programme of work to address these risks, undertaking a programme of internal audit through a responsible officer, ensuring due compliance with public accountability, appointing the external auditors and receiving the report of the auditors and ensuring any recommendations are actioned.
- **Pay and Performance Committee** - meets at least twice a year to assist the board in fulfilling its responsibilities for the implementation of both its Pay and Performance Management Policies. In particular, it will monitor throughout the year and formally review annually the overall performance of staff and make recommendations to the board in respect of pay awards to staff. With the External Adviser, it will monitor throughout the year and formally review annually the performance of the Chief Executive Officer, the Chief Finance Officer and headteachers, as a result of which it will make recommendations to the board in respect of their pay awards based on judgements of their overall performance and success in meeting the objectives set.

Additional committees to those mentioned above are convened as appropriate.

The areas of responsibility for members, trustees and local governing bodies are delineated in the schemes of delegation. As all three of HUET's current member schools have been defined as supporting schools, they have been given the maximum delegation of governance functions and responsibilities. This in turn helps to delineate the decision making and responsibility areas of the board of trustees.

The following decisions are the responsibility of members: amendments to the Articles of Association; the appointment of new members or removal of current ones; the appointment and removal of trustees; the appointment of the trust's auditors by special resolution; the direction of the trustees to take a specific action; and the power to change the name of the charitable company and, ultimately, wind up the academy trust.

The board of trustees has three core governance functions: to ensure clarity of vision, ethos and strategic direction; to hold executive leaders to account for the educational performance of the organisation and its pupils, and the performance management of staff; and overseeing the financial performance of HUET and ensuring its funds are well spent.

As both charity trustees and directors of the academy trust, trustees must ensure compliance with HUET's charity objectives and with company and charity law. As such, the board of trustees is accountable to the Secretary of State for the trust's adherence to its funding agreement. It is also accountable to the Diocesan Board of Education for any church schools within HUET.

**HANLEY AND UPTON EDUCATIONAL TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

As set out in the schemes of delegation, responsibility for the day to day management of each academy is normally devolved to the headteacher and senior leadership team, with responsibility for strategic governance and other matters devolved to the local governing body. The HUET trustees ensure that their oversight of internally delegated responsibilities and their understanding of and ability to deliver against external responsibilities meets all requirements.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The trustees consider that the board of trustees and the senior leadership team comprise the key management personnel of the academy in charge of directing and controlling, running and operating the trust on a day to day basis. All trustees give their time freely and no trustee received remuneration in the year for their role as trustees.

Details of trustees' expenses and related party transactions are disclosed in the notes to the accounts, included in notes 12 and 28 respectively.

The pay of key management personnel is reviewed annually and normally increased in accordance with the pay policy of the HUET when affordability issues are also taken into consideration.

Trade Union facility time

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£0
Total cost of facility time	£0
Total pay bill	£0
Percentage of total pay bill spent on facility time	-0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Connected Organisations, including Related Party Relationships

The Hanley Castle High School Foundation Trust is a related party as it is the owner of the school's land and buildings. The Foundation Trust nominates one of its trustees to also be a member of the Hanley Castle High School local governing body, whilst HUET nominates one of its trustees (currently the chair) to be a trustee of the Foundation. Hanley Castle High School occupies the land at no cost for the shorter of the duration of the Funding Agreement or two years notice from the beneficial owners.

There are no related parties which either control or significantly influence the decisions and operations of Hanley & Upton Educational Trust.

Hanley Swan has a Church Supplemental Agreement with the Board of Education of the Diocese of Worcester for the land on which the school buildings are built.

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the HUET is to advance for the public benefit education in the United Kingdom, in particular by further improving a school offering a high quality educational provision through a broad and balanced curriculum for all of its students, irrespective of ability and aptitude.

The principal object and activity of the charitable company is the operation of Hanley Castle High School, Hanley Swan St Gabriel's with St Mary's Church of England Primary School and Kempsey Primary School to provide free education and care for students of all abilities between the ages of 4 and 19.

The aims of the HUET during the year ended 31 August 2018 are:

- **Belong** – all children and young people within the partnership will feel part of a happy, safe and caring community where the values of respect, honesty, friendship, kindness, responsibility and perseverance are promoted and celebrated.
- **Aspire** – all children and young people will be encouraged and supported to aim very high - developing fully their unique gifts, talents and abilities through a relentless focus on maximising learning opportunities both within and beyond the curriculum.
- **Achieve** – all children and young people will be encouraged and supported to achieve their full potential, leaving the care of the partnership with outstanding academic qualifications, and the skills and personal qualities required to succeed in a rapidly changing world.
- **All member schools** (founder and future) will remain non-selective and will be supported in maintaining any current religious affiliation.

This will be achieved through:

- A relentless focus on raising the standard of educational attainment and achievement of students of all ages, abilities and aptitudes
- A stimulating learning environment, supported by consistent expectations
- Care, support and intervention that places the individual at the centre of everything that we do
- Celebration of all forms of success and reward of positive attitude and effort
- Close partnership between parents, schools and the children and young people to support progress
- Curriculum opportunities that promote understanding and appropriately challenge every child and young person
- Opportunities outside the curriculum that develop a broader personal development
- A clear understanding of rights and responsibilities in a global community

Objectives, Strategies and Activities

Broad themes have been agreed for the HUET development plan. Priorities identified include:

- **Governance** – training for both members and trustees / development of capacity in advance of HUET expansion
- **Leadership and management** – Hanley Castle and Kempsey expansion with associated building works / Mayflower Academy proposal to meet needs of housing developments south of Worcester by-pass / leadership support for joiner and potential joiner schools
- **Curriculum, teaching, learning, assessment and outcomes** – transition curriculum / joint projects / emerging priorities from SATs, GCSE and A level outcomes / exploring curriculum flexibilities offered by academy status / improving the quality of teaching and learning in joiner and potential joiner schools
- **Personal development and welfare** – safeguarding – audits and actions / attendance of disadvantaged pupils

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

- **Finance and facilities** – completion of year end accounts and audit, ESFA reporting obligations, and regular financial monitoring / HUET risk register and internal audit programme / group procurement and resource sharing across HUET / CIF Bids / HUET wide approach to health & safety, asbestos and fire / website solution for HUET and review compliance of each academy / 5-year IT strategy / premises development – quality and safety

Public Benefit

The trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy trust's aims and objectives and in planning its future activities.

The HUET aims to advance for the public benefit, education in Hanley Castle, Hanley Swan and Kempsey and the surrounding area, offering a broad and balanced curriculum to students of all abilities.

The HUET provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

As a multi-academy trust (Hanley Castle was successful in gaining sponsor school status) we have a duty to support other schools. We support these schools, especially our feeder primary schools, through use of our premises and specialist skills including secondments where appropriate. For example, when the headteacher of a neighbouring primary school resigned, the HUET was invited by the school's governors and the local authority to provide it with leadership in advance of its joining the HUET in January 2019. Its acting headteacher and acting deputy were provided from within the HUET's schools (see below for detail).

STRATEGIC REPORT

Achievements and Performance

August 2018 saw the HUET multi-academy trust, consisting of Hanley Castle High School, Hanley Swan St Gabriel's with St Mary's Church of England Primary School and Kempsey Primary School, well into its second successful year of operation.

The HUET has already made significant progress towards its aims and objectives. A huge amount of work has been completed in terms of uniting financial systems and raising and implementing common policies, particularly those relating to the terms and conditions of the employees of the three schools, as well as those concerning safeguarding and health and safety.

All three schools are experiencing significant demand, and each school has secured funding for either improvements and / or expansion to accommodation and facilities.

A comprehensive review of the HUET by DfE officials of the RSC in February 2018 confirmed that it is performing well and has the capacity to expand successfully.

Teaching and Learning

The HUET continues to focus relentlessly on the progress of children and young people across all key stages.

Hanley Castle - in 2018 almost all GCSE subjects were assessed through the reformed, more rigorous 9-1 system for the first time, adding to mathematics, English and English literature in 2017. Whilst there were some very impressive individual performances, and strong value-added achievement in the group of low prior attainers (consolidating improvements in outcomes for this group in 2017), the cohort as a whole performed in line with expectations. This was due to a number of middle prior attainers not meeting their statistical potential, an area of significant strength over the last few years. The percentage of students achieving grade 4+ (equivalent to C+) in all the EBacc subjects was 42%, the highest yet.

Other highlights at Hanley Castle included: a new CPD model designed around those areas requested by staff and tailored for individual requirements / a new, increased impact lesson observation model was developed and piloted in reviews of humanities and art/technology faculties / our third cultural trip to China was a huge success,

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

and a group of 20 Chinese students joined us once again for the summer term.

