

RICHARD HALE SCHOOL

GOVERNORS REPORT AND FINANCIAL STATEMENTS

FOR THE 14 MONTHS ENDED 31 AUGUST 2014

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Governors and Advisers	1
Governors' Report	2 - 6
Governance Statement	7 - 9
Statement on Regularity, Propriety and Compliance	10
Governors' Responsibilities Statement	11
Independent Auditors' Report	12 - 13
Independent Reporting Accountant's Assurance Report on Regularity	14 - 15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 - 34

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE 14 MONTHS ENDED 31 AUGUST 2014**

Members	I Carter S Goodair P Mason
Trustees	G Anderson (appointed 27 June 2013) D Boatman (appointed 27 June 2013, resigned 10 July 2014) H Brown (appointed 1 March 2014) ¹ P Camm (appointed 17 June 2013) I Carter, Vice Chair (appointed 17 June 2013) ¹ T Forbes (appointed 17 June 2013) A Goldthorpe (appointed 5 March 2014) S Goodair, Chair of Governors (appointed 17 June 2013) ¹ B Holm (appointed 1 July 2013) M Lewis (appointed 1 March 2014) J Loveridge (appointed 27 June 2013) C MacLeod (appointed 17 June 2013) P Mason, Vice Chair (appointed 17 June 2013) ¹ S Neate, Head Teacher (appointed 17 June 2013) ¹ H Owen (appointed 1 March 2014) M Rashford (appointed 27 June 2013, resigned 1 April 2014) ¹ B Robinson (appointed 17 June 2013) ¹ D Rolph (appointed 27 June 2013) J Thornton (appointed 27 June 2013) A Tyrer (appointed 27 June 2013) ¹

¹ Member of the Finance and Audit Committee

Company registered number	8572898
Principal and registered office	Hale Road Hertford Hertfordshire SG13 8EN
Independent auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds Banking Commercial PO Box 3 (3rd Floor) Queen Square Wolverhampton WV1 1TF
Senior management team	S Neate, Head Teacher C Beacom, Deputy Head B Winter, Deputy Head J Beacom, Assistant Head H Davies, Assistant Head L Morris, Assistant Head M Langdon, Assistant Head S Robins, Assistant Head

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

The Trustees present their first annual report, following conversion to an academy on 1 July 2013, together with the financial statements and auditors' report of Richard Hale School (the Charitable Company) for the 14 months ended 31 August 2014. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The Charitable Company operates an academy for pupils aged 11-18 serving the catchment area of Hertford and environs. It has a pupil capacity of 1,150 and a roll of 1,129 in the 2014 school census.

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 its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law and are known as Governors. The Charitable Company is also known as Richard Hale School.

Details of the Governors who served throughout the year are included in the Reference and Administrative Details section on page 1.

Member's liability

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

Governors and Officers' Indemnities

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

Method of recruitment and appointment or election of Governors

Arrangements as set out in the Articles of Association.

Policies and Procedures adopted for the induction and training of Governors

Induction training is available for new governors from the Headmaster, the Clerk to the Governors and the Chair of Governors. Mentoring from existing Governors is also available for new Governors. All Governors attend at least one of the committees which support the work of the Governing Body.

Governor training is provided by Hertfordshire County Council. Richard Hale subscribes to the County Governor Service, to ensure all Governors can benefit from the training courses provided to subscribers.

Organisational Structure

The governance of the academy is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Governing Body, which meets on at least five occasions per year, is responsible for the strategic direction of the academy. The Governing Body reviews progress towards educational objectives and results. They also approve major expenditure requests, set the budget for the following year, set the organisational staffing structure and agree the performance objectives of the Headmaster with the School Improvement Partner.

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

The Headmaster manages the academy on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headmaster and the Governing Body as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Headmaster to manage certain aspects of the academy.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

Connected Organisations and Related Parties

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. We are members of the Hertford and Ware Secondary Schools' Federation and work closely with up to ten local primary schools.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and aim of the Charitable Company is the operation of Richard Hale School to provide free education and care for pupils of different abilities between the ages of 11 and 18.

Strategies and Activities

We create a learning environment in which all pupils will be able to develop their intellectual and personal abilities to ensure the full development of their potential. The curriculum is designed to meet the needs and aspirations of all of our students so that they can make outstanding progress and attainment. It covers a wide range of subjects and provides opportunities for academic, vocational and sporting excellence. The extensive curriculum offer has a positive impact on pupil behaviour, physical well-being and their spiritual, moral, social and cultural development.

During the year the school has worked towards achieving these aims by:

- ensuring that every pupil enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the academy by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements;
- conducting the academy's business in accordance with the highest standards of integrity

At Richard Hale School we aim to get the best for, and from, each pupil. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. We continue to value and celebrate our traditions whilst embracing future challenges.

Public Benefit

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

STRATEGIC REPORT

Achievements and performance

Key Performance Indicators at GCSE:

5ACEM	5A*-C incl. E+M	= 81.9%	ProgEn	Making 3LP Eng	= 84.2%
5AC	5A*-C	= 85.5%	ProgMa	Making 3LP Mat	= 89.1%
5AG	5A* - G	= 98.2%	Progress 8		=+0.58
ACPS	Avr Cap Pts Score	= 356.74	APSEng	Avr Pts Score Eng	= 44.27
A*-C English		= 84.9%	APSMa	Avr Pts Score Mat	= 46.7
A*-C Maths		= 92.8%	Value Added		= 996
A*-C in 2+ Sci		= 74.7%			

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

Key Performance Indicators at A2:

Total Students 146 = A Level Students 141 (of which 124 A Levels only) : Vocational Students 22 (5 BTEC only)

% A Level Students Achieving at least 3 A*-E	82%
% A Level Students Achieving at least 2 A*-E	88%
% A Level Students Achieving at least AAB in 3 facilitating Subjects	9.9%
% A Level Students Achieving at least AAB in 2 facilitating	10.6%
Average Point Score per Academic Student	746.5
Average Point Score per Academic Entry	210.8
Average Point Score per Vocational Student	888.2
Average Point Score per Vocational Entry	238.9

Since converting to an Academy in July 2013 investment has been made in the following areas, which has impacted on pupils, staff and the wider school community:

- Financial improvements – banking services have been reviewed, a savings account opened, cashless arrangements to cover catering, events, trips etc.
- Much of the school has been re-glazed as a result of a capital grant from the EFA.
- The creation of a new Student Support Centre to provide improved services and support for students when needed.
- IT provision has been significantly enhanced through the investment in WiFi hubs, the Library and Sims.
- Computer rooms have been upgraded in line with our rolling programme of replacing machines.
- The refurbishment of many classrooms in the Main Building.

Key Performance Indicators

The Governors receive information on a monthly basis during term time to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2014 were 1,129 (2013: 1,117). Our financial stability depends on our ability to ensure we have a full school.

Another key financial performance indicator is staffing costs as a percentage of total income: excluding additional capital grant income, which was one-off income for 2013-14, staffing costs accounted for 76% of the expenditure.

Going concern

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

FINANCIAL REVIEW

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the EFA. For the year ended 31 August 2014 the Trust received £6,927,243 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Academy Trust spent virtually all of its restricted funds with the exception of £86,741 but had a surplus of £978,890 from its unrestricted funds carrying a surplus of £978,890 forward.

Reserves policy

The Governors are aware of the requirement to balance current and future needs. They always aim to set a balanced budget with annual income balancing annual expenditure.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £978,890 (general and private accounts). This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The reserves provide a contingency fund as well as the means to move towards the successful completion of major projects, designed to improve our sporting facilities, such as an astro-turf pitch and a sports hall.

As a result of the funds inherited on conversion, £611,249 in the old General Account and £397,785 built up over many years in the old Private Account, the cash balance of the Academy has been healthy all year with a balance of £1,156,171

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

in the General Account. The Governors have determined that they should aim to hold a cash contingency of up to the equivalent of one month's expenditure. The funds acquired on conversion will be designated to support future capital projects.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy is recognising a significant pension fund deficit of £1,297,000. This does not mean that an immediate liability for this amount crystallises, rather that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Investment policy

The Governors agree that funds the academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

The academy has considerable reliance on continued Government funding through the EFA and 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; alternative sources of funding will be investigated to protect against possible future shortfalls.

- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the academy is dependent on attracting applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. To this end senior staff have attended safer recruitment courses.
- Staffing - the success of the academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure the continued development and training of staff. Every effort is made to ensure we are fully staffed with specialist teachers.
- Fraud and mismanagement of funds - The academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

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

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT (continued)
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

PLANS FOR THE FUTURE

The school has a three year planning cycle to ensure direction and focus for financial and building plans alongside the core educational purpose to obtain the best results it can for all pupils. The school sees the acquisition of a Sports Hall as the key achievement in the next few years, and plans for this are being reviewed to ensure we comply with the government's views on financial carry-over.