Hanley Swan – the focus on improving literacy, including spelling, punctuation and grammar, has paid dividends with pleasing KS2 SATS outcomes in 2018, greater accuracy of punctuation observed in books and improved comprehension observed at both KS1 and KS2. The standard of spelling is in line with the national average but remains an area upon which the school will continue to focus. KS2 writing outcomes were much improved this year, while maths results were also strong for the vast majority of pupils, indicating the effectiveness of the teaching of reasoning and times tables.

Kempsey - the emphasis on oracy has been strengthened throughout the curriculum while a whole school spelling programme has been developed with training for staff provided. The impact of both of these strategies is evidenced in the very strong writing outcomes in 2018, consolidating the exceptional gains made in 2017.

Curriculum and Experience

The appointment of a HUET literacy and numeracy lead has ensured that cross-HUET collaboration has increased significantly. Cross-phase moderation has been one area of focus, although more recently the post-holder has been involved in outreach work, supporting Welland Primary School in advance of its joining the HUET in January 2019. The appointment of a sports coordinator based at Hanley Swan and Kempsey respectively is also having a significant impact, while the recruitment of a dedicated HUET IT technician and collaboration between ICT coordinators is enhancing the quality of hardware, software and pupil experience.

Hanley Castle - the planned increased curriculum time for mathematics was implemented. A significant amount of work was undertaken to meet the demands of the new GCSE, A-level and BTEC qualifications, the assessment format for much of which was new for 2018. To support this the HCHS 'attitude and effort' tracking system has been refined, as has the reporting system, both taking effect from 2018-19.

Hanley Swan – a full review of the school's curriculum has been completed to ensure that planned new topics inspire, support the school's values and vision, promote the spiritual, moral, cultural, mental and physical development of pupils at the school and prepare pupils at the school for the opportunities, responsibilities and experiences of later life

Kempsey - there has been a sustained focus on supporting children's mental health by promoting resilience, building self-confidence and developing programmes of support and encouragement within the school. Opportunities for learning and growing beyond the classroom have been increased with new homework tasks, improved lunchtime activities and improved sports provision. The school has also developed its community links, both locally and in a wider sense, in order to increase pupils' awareness of and tolerance for other cultures and practices

All three schools continue to promote and foster the British values of tolerance and understanding of different cultures. A third highly successful inter faith day was held at Hanley Castle in October 2017 while assemblies, trips and visits (for example the Kempsey Primary School mosque visit) seek to deepen understanding in this area.

Safety, Support and Behaviour

Safeguarding is an overarching priority for the HUET and all three of its schools. Regular training for staff, trustees and governors is compulsory, and the pace of change in this area has made training sessions and follow-up essential to ensure that knowledge is kept up-to-date through accredited sessions. In September 2018 the staff and governors of all three schools, as well as staff and governors from our joiner school, Welland Primary School, attended their annual update at a session delivered jointly by the DSLs of the three HUET schools.

The cross-HUET safeguarding policy has been updated and is now firmly embedded, improving practice and procedures across the MAT, including successful audits involving key governors and trustees carried out at all three schools. Some minor safeguarding issues were identified during the audits. All have been addressed according to the relevant guidelines with significant external agency involvement where appropriate.

One particular priority has been fire safety, with fire surveys also completed across all HUET schools and remedial action taken where appropriate.

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

The schools have continued to focus on reducing persistent absenteeism, particularly for those students with SEND or who are disadvantaged. The 'Prevent' strategy has been fully implemented, with all staff trained to be aware of their roles and responsibilities in supporting students who are vulnerable to extremism and radicalisation.

Good behaviour is a notable strength across the three HUET schools, and is routinely celebrated and rewarded. Decisive action is taken when necessary to maintain our consistently high standards.

Leadership and Management

The benefits of the HUET have become increasingly evident, with collaboration and good practice being shared at both senior and middle leadership level. Joint staff training, as well as work on the transition curriculum in English, mathematics and IT, are already ensuring that students are feeling the benefits.

More whole-HUET policies have been raised and ratified – for example a common code of conduct for HUET staff.

The quality of self evaluation has improved further, while the consolidation of resources and prudent financial management have ensured that the HUET has been able to implement the September 2018 pay award in full and is well placed to remain viable as the local version of the National Funding Formula continues in its implementation.

Demand for places at the three schools remains high. Hanley Castle has been asked to increase its PAN to 180, a measure which will result in additional capital funding of approximately £1.5 million. Construction is currently underway at Kempsey to accommodate an expansion to 1.5 form entry to meet the growing demand from the existing large-scale housing developments in Kempsey. Further housing developments planned for the area south of Worcester include a proposed new two-form entry primary school. The HUET has already met with LA officers and the local Parish council to discuss its vision and plans for a proposed 'Mayflower Academy' Free School on the designated site.

The HUET's bid to the MAT Development and Improvement Fund (MDIF) was successful, allowing it to appoint a dedicated literacy and numeracy lead. Plans to take a further school, Welland Primary School, into the HUET for January 2019 were overtaken by events. Following the resignation of the headteacher the HUET was invited by the school's governing body and the LA to take over the running of the school. This has absorbed a considerable amount of capacity but has been a notable success so far. Significant areas of improvement at the school have included leadership, safeguarding, teaching and learning, SEND and communication with parents and other stakeholders.

All three founder schools continue to work hard on their internal development plan priorities, including further improving provision for premium pupils, continuing to raise attainment in literacy and numeracy, further improving the quality of teaching and learning and developing middle managers.

External Awards

Hanley Castle High School was delighted to receive 'Secondary School of the Year' at the 2018 Worcestershire Education Awards. At the same awards ceremony Julia Wright, Hanley Castle's Special Education Needs Co-ordinator, received 'SENCO of the Year' for the second year running.

Aligning teachers' pay more closely with performance

The first full performance management cycle was successfully completed, including the Pay and Performance Committee's review of headteacher performance. As a result, the HUET is confident that its pay policy is working effectively to provide a consistent framework within which excellent performance is incentivised and any underperformance challenged. There is a strong correlation between pay and performance, ensuring that the HUET and its schools achieve value for money.

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

Improving the schools environment and facilities

As noted above, Kempsey has been given approval to expand to 1.5 form entry and construction of additional accommodation is underway. A successful CIF bid at Hanley Castle has seen construction commencing of a new PE classroom, improved changing rooms and additional toilet facilities. Hanley Swan was successful in securing funding to refurbish its school hall.

Ofsted

Hanley Swan and Kempsey primary schools are both expecting Ofsted inspections at some time during the next academic year. Both schools are confidently expecting to remain 'good' with outcomes over time at Hanley Swan suggesting the potential for an 'outstanding' judgement.

Welland Primary School is not yet a HUET school. However, the HUET is providing its leadership and will be involved if an inspection occurs. Welland was subject to a Section 8 inspection in June 2018. The school was judged to be 'good'. However, the inspection letter indicated that there were considerable concerns over many areas of Welland's provision. The potential for reputational damage has been included in the HUET's risk register.

KS1 outcomes

In general, KS1 outcomes were very pleasing with both schools exceeding comfortably the national averages in most measures. At Hanley Swan 75% of the 16 children reaching the expected standard in reading, writing and mathematics combined and 19% achieving the higher standard. A particular strength was the number of pupils achieving the higher standard in reading and maths. The children not achieving the expected standard are on the SEN register and are receiving interventions to support their learning.

At Kempsey the stand-out figure for a generally excellent year was the particularly high percentage of pupils who reached the expected standard in mathematics.

2018 (2017)	No. Pupils	Reading Expected Standard	Reading Greater Depth	Writing Expected Standard	Writing Greater Depth	Maths Expected Standard	Maths Greater Depth	RWM Expected Standard	RWM Greater Depth
Hanley Swan	16	88% (88%)	38% (31%)	75% (88%)	19% (13%)	75% (75%)	38% (25%)	75% (69%)	19% (6%)
Kempsey	40	83% (74%)	25% (28%)	75% (74%)	20% (26%)	90% (77%)	23 % (19%)	73% (72%)	15% (16%)
Worcs		76% (77%)	28% (28%)	72% (69%)	17% (17%)	77% (76%)	24% (22%)	66% (65%)	13% (12%)
National		76% (76%)	25% (26%)	70% (69%)	16% (16%)	76% (75%)	22% (21%)	65% (64%)	12% (11%)

KS2 outcomes

KS2 Progress by subject (2017)

	Hanley Swan	Kempsey	Worcestershire
Reading	-1.0 (+2.3)	+0.2 (+1.1)	-0.7 (-0.5)
Writing	+0.6 (-0.5)	+0.9 (-0.7)	-0.6 (-0.8)
Mathematics	+0.5 (+2.5)	-2.6 (+0.4)	-1.1 (-1.2)

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FOR THE YEAR ENDED 31 AUGUST 2018**

Hanley Swan

The percentages of children reaching the expected in reading, writing, maths and RWM combined were significantly above the national average. Progress figures are broadly in line with expectations. A number of children narrowly missed out on the higher standard which depressed progress scores slightly. One marking review remains pending for a pupil missing out on the higher standard in reading.