Other projects include the provision of an all-weather sports facility to improve our capacity to produce high quality sportsmen and women. There are also plans to renovate the Technology, Art and Mathematics areas as funding permits.

The School Development Plan continues to focus on building on the improvements made In Teaching and Learning and Leadership and Management through the promotion of good practice and co-operative working.

PROVISION OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

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

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

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 8 December 2014 and signed on the board's behalf by:

S Goodair
Chair of Trustees

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Richard Hale School and the Secretary of State for Education. They are 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 Governors' Report and in the Governors' Responsibilities Statement. The board of trustees has formally met 6 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
G Anderson	5	6
D Boatman	6	6
H Brown	2	3
P Camm	6	6
I Carter	5	6
T Forbes	5	6
A Goldthorpe	2	2
S Goodair	6	6
B Holm	4	6
M Lewis	3	3
J Loveridge	4	6
C MacLeod	4	6
P Mason	5	6
S Neate	6	6
H Owen	2	3
M Rashford	2	3
B Robinson	5	6
D Rolph	6	6
J Thornton	5	6
A Tyrer	4	6

The biggest challenge faced by the full governing body and its committees during the period was the conversion from a community school to an academy.

Governance reviews:

A thorough Governance review was undertaken in March 2014. The review found that there was an effective governance framework in place. Where recommendations were made as a result of the Governance review, these focused on enhancing the framework in place. The Governance review made one key recommendation relating to the review of the financial position of the Academy on a termly basis in compliance with the handbook. No other material issues were found during the Governance review and compliance with the mandatory requirements for the period 2013/14 was deemed to be reasonable.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to assist the Governing Body by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the School's finances and resources including proper planning, monitoring and probity.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
H Brown	4	4
I Carter	7	8
S Goodair	8	8
P Mason	8	8
S Neate	8	8
M Rashford	1	3
B Robinson	6	8
A Tyrer	3	8

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Richard Hale School for the period 1 July 2013 to 31 August 2014 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 academy 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 academy's significant risks, that has been in place for the period 1 July 2013 to 31 August 2014 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 academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Price Bailey LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Price Bailey LLP delivered their schedule of works as planned and no material control issues were identified.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 trustees on 8 December 2014 and signed on its behalf, by:

S Goodair
Chair of Trustees

S Neate
Accounting Officer

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.

S Neate
Accounting Officer

Date: 8 December 2014

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' RESPONSIBILITIES STATEMENT
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 8 December 2014 and signed on its behalf by:

S Goodair
Chair of Trustees

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF RICHARD HALE SCHOOL

We have audited the financial statements of Richard Hale School for the period ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF RICHARD HALE SCHOOL

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
9 December 2014

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RICHARD HALE SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Richard Hale School during the period 1 July 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF RICHARD HALE SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of Richard Hale School's funding agreement with the Secretary of State for Education dated 12 June 2013, and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 July 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO RICHARD
HALE SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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

Gary Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

9 December 2014

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Assets transferred on conversion to academy	2,19	1,009,034	(909,000)	14,683,947	14,783,981
Other voluntary income	2	83,412	410,088	-	493,500
Activities for generating funds	3	375,094	-	-	375,094
Investment income	4	1,831	-	-	1,831
Incoming resources from charitable activities	5	-	6,508,711	418,532	6,927,243
TOTAL INCOMING RESOURCES		1,469,371	6,009,799	15,102,479	22,581,649
RESOURCES EXPENDED					
Charitable activities	7	490,481	6,710,554	670,664	7,871,699
Governance costs	8	-	15,200	-	15,200
TOTAL RESOURCES EXPENDED	6	490,481	6,725,754	670,664	7,886,899
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS					
		978,890	(715,955)	14,431,815	14,694,750
Transfers between Funds	15	-	(136,304)	136,304	-
NET INCOME FOR THE PERIOD		978,890	(852,259)	14,568,119	14,694,750
Actuarial gains and losses on defined benefit pension schemes		-	(358,000)	-	(358,000)
NET MOVEMENT IN FUNDS FOR THE PERIOD		978,890	(1,210,259)	14,568,119	14,336,750
Total funds at 1 July 2013		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2014		978,890	(1,210,259)	14,568,119	14,336,750

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 19 to 34 form part of these financial statements.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 8572898

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £
FIXED ASSETS			
Tangible assets	12		14,568,119
CURRENT ASSETS			
Debtors	13	207,217	
Cash at bank and in hand		1,156,761	
		1,363,978	
CREDITORS: amounts falling due within one year	14	(298,347)	
		1,065,631	
NET CURRENT ASSETS			1,065,631
TOTAL ASSETS LESS CURRENT LIABILITIES			15,633,750
Defined benefit pension scheme liability	20		(1,297,000)
			14,336,750
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			14,336,750
FUNDS OF THE ACADEMY			
Restricted funds :			
Restricted funds	15	86,741	
Restricted fixed asset funds	15	14,568,119	
		14,654,860	
Restricted funds excluding pension liability		14,654,860	
Pension reserve		(1,297,000)	
		13,357,860	
Total restricted funds			13,357,860
Unrestricted funds	15		978,890
			14,336,750
TOTAL FUNDS			14,336,750

The financial statements were approved by the Governors, and authorised for issue, on 8 December 2014 and are signed on their behalf, by:

S Goodair
Chair of Trustees

The notes on pages 19 to 34 form part of these financial statements.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

	Note	2014 £
Net cash flow from operating activities	17	1,291,234
Returns on investments and servicing of finance - interest received		1,831
Capital expenditure and financial investment - capital expenditure		(136,304)
INCREASE IN CASH IN THE PERIOD		<u>1,156,761</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE 14 MONTHS ENDED 31 AUGUST 2014

	2014 £
Increase in cash in the period	<u>1,156,761</u>
MOVEMENT IN NET FUNDS IN THE PERIOD	<u>1,156,761</u>
NET FUNDS AT 31 AUGUST 2014	<u>1,156,761</u>

The notes on pages 19 to 34 form part of these financial statements.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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 and include grants from the Department for Education.

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

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

Charitable activities are costs incurred in the academy's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Motor vehicles	-	20% straight line
Fixtures and fittings	-	10-20% straight line
Computer equipment	-	14.2-33.33% straight line

1.7 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.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.8 Pensions

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 20, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a LGPS adjustment in Note 20. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Richard Hale School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Richard Hale School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 19.

2. VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Assets transferred on conversion to academy	1,009,034	13,774,947	14,783,981
Donations	83,412	410,088	493,500
Voluntary income	1,092,446	14,185,035	15,277,481

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Hire of Facilities	2,850	-	2,850
Catering Income	308,401	-	308,401
Consultancy income	63,843	-	63,843
	<u>375,094</u>	<u>-</u>	<u>375,094</u>

Associated costs of £358,639 are attached to the above income.

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
Bank Interest	1,831	-	1,831
	<u>1,831</u>	<u>-</u>	<u>1,831</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	-	6,215,595	6,215,595
Other DfE / EFA grants	-	651,997	651,997
	<u>-</u>	<u>6,867,592</u>	<u>6,867,592</u>
Other government grants			
Local authority grants	-	59,651	59,651
	<u>-</u>	<u>59,651</u>	<u>59,651</u>
	<u>-</u>	<u>6,927,243</u>	<u>6,927,243</u>

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

6. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure		Total
	2014	Premises	Other costs	2014
	£	2014	2014	£
		£	£	
Provision of Education - direct costs	4,657,951	-	902,151	5,560,102
Allocated support costs	685,289	1,095,732	530,576	2,311,597
	<u>5,343,240</u>	<u>1,095,732</u>	<u>1,432,727</u>	<u>7,871,699</u>
Charitable activities	5,343,240	1,095,732	1,432,727	7,871,699
Governance	-	-	15,200	15,200
	<u>5,343,240</u>	<u>1,095,732</u>	<u>1,447,927</u>	<u>7,886,899</u>
	<u><u>5,343,240</u></u>	<u><u>1,095,732</u></u>	<u><u>1,447,927</u></u>	<u><u>7,886,899</u></u>

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

7. CHARITABLE ACTIVITIES

	Total funds 2014 £
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	3,827,078
National insurance	315,829
Pension cost	531,044
Educational Supplies	747,255
Examination Fees	110,493
Staff Development	15,709
Other Costs	793
Supply teaching	11,901
	5,560,102
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	544,320
National insurance	31,604
Pension cost	81,464
Depreciation	252,132
LGPS adjustment	46,000
Technology Costs	43,842
Travel & Subsistence	3,824
Other Costs	61,885
Recruitment & Support	10,247
Maintenance of Premises & Machinery	621,660
Cleaning	5,741
Rates	25,448
Energy	107,597
Insurance	54,405
Security	125
Transport	7,340
Catering	307,639
Occupancy Costs	25,015
Bank Interest & Charges	140
Printing, postage and stationery	20,125
Professional services	61,044
	2,311,597
	7,871,699