Subject	Number of pupils	Expected standard	2018	2017	Greater Depth	2018	2017
Reading	15	94%	93%	79%	19%	47%	29%
Writing (Teacher Assessment)	15	94%	73%	71%	25%	40%	0%
Maths	15	94%	87%	86%	19%	67%	14%
Spag	15	88%	87%	64%	6%	47%	29%
Combined R/W/M	15	88%	73%	57%	6%	40%	0%

Kempsey

Writing results, which were externally moderated by the local authority, were exceptionally pleasing and well above national averages. This reflects a consistent philosophy of writing across the school which has been a development focus for the past few years. Reading results were in line with national expectations. Maths results were lower than anticipated. Careful analysis indicates areas for whole school focus, although the exceptionally promising KS1 outcomes indicate considerable progress and much promise for the future.

Subject	Number of pupils	Expected Standard	2018	2017	Greater Depth	2018	2017
Reading	31	76%	81.5%	66%	30%	36.8%	17%
Writing (Teacher Assessment)	31	87%	82%	78%	26%	29%	17%
Maths	28	63%	74%	68%	17%	26%	10%
Spag	30	74%	78.9%	66%	15%	26%	7%
Combined R/W/M	28	59%	74%	59%	9%	10.5%	0%

**National/Worcestershire
Subject**

	Expected Standard National	Expected Standard Worcs.	Greater Depth National	Greater Depth Worcs.
Reading	75%	73%	28%	27%
Writing (Teacher Assessment)	78%	76%	20%	19%
Maths	75%	72%	24%	19%
Spag	77%	73%	34%	28%
Combined R/W/M	64%	61%	10%	8%

KS4 outcomes

The Year 11 cohort of 2018 was the first to sit a full suite of reformed GCSEs, assessed on the new nine-point scale.

In terms of attainment, Hanley Castle students generally performed extremely well. 22.5% of grades were awarded at grades 7-9 (the equivalent of grades A, A* and A**). The national percentage was 20.5%. 76% of grades were awarded at grade 4+ (national 67%) and 42% of students achieved the EBACC measure at grade 4+ (in 2017 Hanley students achieved 39%).

Results in science were again outstanding with around 50% of passes awarded at grades 7-9 in biology and chemistry. Over 53% of computer science passes were also awarded at grades 7-9. French and German also performed well with a third of passes in French and 50% of passes in German awarded the top grades.

Results were again very strong in English and English Literature, with 86% of students gaining passes at grade 4

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**TRUSTEES' REPORT (continued)
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or higher. Almost a quarter of passes in English were awarded at grades 7-9, while the figure for English Literature was 32%.

Results in mathematics were weaker with 68% of students gaining grade 4 or above (national – 60%). This meant that, in total, 68% of students gained good passes (4+) in both English and mathematics. While this compares respectably with other schools, it is significantly down from our 2017 performance of 77%.

Provisional progress data indicates that lower prior attaining students (identified by Ofsted in 2017 as an underperforming group) achieved well across the board with a positive Progress 8 score, as well as positive progress scores in both English and mathematics. The same provisional progress data suggests strong performances in music tech BTEC, business BTEC, ICT, PE, computer science, food, German, biology, double science, French, English Literature, music, GCSE business studies and chemistry. Disappointingly, overall Progress 8 for 2018 is likely to be around the average for schools in England.

We are confident that both attainment and progress outcomes in 2019 will return to the previously high levels achieved by Hanley Castle. The Year 10 examination results for our new Year 11 cohort were significantly better than for the Year 11 of 2018, and teachers are reporting a conscientious approach to summer homework, good attitudes and far fewer causes for concern than at the same time last year. Our monitoring and intervention will continue as usual, but there will be intense scrutiny on a number of areas, including mathematics, boys in general and higher prior attaining girls.

Post 16 outcomes

There are striking similarities between the outcomes for our Year 13 and Year 11 students. A significant proportion of students achieved outstanding individual results and the A*-C pass rate remained strong at 72% (2017 – 75%). However, there were significant drops in the percentage of passes awarded at the top grades. For example, the number of A* grades awarded fell from 8% in 2017 to 5% in 2018. The proportion of grades overall awarded at A*-B fell from 51% in 2017 to 42% in 2018. This is partially due to the ability profile of the year group, but we are currently investigating this issue further to ensure more clarity.

In contrast to GCSE, mathematics performed very well, with 33% of grades awarded at either A* or A. The figure for further mathematics was even better, with 75% of passes at the top grades. Physics, chemistry, history, economics and English language and literature also delivered a very pleasing percentage of passes at A* and A. The percentage of passes at AAB or better in the facilitating subjects fell from 31% in 2017 to 16% in 2018. Whilst this appears to be a big fall, it still represents a good performance in national terms.

Preliminary analysis of progress suggests that there were strong performances in BTEC IT and sport, English literature, English language and literature, further maths and maths, history, music, PE, chemistry and economics. Progress was weaker than in previous years overall.

Our intention now is to review the quality of post-16 teaching and learning as part of our normal quality assurance processes. One area of focus is on the performance of middle and lower prior attaining males, as well as evaluating the quality of differentiation – both for the most and least able.

Again, examination data suggests that 2019 will be a “bounce-back” year at A-level, but work is needed to ensure that lessons are learnt as appropriate.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date, which excluding fixed assets and pension reserve was £355k or 5% of income as at August 2018. This together with £10,506k restricted fixed asset funds offset by the pension deficit of -£2,262k leaving net assets as at 31 August 2018 of £8,599k.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers as at October 2017 were 1,455, an increase of 46 on the previous year.

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

Another key financial performance indicator is staffing costs as a percentage of income. For 2018 this was 83%, which compared favourably to budget, 85%.

KPIs for the year	Budget	Actual
In year revenue deficit/surplus - before capital transfer	-£146k	+£23k
Reserves as at 31 August	£215k	£355k
Reserves as a % of income	3%	5%
Pupil numbers (as at October 2017)		
Primary	385 (PAN)	410
Secondary	1,010 (PAN)	1,045
Total	1,395	1,455
Staff costs as a percentage of income	85%	83%
Student Attendance	95.0%	95.5%

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Going Concern Policy (note 1.2).

FINANCIAL REVIEW

Financial Review

Most of the academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE via the ESFA and they are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the academy's accounting policies.

During the year ended 31 August 2018, total expenditure of £6,910k, excluding depreciation charge of £303k and actuarial gains of £496k, was covered by recurrent grant funding from the DfE of £6,396k, together with other incoming resources of £375k and utilisation of prior year reserves. The excess of expenditure over income for the year (excluding Restricted Fixed Asset Funds and Restricted Pension Funds) was -£139k. After making adjustments for gain on pensions of £496k and £221k transfer to capital the net increase in funds for the year (excluding fixed asset funds) was £136k.

The reduction in Local Government Pension Scheme (LGPS) pension deficit to £2,262k was due to a combination of investment performance and the increase in discount rate over the year.

Restricted Fixed Asset Fund income in the year of £1,105k included funding for the Sports Hall extension at Hanley Castle High School, 3 new classrooms at Kempsey Primary and hall refurbishment at Hanley Swan. The annual depreciation charge was £303k and the transfer from revenue of £221k was utilised to support IT and new classrooms at Kempsey and server and SAN replacement at Hanley Castle. The fund balance stood at £10,506k as at 31 August 2018.

Total movement in funds in the year was £1,159k (£1,023k fixed assets, £334k pension reserve and -£198k general funds. Together with the brought forward funds from the previous financial year of £7,440k (which included a prior year adjustment to the land and buildings valuation at Kempsey of £1,803k) this resulted in carry forward funds of £8,599k of which £8,244k is restricted (£10,506k fixed assets and £2,262k pension reserve) and £355k is unrestricted.

At 31 August 2018 the net book value of fixed assets was £9,639k and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

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

The academy has taken on the deficit in the LGPS in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy and Procedures which lays out the framework for financial management, including financial responsibilities of the HUET board, LGBs, headteacher, Chief Financial Officer, budget holders and other staff, as well as delegated authority for spending.

The trustees have adopted a Responsible Officer Policy and appointed Mrs N Skellum, a suitably qualified trustee, to undertake a programme of internal checks on financial controls during the year ended 31 August 2018.

The comparative figures for 2017 comprises only 5 months of financial performance for Kempsey Primary School and Hanley Swan Primary School. The 2018 figures includes a full 12 months performance for all 3 schools within the Trust.

Reserves Policy

The trustees review the reserve levels of the HUET annually and this review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees take into consideration the future plans of the HUET, the uncertainty over future income streams and other key risks identified during the risk review. At the end of the year of the total reserves of £8,599k the HUET's level of general reserves were £355k. The general reserves of £355k or 5% of income is in line with the targeted reserves of 5% and are held for future expenditure, for example one off building and maintenance work and to bridge the gap to Fairer Funding. The fixed asset reserves of £10,506k were invested in fixed assets. Whilst the HUET recognises a significant pension deficit of £2,262k due to the accounting treatment of the LGPS. This does not mean that an immediate liability for this amount crystallises.

The LGPS reserve has a negative balance. The effect of the deficit position of the pension scheme is that the academy trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the academy trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the academy trust.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect. On a weekly basis this is achieved by transferring surplus funds to overnight deposit. Where cash flow allows, sums in excess of £50k may be invested on deposit for extended periods.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the headteacher as Accounting Officer and Chief Financial Officer within strict guidelines approved by the board of trustees.

PRINCIPAL RISKS AND UNCERTAINTIES

The board of trustees has reviewed the major risks to which the HUET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the academy are as follows:

Financial - the HUET has considerable reliance on continued Government funding through the Education & Skills Funding Agency (ESFA) and the introduction of National Fairer Funding (NFF) is critical to the ongoing success of the trust. In the last year over 94% of the HUET's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the HUET's finances, internal controls, compliance with regulations and legislation, statutory returns,

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

etc. The trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the success of the HUET is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk trustees ensure that student success and achievement are closely monitored and any impact from the risks associated with the development of the MAT are minimised.

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 and safety and discipline.

Staffing - the success of the HUET is reliant on the quality of its staff and so the trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The trustees are aware of the potential pressures on staff due to ongoing funding issues and as result work with the senior leadership team to monitor any impact on staff.

Fraud and mismanagement of funds - the HUET has appointed a new Responsible Officer to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial procedures and develop their skills in this area.

The HUET has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The HUET has agreed a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by trustees and include the financial risks to the HUET. The register and plan are constantly reviewed and updated by committees in light of any new information and formally reviewed annually by the HUET Board.

As all the schools in the HUET are oversubscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The trustees examine financial health formally four times a year, reviewing performance against budget and overall expenditure by means of regular update reports at all meetings. The trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

The board of trustees recognises that the defined benefit scheme deficit (LGPS), which is set out in note 26 to the financial statements, represents a significant potential liability. However, as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

FUNDRAISING

The trust has not carried out any significant fundraising activities during the year ended 31 August 2018.

PLANS FOR FUTURE PERIODS

The Hanley and Upton Educational Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all ages and stages, continue to aim to attract high quality teachers and support staff in order to deliver its objectives and continue to work with partner schools to improve the educational opportunities for students in the wider community.

The HUET will continue to seek opportunities to strengthen its links legally and formally with partner schools to improve further the quality of educational provision for all children from the age of 4 to 19 within the schools involved, whilst retaining the distinctive character of each. This includes respecting and preserving the Christian ethos of Diocesan primary schools and the commitment of Hanley Castle to the spiritual, moral and cultural development of its students.

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

The HUET will seek to build closer links with other local schools, particularly those within the Upton Pyramid, to improve further the quality of educational provision for all children in our area.

The HUET has begun to play a more prominent role in system improvement. Hanley Castle was successful in its application for 'sponsor school' status and the HUET is currently working with the Local Authority to support Welland Primary School, prior to its entry to the MAT in January 2019. In addition, the Diocese of Worcester has also expressed its interest in using the HUET to support underperforming Church of England schools. The HUET will, as always, work with the DfE and Regional Schools Commissioner to support those schools which are identified as underperforming.

In addition, Hanley Castle is continuing to develop the scope of its work in initial teacher training in partnerships which include the University of Worcester and Woodrush Teaching School. A very large number of trainees (both on PGCE and School Direct placements) have been accommodated over the last 30 months.

As mentioned above, the popularity of HUET schools, combined with large-scale housing developments is driving an expansion agenda, including our intention to bid for the running of a new two-form entry primary school north east of Kempsey.

Full details of all our plans for the future are given in the HUET Development Plan, which is available on our website or from the Company Secretary.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The HUET and its trustees do not act as the custodian trustees of any other charity with the exception of those trustees who are trustees of the Hanley Castle High School Foundation Trust.

AUDITORS

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as company directors, on 31/12/18 and signed on the board's behalf by:



**Mr J Robinson
Chair of Academy Trust**

**HANLEY AND UPTON EDUCATIONAL TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that the HUET 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 board of trustee has delegated the day-to-day responsibility to the Chief Executive Officer of the Hanley and Upton Educational Trust 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 the HUET and the Secretary of State for Education. The CEO is also responsible for reporting to the board of trustees 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 board of trustee has formally met 4 times during the year. Attendance during the year at meetings of the board of trustee was as follows:

Trustee	Meetings attended	Out of a possible
J Robinson, Chair	4	4
G Black	4	4
R Carter	2	3
S Fitzjohn	1	4
S Morris, Headteacher/Accounting Officer	0	2
A Randall-Brandwood	1	2
K Taylor	4	4
S Price	4	4
N Lechmere	1	1
N Skellum	1	1

There has been some turbulence in the membership of the board of trustees. It should be noted that two of the resignations were because the trustees found that the competing demands of work and family meant it was extremely difficult for them to attend board meetings, however enthusiastic and committed they were to the role. It should also be recorded that Mrs Fitzjohn's low attendance was due to serious illness. The policy of the members has been to replace trustees only as and when replacement candidates with suitable skills are identified, preferring if necessary to keep a vacancy until that time.

In the first full year of its existence, the board has performed solidly whilst its members, the majority of whom are new to the role of academy trustee, became accustomed to their responsibilities and the strategic nature of their work. This was undoubtedly helped by the high quality of the data presented to them by the CEO and CFO, whether primary or secondary school performance outcomes, finance, budgetary and accounting data or pay and performance recommendations. On a different front, the board dealt effectively and sensitively with two applications from very contrasting primary schools to join the HUET. Undoubtedly the correct outcomes were reached and the decision making process was enhanced again by the quality of information and advice provided by the CEO and CFO.

Governance Review

All members and trustees received in-depth induction training in the first six months of the HUET's existence and the key elements of this are reinforced and built on by the Chair and CEO on an ongoing basis during board meetings. However, governance does not just sit at board level: with all schools currently in the HUET having full delegation of responsibilities, it is a particular challenge to ensure that the principles of governance are owned by all the LGBs and that their performance in this respect is reported to and monitored by the Board, in a light touch but effective manner. The principle method for undertaking this is through the Chairs' Forum (HUET chair together with LGB chairs). The work of this group is developing and will become particularly important as it is known that two LGB chairs will be resigning in the autumn.

A key element of governance for the HUET is the ownership and implementation of the trust's safeguarding principles and policies and considerable work has been undertaken during the year to raise the understanding

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GOVERNANCE STATEMENT (continued)

and ownership of safeguarding through all levels of the governance structure from members, through trustees to the governors of each school. The success of this activity has been audited as part of wider safeguarding audits undertaken by the lead trustee.

A formal board review of governance was not in the end completed during this year, largely down to the changes in trustees in the first part of the year as mentioned above. It was felt that it would be sensible to allow new trustees to settle into their roles before a meaningful review could be undertaken and this will now be done in the 2018/19 academic year and is likely to include both self-evaluation and external audit at HUET level. In the light of this, further consideration will be given to methods for assessing the effectiveness of governance within the individual academies. To contribute to this, a skills audit of all levels of the governance structure has been commissioned and will take place in the autumn term 2018.

However, the quality of governance remains a central part of the HUET SEF and in self evaluation procedures using the Ofsted framework. The outcomes of this self evaluation are recorded in each academy's SEF. During the last 12 months significant progress has been made in further improving the quality of governance. Trustees have been involved in a number of training opportunities including safeguarding training together with a number of quality assurance exercises within and across the trust including safeguarding and health and safety. Trustees continue to provide challenge and support regarding senior leadership, teaching and learning and outcomes.

The trusts financial position is currently stable with contingency plans in place for the anticipated decrease in income in the short term. Resources have been managed effectively and efficiently to facilitate improvement in staffing levels, facilities, and accommodation to benefit all student groups. Governors' expertise, experience and knowledge of the trust ensured they are well placed to shape its direction and policies, identify strategic priorities, and to monitor and evaluate actions taken by the leadership of each of the schools within the trust.