8. GOVERNANCE COSTS

	Total funds 2014 £
Governance Auditors' remuneration	6,750
Governance Auditors' non audit costs (including internal audit)	8,450
	15,200

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

9. STAFF

a. Staff costs

Staff costs were as follows:

	2014
	£
Wages and salaries	4,371,398
Social security costs	347,433
Other pension costs (Note 20)	612,508
	5,331,339
Supply teacher costs	11,901
	5,343,240

b. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	2014
	No.
Teaching	67
Administration & Support	25
Management	8
	100
	100

c. Higher paid staff

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

	2014
	No.
In the band £ 80,001 - £ 90,000	2
In the band £110,001 - £120,000	1
	3
	3

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

10. GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy in respect of their role as Governors. The value of Governors' remuneration, including pension contributions, was as follows:

	14 months ended 31 August 2014 £
S Neate	130,000-135,000
P Camm	40,000-45,000
D Rolph	25,000-30,000

During the period ended 31 August 2014, expenses totalling £114 were reimbursed to 2 governors. This related to amounts reimbursed to governors in respect of their role as members of staff.

11. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
Additions	-	14,229	6,240	115,835	136,304
Transferred on conversion	14,531,381	11,000	37,092	104,474	14,683,947
At 31 August 2014	<u>14,531,381</u>	<u>25,229</u>	<u>43,332</u>	<u>220,309</u>	<u>14,820,251</u>
Depreciation					
Charge for the period	177,926	2,974	18,786	52,446	252,132
At 31 August 2014	<u>177,926</u>	<u>2,974</u>	<u>18,786</u>	<u>52,446</u>	<u>252,132</u>
Net book value					
At 31 August 2014	<u><u>14,353,455</u></u>	<u><u>22,255</u></u>	<u><u>24,546</u></u>	<u><u>167,863</u></u>	<u><u>14,568,119</u></u>

Included within freehold property is land of £6,906,000 which is not depreciated.

The freehold property has been included in the accounts based on the valuation provided by the EFA using depreciated replacement cost. The governors believe that the cost of obtaining a more detailed valuation outweighs the benefit.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

13. DEBTORS

	2014 £
Trade debtors	2,128
Other debtors	98,874
Prepayments and accrued income	106,215
	<u>207,217</u>

14. CREDITORS:
Amounts falling due within one year

	2014 £
Other taxation and social security	157,599
Accruals and deferred income	140,748
	<u>298,347</u>
	£
Deferred income	
Educational visits	<u>101,635</u>

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

15. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds						
Capital improvements	-	-	-	300,000	-	300,000
General funds						
Unrestricted funds	-	1,469,371	(490,481)	(300,000)	-	678,890
Total Unrestricted funds	-	1,469,371	(490,481)	-	-	978,890
Restricted funds						
General Annual Grant (GAG)	-	6,215,595	(6,079,291)	(136,304)	-	-
Other DFE/EFA Grants	-	233,465	(233,465)	-	-	-
Other government grants	-	59,651	(59,651)	-	-	-
Restricted Trip Donations	-	323,347	(323,347)	-	-	-
Restricted donation - Sports Hall fund	-	86,741	-	-	-	86,741
Pension reserve	-	(909,000)	(30,000)	-	(358,000)	(1,297,000)
	-	6,009,799	(6,725,754)	(136,304)	(358,000)	(1,210,259)
Restricted fixed asset funds						
Assets Transferred on conversion	-	14,683,947	(252,132)	136,304	-	14,568,119
Devolved Formula Capital (DFC)	-	40,058	(40,058)	-	-	-
Academies Capital Maintenance Fund (ACMF)	-	378,474	(378,474)	-	-	-
	-	15,102,479	(670,664)	136,304	-	14,568,119
Total restricted funds	-	21,112,278	(7,396,418)	-	(358,000)	13,357,860
Total of funds	-	22,581,649	(7,886,899)	-	(358,000)	14,336,750

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

15. STATEMENT OF FUNDS (continued)

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

Other DFE/EFA Grants

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

Other Government Grants

This represents various grants from local and national government bodies for the provision of specific services to pupils of the academy.

Restricted Trip Donations

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

Pension Reserve

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

Devolved Formula Capital (DFC) fund

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

Academies Capital Maintenance Fund (ACMF)

The Academy is required to use the funding for the specific project as defined within the funding agreement.