The HUET Audit Committee is a subcommittee of the main board of trustees. Its purpose is to assist the board of trustees in fulfilling its responsibilities with particular reference to financial reporting, internal control, risk management and external audit. A responsible officer was appointed during the year to contribute internal auditing work of the committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Carter	1	1
Mr P G Saunders (Chair)	1	1
Mrs E Wilkins (In Attendance)	1	1
Mrs S Fitzjohn	1	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the HUET 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 HUET's 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. The Accounting Officer for the HUET has delivered improved value for money during the year by:

Delivering an in year surplus of £23k (before transfer of capital of -£221k) compared to a budgeted deficit of -£146k.

Maintaining strict control over staff costs. The number of staff has remained fairly static over the last five years whereas pupil numbers continue to rise. Staff costs per pupil are significantly lower than both the Worcestershire and national average.

Conducting an annual benchmarking exercise which indicated that the school's costs are lower than most other similar schools, whilst income is considerably lower than the national average due to the low funding of Worcestershire Local Authority.

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GOVERNANCE STATEMENT (continued)

Investing significant sums in improving facilities and accommodation. During the year we have invested in new desktops and interactive screens as well as server and SAN replacements.

Roofing project at Hanley Castle High School was completed on time and within budget.

Funding was secured by the trust to expand Kempsey primary to 1.5FE and build 3 new classrooms.

The trust secured funding from the EFSA for 3 Condition Improvement Fund Bids including sports hall extension and refurbishment of changing rooms at Hanley Castle and hall refurbishment at Hanley Swan.

Trust negotiated a settlement and improved terms with payroll provider following issues with the new system implementation in the year.

The trust introduced a HUET wide IT solution which not only provided more support with increased flexibility but also represented better value for money.

Maintaining a small contingency reserve equivalent to 5% of income (excluding fixed asset funds).

Continuing to explore ways of raising additional income. A further £30k has been generated in the year through our commercial arrangement with China and the HUET has also generated £36k from lettings and grounds maintenance as well as £12k from mentoring students.

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 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 board of trustees has reviewed the key risks to which the HUET is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the HUET'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 board of trustees.

THE RISK AND CONTROL FRAMEWORK

The HUET'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 board of trustee;
- regular reviews by the board 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;
- identification and management of risks.

The board of trustee has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mrs N Skellum as Responsible Officer (RO) for the year ended 31 August 2018.

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GOVERNANCE STATEMENT (continued)

The reviewer's role includes giving advice on financial matters and performing a range of checks on the HUET's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Review of risk register
- Review of policies into practice i.e. Safer Recruitment and Safeguarding

There were no significant issues identified as part of the Responsible Officer's review. On an annual basis RO reports to the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustee on 06/12/18 and signed on their behalf, by:



Mr J Robinson
Chair of Trustees



Mrs L F Cooke
Accounting Officer

**HANLEY AND UPTON EDUCATIONAL TRUST
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The trustees (who 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;
- 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 order of the members of the board of trustee and signed on its behalf by:



**Mr J Robinson
Chair of Academy Trust**

Date: 06/12/18

**HANLEY AND UPTON EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hanley and Upton Educational Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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



**Mrs L F Cooke
Accounting Officer**

06/12/18

**HANLEY AND UPTON EDUCATIONAL TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST**

OPINION

We have audited the financial statements of Hanley and Upton Educational Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust'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 and 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 trust 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 trust'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

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY AND UPTON EDUCATIONAL TRUST

required to report that fact.

We have nothing to report in this regard.

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 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 Statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust 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.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HANLEY AND UPTON EDUCATIONAL TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 3 October 2017 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 Hanley and Upton Educational Trust 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 Hanley and Upton Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hanley and Upton Educational Trust 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 Hanley and Upton Educational Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF HANLEY AND UPTON EDUCATIONAL TRUST (FORMERLY KNOWN AS HANLEY CASTLE HIGH SCHOOL) AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Hanley and Upton Educational Trust's funding agreement with the Secretary of State for Education dated 29 July 2011, 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HANLEY
AND UPTON EDUCATIONAL TRUST**

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 academy's 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 academy and its members, as a body for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date:

11th December 2015

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HANLEY AND
UPTON EDUCATIONAL TRUST AND THE EDUCATION & 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.



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date:

11th December 2018

HANLEY AND UPTON EDUCATIONAL TRUST
(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 £	As restated Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	2,243,382
Other donations and capital grants	2	4,429	6,826	1,104,609	1,115,864	465,717
Charitable activities	3	250,408	6,396,351	-	6,646,759	5,703,383
Other trading activities	4	112,125	-	-	112,125	70,110
Investments	5	1,743	-	-	1,743	3,397
TOTAL INCOME		368,705	6,403,177	1,104,609	7,876,491	8,485,989
EXPENDITURE ON:						
Raising funds		32,659	-	-	32,659	18,924
Charitable activities		230,060	6,647,747	302,692	7,180,499	6,190,625
TOTAL EXPENDITURE	6	262,719	6,647,747	302,692	7,213,158	6,209,549
NET INCOME /						
(EXPENDITURE) BEFORE						
TRANSFERS						
Transfers between Funds	20	105,986 (46,184)	(244,570) (174,945)	801,917 221,129	663,333 -	2,276,440 -
NET INCOME /						
(EXPENDITURE) BEFORE						
OTHER RECOGNISED						
GAINS AND LOSSES						
		59,802	(419,515)	1,023,046	663,333	2,276,440
Actuarial gains on defined benefit pension schemes	26	-	496,000	-	496,000	163,000
NET MOVEMENT IN FUNDS		59,802	76,485	1,023,046	1,159,333	2,439,440
RECONCILIATION OF FUNDS:						
Total funds brought forward	20	295,250	(2,338,485)	9,483,092	7,439,857	5,000,417
TOTAL FUNDS CARRIED FORWARD		355,052	(2,262,000)	10,506,138	8,599,190	7,439,857

The notes on pages 31 to 56 form part of these financial statements.

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07690414

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	As restated 2017 £
FIXED ASSETS				
Tangible assets	14		9,639,447	9,053,801
CURRENT ASSETS				
Stocks	15	4,340	-	-
Debtors	16	860,617	534,161	534,161
Cash at bank and in hand		1,140,540	1,186,170	1,186,170
		<u>2,005,497</u>	<u>1,720,331</u>	<u>1,720,331</u>
CREDITORS: amounts falling due within one year	17	(748,254)	(698,275)	(698,275)
NET CURRENT ASSETS			<u>1,257,243</u>	<u>1,022,056</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,896,690</u>	<u>10,075,857</u>
CREDITORS: amounts falling due after more than one year	18	(35,500)	(40,000)	(40,000)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,861,190</u>	<u>10,035,857</u>
Defined benefit pension scheme liability	26	(2,262,000)	(2,596,000)	(2,596,000)
NET ASSETS			<u><u>8,599,190</u></u>	<u><u>7,439,857</u></u>
FUNDS OF THE ACADEMY TRUST				
Restricted funds:				
General funds	20	-	257,515	257,515
Fixed asset funds	20	10,506,138	9,483,092	9,483,092
Restricted funds excluding pension liability		<u>10,506,138</u>	<u>9,740,607</u>	<u>9,740,607</u>
Pension reserve		<u>(2,262,000)</u>	<u>(2,596,000)</u>	<u>(2,596,000)</u>
Total restricted funds			<u>8,244,138</u>	<u>7,144,607</u>
Unrestricted funds	20		<u>355,052</u>	<u>295,250</u>
TOTAL FUNDS			<u><u>8,599,190</u></u>	<u><u>7,439,857</u></u>

The financial statements on pages 28 to 56 were approved by the trustees, and authorised for issue, on 01/12/18 and are signed on their behalf, by:



Mr J Robinson
Chair of Academy Trust

The notes on pages 31 to 56 form part of these financial statements.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

		2018	As restated
	Note	£	2017
			£
CASH FLOW FROM OPERATING ACTIVITIES:			
Net cash (used in)/provided by operating activities	22	<u>(21,120)</u>	<u>244,661</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Interest received		1,743	3,397
Purchase of tangible fixed assets		(888,338)	(93,000)
Capital grants from DfE and other capital grants		866,085	172,536
Cash received from local authority on conversion		-	165,382
NET CASH USED IN INVESTING ACTIVITIES:		<u>(20,510)</u>	<u>248,315</u>
Cash flows from financing activities:			
Repayments of Salix loan		(4,000)	(4,000)
Cash inflows from Salix loan		-	8,000
Net cash (used in)/provided by financing activities		<u>(4,000)</u>	<u>4,000</u>
CHANGE IN CASH AND CASH EQUIVALENTS:		(45,630)	496,976
Cash and cash equivalents brought forward		<u>1,186,170</u>	<u>689,194</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARDS	23	<u><u>1,140,540</u></u>	<u><u>1,186,170</u></u>

The notes on pages 31 to 56 form part of these financial statements.

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

Hanley and Upton Educational Trust constitutes a public benefit entity as defined by FRS 102.

1.2 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 trust 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements

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

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

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

Donations are recognised on a receivable basis (where there are no performance-related conditions), where the receipt is probable and it 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 goods and services.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

Expenditure on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,000 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

On conversion Hanley Castle High School was granted a 125 year lease from the Hanley Castle High School Foundation Trust for land and buildings. On conversion the long term leasehold was recognised as a donation from the Hanley Castle High School Foundation Trust and was valued using the depreciated replacement cost method. Hanley and Upton Educational Trust was granted a 125 year lease from the Local Authority in relation to the land and buildings of Kempsey Primary School which has been valued at the ESFA valuation. This valuation was not received under after the filing of the 2017 financial statements, and therefore has been amended using a prior year adjustment.

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:

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

Land and buildings	-	Buildings 50 years, leasehold land 125 years
Furniture and fixtures	-	10-20% straight line
Motor vehicles	-	33.33% straight line
Office equipment	-	10-20% straight line
Computer equipment	-	33.33% 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.

1.6 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.7 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 and cash on deposit that has a notice period of less than 30 days.

1.8 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.9 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 notes 17 and 18. 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.

**HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.10 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.

1.11 PENSIONS

Retirement benefits to employees of the academy trust 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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 net income/expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.12 FUND ACCOUNTING

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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

1. ACCOUNTING POLICIES (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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.

Critical areas of judgment:

The academy trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the academy trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

1.14 OPERATING LEASES

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

1.15 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.16 AGENCY ARRANGEMENTS

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use a percentage of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in note 25.

HANLEY AND UPTON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Transfer from Local Authority on conversion	-	-	-	-	2,243,382
Donations	4,429	6,826	-	11,255	13,128
Capital grants	-	-	1,104,609	1,104,609	452,589
	<u>4,429</u>	<u>6,826</u>	<u>1,104,609</u>	<u>1,115,864</u>	<u>465,717</u>
	<u>4,429</u>	<u>6,826</u>	<u>1,104,609</u>	<u>1,115,864</u>	<u>2,709,099</u>
Total 2017	<u>165,933</u>	<u>(842,423)</u>	<u>3,385,589</u>	<u>2,709,099</u>	

HANLEY AND UPTON EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	6,043,656	6,043,656	5,172,568
Start up Grants	-	-	-	59,644
Other DfE Group grants	-	291,670	291,670	203,988
	-	6,335,326	6,335,326	5,436,200
Other Government grants				
High Needs	-	25,485	25,485	38,507
Other Government grants	-	35,540	35,540	7,350
	-	61,025	61,025	45,857
Other funding				
Internal catering income	11,395	-	11,395	5,397
Income from hosting trainee teachers	12,412	-	12,412	9,166
Sales to students	31,603	-	31,603	23,905
Other	194,998	-	194,998	182,858
	250,408	-	250,408	221,326
	250,408	6,396,351	6,646,759	5,703,383
Total 2017	221,326	5,482,057	5,703,383	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	23,282	-	23,282	14,573
Breakfast club	11,878	-	11,878	4,566
Other	76,965	-	76,965	50,971
	112,125	-	112,125	70,110
Total 2017	70,110	-	70,110	

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,743	-	1,743	3,397
Total 2017	3,397	-	3,397	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					18,924
Direct costs	-	-	32,659	32,659	-
Support costs	-	-	-	-	-
Education:					
Direct costs	4,783,234	302,692	352,428	5,438,354	4,640,065
Support costs	883,686	523,423	335,036	1,742,145	1,550,560
	5,666,920	826,115	720,123	7,213,158	6,209,549
Total 2017	4,856,430	412,309	940,810	6,209,549	

7. DIRECT COSTS

	Total 2018 £	Total 2017 £
Pension finance costs	22,000	15,980
Educational supplies	56,825	32,566
Examination fees	88,322	90,832
Staff development	23,453	14,972
Other costs	161,828	161,023
Supply teachers	16,454	32,309
Wages and salaries	3,779,289	3,180,798
National insurance	363,839	317,199
Pension cost	623,652	544,930
Depreciation	302,692	249,456
	5,438,354	4,640,065
Total 2017	4,640,065	

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FOR THE YEAR ENDED 31 AUGUST 2018

8. SUPPORT COSTS

	Total 2018 £	Total 2017 £
Pension finance costs	41,000	31,020
Other costs	10,397	38,920
Maintenance of premises and equipment	216,007	183,295
Cleaning	13,591	7,427
Rent and rates	44,679	35,862
Energy costs	89,726	72,539
Insurance	37,394	41,385
Security and transport	28,096	21,576
Catering	103,777	49,373
Technology costs	95,724	79,103
Office overheads	93,950	94,291
Legal and professional	69,683	100,695
Bank interest and charges	594	(89)
Governance	13,841	13,969
Wages and salaries	620,385	532,987
National insurance	42,261	34,842
Pension cost	221,040	213,365
	1,742,145	1,550,560
	<hr/>	<hr/>
Total 2017	1,550,560	
	<hr/>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the academy trust	302,692	249,456
Auditors' remuneration - audit	12,500	11,750
Auditors' remuneration - other services	1,330	1,300
Operating lease rentals	38,359	36,298
	<hr/>	<hr/>

HANLEY AND UPTON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,399,674	3,711,095
Social security costs	406,100	354,731
Operating costs of defined benefit pension schemes	844,692	758,295
	<u>5,650,466</u>	<u>4,824,121</u>
Agency staff costs	16,454	32,309
Staff compromise costs	-	8,539
	<u>5,666,920</u>	<u>4,864,969</u>

b. Non-statutory/non-contractual staff severance payments

There were no staff compromise costs incurred during the year (2017: £8,539).

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	76	64
Education support	67	38
Administration and clerical	42	33
Management	10	7
	<u>195</u>	<u>142</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	66	59
Educational support	31	32
Administration and clerical	23	16
Management	10	10
	<u>130</u>	<u>117</u>

d. 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	2
In the band £70,001 - £80,000	2	1
In the band £100,001 - £110,000	1	1

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

10. STAFF COSTS (continued)

Employer's pensions contributions made on behalf of the four above employees amounted to £52,123 (2017: £43,903).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees (who do not receive remuneration for their role as trustees) and the Senior Leadership Team as listed on page 1: the CEO, the CFO and two local Headteachers. In 2018 the key management personnel consisted of the Hanley Castle High School Senior Leadership Team, which consisted of 4 people. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £389,903 (2017: £220,636). The increase is partly due to Kempsey Primary School and Hanley Swan Primary School being within the MAT for a full 12 months in 2017/18, compared to just 5 months of 2016/17.

HANLEY AND UPTON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- Insurance
- Legal and professional services
- Human resources and payroll
- Educational support services
- Financial services
- Premises services
- Others as required
- Audit services

The academy trust charges for these services on the following basis:

The academy trust charged these services on a fair basis as agreed between the CEO and Local Governing Bodies, being 5% of total income, less SEN funding, Pupil Premium and other income as deemed appropriate.

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Hanley Castle High School	213,144	87,420
Kempsey Primary School	47,243	20,097
Hanley Swan C-of-E Primary School	21,155	8,860
Total	<u>281,542</u>	<u>116,377</u>

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows: Mrs L F Cooke: remuneration £105,000 - £110,000 (2017: £100,000 - £105,000), employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000). Mrs J Burrows: remuneration £NIL (2017: £55,000 - £60,000), employer's pension contributions £NIL (2017: £5,000-£10,000). Mr J P Ellis: remuneration £NIL (2017: £45,000 - £50,000), employer's pension contributions £NIL (2017: £5,000 - £10,000). Miss J Millward: remuneration £NIL (2017: £35,000 - £40,000), employer's pension contributions £NIL (2017: £5,000 - £10,000).

J Burrows, J Ellis and J Millward were no longer trustees in 2017/18, having served for just 5 months in 2016/17 in relation to Hanley Castle High School as a standalone academy.

During the year ended 31 August 2018, 3 trustees received reimbursement of expenses totalling £1,687 (2017: £640 to 6 trustees).

Other related party transactions involving the trustees are set out in note 28.