General Annual Grant (GAG)

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

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Designated funds	-	-	-	300,000	-	300,000
General funds	-	1,469,371	(490,481)	(300,000)	-	678,890
	-	1,469,371	(490,481)	-	-	978,890
Restricted funds	-	6,009,799	(6,725,754)	(136,304)	(358,000)	(1,210,259)
Restricted fixed asset funds	-	15,102,479	(670,664)	136,304	-	14,568,119
	-	22,581,649	(7,886,899)	-	(358,000)	14,336,750

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £
Tangible fixed assets	-	-	14,568,119	14,568,119
Current assets	978,890	385,088	-	1,363,978
Creditors due within one year	-	(298,347)	-	(298,347)
Provisions for liabilities and charges	-	(1,297,000)	-	(1,297,000)
	<u>978,890</u>	<u>(1,210,259)</u>	<u>14,568,119</u>	<u>14,336,750</u>

£300,000 of the £978,890 in unrestricted funds have been designated for specific purposes by the Governors.

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £
Net incoming resources before revaluations	14,694,750
Returns on investments and servicing of finance	(1,831)
Donated assets on conversion	(14,683,947)
Depreciation of tangible fixed assets	252,132
Increase in debtors	(207,217)
Increase in creditors	298,347
FRS 17 adjustments	939,000
Net cash inflow from operations	<u><u>1,291,234</u></u>

18. ANALYSIS OF CHANGES IN NET FUNDS

	1 July 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	-	1,156,761	-	1,156,761
Net funds	<u>-</u>	<u>1,156,761</u>	<u>-</u>	<u>1,156,761</u>

19. CONVERSION TO AN ACADEMY TRUST

On 17 June 2013 Richard Hale School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Richard Hale School from Hertfordshire County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

19. CONVERSION TO AN ACADEMY TRUST (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	14,531,381	14,531,381
- Other tangible fixed assets	-	-	152,566	152,566
Budget surplus on local authority funds	1,009,034	-	-	1,009,034
LGPS pension deficit	-	(909,000)	-	(909,000)
Net assets/(liabilities)	<u>1,009,034</u>	<u>(909,000)</u>	<u>14,683,947</u>	<u>14,783,981</u>

The above net assets include £1,009,034 that was transferred as cash.

20. PENSION COMMITMENTS

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £66,854 were payable to the schemes at 31 August 2014 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.

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

Valuation of the Teachers' Pension Scheme

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 (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

20. PENSION COMMITMENTS (continued)

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

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

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

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

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £206,000, of which employer's contributions totalled £160,000 and employees' contributions totalled £46,000. The agreed contribution rates for future years are 25.4% for employers and 6.5% for employees.

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

As described in note 19 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The amounts recognised in the Balance Sheet are as follows:

	2014
	£
Present value of funded obligations	(2,124,000)
Fair value of scheme assets	827,000
	<hr/>
Net liability	(1,297,000)
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RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

20. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £
Current service cost	(144,000)
Interest on obligation	(88,000)
Expected return on scheme assets	42,000
	(190,000)
	(190,000)
Actual return on scheme assets	89,000
	89,000

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

	2014 £
Defined benefit obligation transferred on conversion	1,441,000
Current service cost	144,000
Interest cost	88,000
Contributions by scheme participants	46,000
Actuarial Losses	405,000
	2,124,000
	2,124,000

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

	2014 £
Fair value of scheme assets transferred on conversion	532,000
Expected return on assets	42,000
Actuarial gains and (losses)	47,000
Contributions by employer	160,000
Contributions by employees	46,000
	827,000
	827,000

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was a £358,000 loss.

The academy expects to contribute £163,000 to its Defined Benefit Pension Scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014
Equities	67.00 %
Bonds	23.00 %
Property	7.00 %
Cash	3.00 %

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014

20. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2014
Discount rate for scheme liabilities	3.70 %
Expected return on scheme assets at 31 August	5.40 %
Rate of increase in salaries	3.90 %
Rate of increase for pensions in payment	2.60 %

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

	2014
Retiring today	
Males	22.3
Females	24.5
Retiring in 20 years	
Males	24.3
Females	26.7

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014
	£
Defined benefit obligation	(2,124,000)
Scheme assets	827,000
	(1,297,000)
Experience adjustments on scheme assets	47,000

21. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations 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 a governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account.

22. 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.