**HANLEY AND UPTON EDUCATIONAL TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £1,071 (2017: £1,643).

HANLEY AND UPTON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. TANGIBLE FIXED ASSETS

	Land and Buildings £	Furniture and fixtures £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST						
At 1 September 2017 (as previously stated)	7,369,591	54,333	2,495	302,254	644,999	8,373,672
Prior year adjustment	1,802,375	-	-	-	-	1,802,375
At 1 September 2017 (as restated)	9,171,966	54,333	2,495	302,254	644,999	10,176,047
Additions	767,116	-	-	19,459	101,763	888,338
At 31 August 2018	9,939,082	54,333	2,495	321,713	746,762	11,064,385
DEPRECIATION						
At 1 September 2017	368,450	11,551	554	182,286	559,405	1,122,246
Charge for the year	189,405	5,433	832	41,343	65,679	302,692
At 31 August 2018	557,855	16,984	1,386	223,629	625,084	1,424,938
NET BOOK VALUE						
At 31 August 2018	9,381,227	37,349	1,109	98,084	121,678	9,639,447
At 31 August 2017 (as restated)	8,803,516	42,782	1,941	119,968	85,594	9,053,801

A prior year adjustment has been made following an updated ESFA valuation for Kempsey Primary School, which was received after the filing of the 2017 financial statements. An equal restatement to donations has also been recognised respectively.

15. STOCKS

	2018 £	2017 £
Goods for resale	4,340	-

16. DEBTORS

	2018 £	2017 £
Trade debtors	68,615	11,901
Other debtors	95,550	134,098
Prepayments and accrued income	556,332	344,393
VAT recoverable	140,120	43,769
	860,617	534,161

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

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Salix loans	4,500	4,000
Trade creditors	335,994	178,786
Other taxation and social security	106,014	96,944
Other creditors	131,141	121,486
Accruals and deferred income	170,605	297,059
	748,254	698,275
	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	144,729	51,185
Resources deferred during the year	114,460	144,729
Amounts released from previous years	(144,729)	(51,185)
Deferred income at 31 August 2018	114,460	144,729

At the balance sheet date the academy trust was holding funds received in advance for trips due to run in the 2018/19 year.

Included within creditors due within one year is a Salix loan balance of £4,000. The full value of the loan outstanding is £32,000, £28,000 of which is shown as due over one year (note 18). The loan is repayable in six-monthly instalments over the remaining 8 year of the loan with an applicable annual interest rate of NIL%.

Also included within creditors within one year is a Salix loan balance of £500. The full value of the loan outstanding is £8,000, £7,500 of which is shown as due over one year (note 18). The loan is repayable in six-monthly instalments over 7 years, with repayments starting in January 2019. There is an applicable annual interest rate of NIL%.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Salix loans due within 1-2 years	5,000	4,000
Salix loans due within 2-5 years	20,000	16,000
Salix loans due within more than 5 years	10,500	20,000
	35,500	40,000

Included within creditors due in more than one year is a Salix loan balance of £28,000. The full value of the loan outstanding is £32,000, £4,000 of which is shown as due under one year (note 17). The loan is repayable in six-monthly instalments over the remaining 8 year of the loan with an applicable annual interest rate of NIL%.

Also included within creditors due in more than one year is a Salix loan balance of £7,500. The full value of the loan outstanding is £8,000, £500 of which is shown as due under one year (note 17). The loan repayable in six-monthly instalments over 7 years, with repayments starting in January 2019. There is an applicable annual interest rate of NIL%.

HANLEY AND UPTON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>631,009</u>	<u>390,101</u>
Financial liabilities measured at amortised cost	<u>563,280</u>	<u>458,873</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise ESFA loans, trade creditors, other creditors and accruals.

20. STATEMENT OF FUNDS

	Brought forward As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
General funds	<u>295,250</u>	<u>368,705</u>	<u>(262,719)</u>	<u>(46,184)</u>	<u>-</u>	<u>355,052</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	257,515	6,043,656	(6,126,226)	(174,945)	-	-
Universal Infant Free School Meals	-	61,834	(61,834)	-	-	-
Higher Needs funding	-	25,485	(25,485)	-	-	-
Pupil Premium (PP)	-	195,685	(195,685)	-	-	-
Other ESFA grants	-	48,990	(48,990)	-	-	-
Donations	-	6,826	(6,826)	-	-	-
Other grants	-	20,701	(20,701)	-	-	-
Pension reserve	(2,596,000)	-	(162,000)	-	496,000	(2,262,000)
	<u>(2,338,485)</u>	<u>6,403,177</u>	<u>(6,647,747)</u>	<u>(174,945)</u>	<u>496,000</u>	<u>(2,262,000)</u>

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

20. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

Land and buildings transferred in	6,967,565	-	(149,280)	-	-	6,818,285
Fixed assets purchased from GAG and other restricted funds	319,418	16,091	(83,507)	221,129	-	473,131
Devolved Formula Capital funding (DFC)	72,029	34,383	(15,393)	-	-	91,019
Academies Capital Maintenance Fund (ACMF)	560,986	-	(23,987)	-	-	536,999
Condition Improvement Fund (CIF)	1,563,094	1,054,135	(30,525)	-	-	2,586,704
	<u>9,483,092</u>	<u>1,104,609</u>	<u>(302,692)</u>	<u>221,129</u>	<u>-</u>	<u>10,506,138</u>
Total restricted funds	<u>7,144,607</u>	<u>7,507,786</u>	<u>(6,950,439)</u>	<u>46,184</u>	<u>496,000</u>	<u>8,244,138</u>
Total of funds	<u>7,439,857</u>	<u>7,876,491</u>	<u>(7,213,158)</u>	<u>-</u>	<u>496,000</u>	<u>8,599,190</u>

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

RESTRICTED FUNDS:

General Annual Grant (GAG) - income from the ESFA which is to be used for the normal running costs of the academy, including education and support costs.

Universal Infant Free School Meals - income from the ESFA for the provision of free school meals.

Higher Needs funding - funding provided by Local Authorities for the academy trust to fund further support for students with additional needs.

Start Up Grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.

Pupil Premium (PP) - represents funding received from the ESFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Other ESFA grants - restricted income from the ESFA which is to be used in accordance with the terms of the funding.

Donations - incoming donations received for specific purposes, as specified by the donor.

Other grants - income which has been received for specific purposes.

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy.

RESTRICTED FIXED ASSET FUNDS:

Land and buildings transferred in - this represents the buildings and equipment donated to the academy trust from the Local Authority on conversion to an academy.

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NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (continued)

Fixed assets purchased from GAG - this represents capital assets that have been purchased out of restricted GAG funding.

Devolved Formula Capital funding (DFC) - this represents funding from the ESFA to cover the maintenance and purchase of the academy's assets.

Academies Capital Maintenance Funding (ACMF) - are restricted grants related to a grant provided to the academy trust from the Academies Capital Maintenance Fund was used on various capital projects.

Condition Improvement Fund (CIF) - are restricted grants related to a grant provided to the School from the Condition Improvement fund to be used for capital works.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	As restated Total 2017 £
Hanley Castle High School	153,951	302,938
Kempsey Primary School	170,803	214,272
Hanley Swan C-of-E Primary School	(130)	24,826
Central services	30,428	10,729
Total before fixed asset fund and pension reserve	355,052	552,765
Restricted fixed asset fund	10,506,138	9,483,092
Pension reserve	(2,262,000)	(2,596,000)
Total	8,599,190	7,439,857

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Hanley Castle High School	3,544,821	600,040	43,632	951,415	5,139,908	5,108,019
Kempsey Primary School	722,842	105,067	9,363	232,077	1,069,349	437,513
Hanley Swan C-of-E Primary School	384,074	67,657	3,830	103,327	558,888	241,646
Central services	37,696	89,269	-	134,878	261,843	153,901
	4,689,433	862,033	56,825	1,421,697	7,029,988	5,941,079

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NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 As restated £
GENERAL FUNDS						
General funds	75,813	460,766	(241,329)	-	-	295,250
RESTRICTED FUNDS						
General Annual Grant (GAG)	345,563	5,145,427	(5,195,557)	(37,918)	-	257,515
Higher Needs funding	-	38,507	(38,507)	-	-	-
Pupil Premium (PP)	-	152,620	(152,620)	-	-	-
Donations	-	12,577	(12,577)	-	-	-
Other grants	-	85,859	(85,859)	-	-	-
Start Up Grant	-	59,644	(59,644)	-	-	-
Pension reserve	(1,730,000)	(855,000)	(174,000)	-	163,000	(2,596,000)
	<u>(1,384,437)</u>	<u>4,639,634</u>	<u>(5,718,764)</u>	<u>(37,918)</u>	<u>163,000</u>	<u>(2,338,485)</u>
RESTRICTED FIXED ASSET FUNDS						
Land and buildings transferred in	4,110,468	2,933,000	(75,903)	-	-	6,967,565
Fixed assets purchased from GAG and other restricted funds	360,304	17,257	(96,061)	37,918	-	319,418
Devolved Formula Capital funding (DFC)	55,390	26,694	(10,055)	-	-	72,029
Academies Capital Maintenance Fund (ACMF)	600,738	-	(39,752)	-	-	560,986
Condition Improvement Fund (CIF)	1,182,141	408,638	(27,685)	-	-	1,563,094
	<u>6,309,041</u>	<u>3,385,589</u>	<u>(249,456)</u>	<u>37,918</u>	<u>-</u>	<u>9,483,092</u>
Total restricted funds	<u>4,924,604</u>	<u>8,025,223</u>	<u>(5,968,220)</u>	<u>-</u>	<u>163,000</u>	<u>7,144,607</u>
Total of funds	<u>5,000,417</u>	<u>8,485,989</u>	<u>(6,209,549)</u>	<u>-</u>	<u>163,000</u>	<u>7,439,857</u>

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NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 As restated £
UNRESTRICTED FUNDS						
General funds	75,813	829,471	(504,048)	(46,184)	-	355,052
RESTRICTED FUNDS						
General Annual Grant (GAG)	345,563	11,189,083	(11,321,783)	(212,863)	-	-
Universal Infant Free School Meals	-	61,834	(61,834)	-	-	-
Higher Needs funding	-	63,992	(63,992)	-	-	-
Pupil Premium (PP)	-	348,305	(348,305)	-	-	-
Donations	-	61,567	(61,567)	-	-	-
Other grants	-	92,685	(92,685)	-	-	-
Start Up Grant	-	80,345	(80,345)	-	-	-
Pension reserve	(1,730,000)	(855,000)	(336,000)	-	659,000	(2,262,000)
	<u>(1,384,437)</u>	<u>11,042,811</u>	<u>(12,366,511)</u>	<u>(212,863)</u>	<u>659,000</u>	<u>(2,262,000)</u>
RESTRICTED FIXED ASSET FUNDS						
Land and buildings transferred in	4,110,468	2,933,000	(225,183)	-	-	6,818,285
Fixed assets purchased from GAG and other restricted funds	360,304	33,348	(179,568)	259,047	-	473,131
Devolved Formula Capital funding (DFC)	55,390	61,077	(25,448)	-	-	91,019
Academies Capital Maintenance Fund (ACMF)	600,738	-	(63,739)	-	-	536,999
Condition Improvement Fund (CIF)	1,182,141	1,462,773	(58,210)	-	-	2,586,704
	<u>6,309,041</u>	<u>4,490,198</u>	<u>(552,148)</u>	<u>259,047</u>	<u>-</u>	<u>10,506,138</u>
	<u>4,924,604</u>	<u>15,533,009</u>	<u>(12,918,659)</u>	<u>46,184</u>	<u>659,000</u>	<u>8,244,138</u>
Total of funds	<u>5,000,417</u>	<u>16,362,480</u>	<u>(13,422,707)</u>	<u>-</u>	<u>659,000</u>	<u>8,599,190</u>

HANLEY AND UPTON EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	9,639,447	9,639,447
Current assets	355,052	593,814	1,056,631	2,005,497
Creditors due within one year	-	(593,814)	(154,440)	(748,254)
Creditors due in more than one year	-	-	(35,500)	(35,500)
Pension scheme liability	-	(2,262,000)	-	(2,262,000)
	<u>355,052</u>	<u>(2,262,000)</u>	<u>10,506,138</u>	<u>8,599,190</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR (AS RESTATED)

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	9,053,801	9,053,801
Current assets	574,212	621,406	524,713	1,720,331
Creditors due within one year	(278,962)	(363,891)	(55,422)	(698,275)
Creditors due in more than one year	-	-	(40,000)	(40,000)
Provisions for liabilities and charges	-	(2,596,000)	-	(2,596,000)
	<u>295,250</u>	<u>(2,338,485)</u>	<u>9,483,092</u>	<u>7,439,857</u>

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

	2018 £	As restated 2017 £
Net income for the year (as per Statement of Financial Activities)	663,333	2,276,440
Adjustment for:		
Depreciation charges	302,692	249,456
Interest received	(1,743)	(3,397)
Increase in stocks	(4,340)	-
Increase in debtors	(326,456)	(279,429)
Increase in creditors	49,479	243,509
Capital grants	(866,085)	(172,536)
Defined benefit pension scheme obligation inherited	-	855,000
Defined benefit pension scheme cost less contributions payable	99,000	127,000
Defined benefit pension scheme finance cost	63,000	47,000
Land and buildings transferred from local authority on conversion	-	(2,933,000)
Cash received from local authority on conversion	-	(165,382)
Net cash (used in)/provided by operating activities	<u>(21,120)</u>	<u>244,661</u>

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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	1,140,540	1,186,170
	<u>1,140,540</u>	<u>1,186,170</u>

24. CAPITAL COMMITMENTS

At 31 August 2018 the academy trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	814,636	436,638
	<u>814,636</u>	<u>436,638</u>

25. AGENCY ARRANGEMENTS

The academy distributes 16-19 Bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2018 the academy received £16,039 (2017: £16,121) and disbursed £15,859 (2017: £9,552) from the fund. An amount of £7,158 (2017: £6,978) is included in other creditors relating to undistributed funds.

26. PENSION COMMITMENTS

The academy trust'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 Worcestershire 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 £90,439 were payable to the schemes at 31 August 2018 (2017: £80,742) 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

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26. PENSION COMMITMENTS (continued)

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
- 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 £506,769 (2017: £434,822).

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 £345,000 (2017: £236,000), of which employer's contributions totalled £276,000 (2017: £183,000) and employees' contributions totalled £69,000 (2017: £53,000). The agreed contribution rates for future years are 15% for employers and 5.5-9.9% 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	2.80 %	2.40 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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26. PENSION COMMITMENTS (continued)

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	22.7	22.6
Females	25.7	25.6
Retiring in 20 years		
Males	24.9	24.8
Females	28	27.9

The academy trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,550,000	1,354,000
Debt instruments	93,000	82,000
Corporate bonds	161,000	-
Property	95,000	60,000
Cash	42,000	20,000
Other	72,000	57,000
Total market value of assets	<u>2,013,000</u>	<u>1,573,000</u>

The actual return on scheme assets was £111,000 (2017: £173,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(375,000)	(310,000)
Past service cost	(3,307)	(3,573)
Interest income	37,000	20,000
Interest cost	(100,000)	(67,000)
Total	<u>(441,307)</u>	<u>(360,573)</u>

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26. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	4,169,000	2,712,000
Transferred in on existing academies joining the trust	-	882,000
Current service cost	375,000	310,000
Interest cost	100,000	67,000
Employee contributions	69,000	53,000
Actuarial (gains)/losses	(426,000)	151,000
Benefits paid	(12,000)	(6,000)
	<u>4,275,000</u>	<u>4,169,000</u>
Closing defined benefit obligation	<u>4,275,000</u>	<u>4,169,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,573,000	982,000
Transferred in on existing academies joining the trust	-	27,000
Interest income	41,000	23,000
Actuarial losses	70,000	314,000
Employer contributions	276,000	183,000
Employee contributions	69,000	53,000
Benefits paid	(12,000)	(6,000)
Admin expenses	(4,000)	(3,000)
	<u>2,013,000</u>	<u>1,573,000</u>
Closing fair value of scheme assets	<u>2,013,000</u>	<u>1,573,000</u>

27. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	33,034	35,856
Between 1 and 5 years	68,847	101,414
	<u>101,881</u>	<u>137,270</u>
Total	<u>101,881</u>	<u>137,270</u>

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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the Academy Trust received income from Upton CofE Primary School, a school in which B Urwin is also a governor, totalling £1,015 (2017: £NIL). The income was received on an arm's length basis and in entering the transaction the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

29. PRIOR YEAR ADJUSTMENT

A prior year adjustment of £1,802,375 has been made following an updated valuation of land and buildings for Kempsey Primary School being received from the ESFA. As this valuation was not received prior to the filing of the 2017 financial statements, land and buildings were previously recognised using a proportion of insurance value. The impact of this adjustment is to increase the net book value of the tangible fixed assets and corresponding donation within the comparative figures. The ultimate impact to the 2017/18 financial statements is an increase to the tangible fixed assets and the bought forward restricted fixed asset fund.

30. 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.

31. GENERAL INFORMATION

Hanley and Upton Educational Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Church End, Hanley Castle, Worcester, Worcestershire, WR8 0BL.