

RICHARD HALE SCHOOL

(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

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RICHARD HALE SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

- I H Hawkins
- G Anderson
- P Eveleigh
- B Holm
- M Harris (appointed 1 September 2019)

Trustees

- K Webster (resigned 11 July 2019)
- I Hawkins, Head Teacher
- T Brownlee (resigned 11 July 2019)
- N Hanlon
- P Clay (appointed 1 September 2019)
- D Greenfield (appointed 1 September 2019)
- B Holm, Chair of Trustees
- C MacLeod
- J Thornton
- A Tyrer, Chair of Finance
- H Brown
- G Anderson, Vice Chair
- R Gambles
- J Loveridge (resigned 31 August 2019)
- V Goddard
- H Moore
- P Simou (resigned 1 July 2019)
- L Riley
- J McCallig
- L Hosking

Company registered number 8572898

Company name Richard Hale School

Registered and principal office Richard Hale School
Hale Road
Hertford
Hertfordshire
SG13 8EN

Chief Executive Officer I Hawkins

Senior Leadership Team

- M Greenwood, Deputy Head
- J Beacom, Deputy Head
- H Davies, Assistant Head
- L Morris, Assistant Head
- C Pretty, Assistant Head (resigned 31 August 2019)
- S Robins, Assistant Head
- I Hawkins, Head Teacher (appointed 1 January 2018)
- M Botheras, Business Manager (added 1 January 2018)

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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

RICHARD HALE SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Richard Hale School (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an academy school for pupils aged 11-18 serving a catchment area of Hertford, Ware and the surrounding villages. It has a pupil capacity of 1,220 and had a roll of 1,167 as at 1 November 2019.

Structure, Governance and Management

The Academy is a Company limited by guarantee and an exempt Charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Richard Hale School (the School).

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

Members' Liability

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

Trustees and Officers' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

Trustees are appointed for a fixed term of 4 years. The Headteacher is an ex officio member of the Board of Trustees. The Articles of Association make provision for a minimum of 4 Community Trustees who are appointed by the Governing Body, a minimum of 4 elected Parent Trustees, a minimum of 1 and a maximum of 4 elected Staff Trustees and a maximum of 3 Partnership Trustees. Parent Trustees and Staff Trustees can be appointed if there are insufficient candidates offering themselves for election.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Induction training is available for new Trustees from the Headteacher, the Clerk to the Trustees and the Chair of Trustees. Mentoring from existing Trustees is also available for new Trustees. All Trustees attend at least one of the Committees which support the work of the Board of Trustees.

Trustee training is provided by Herts For Learning Ltd and the School subscribes to their Governor Service to ensure that all Trustees have access to their training courses.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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 Board of Trustees, which meets on at least five occasions per year and each individual committee at least three times per year, is responsible for the strategic direction of the Academy. Trustees review progress towards educational objectives and results; approve major expenditure requests; set the budget for the following year; set the organisational staffing structure; agree the performance objectives of the Head Teacher with the School Improvement Partner, and reviews them.

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

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

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and the SLT. The Personnel Committee determine a 5-point pay range for Deputy Heads and a further 5-point range for Assistant Heads. The range for individual posts will be determined according to the duties and responsibilities of the post and may vary between posts. In addition, pay levels may be affected by nationally agreed pay awards and the ability to recruit and retain for specific posts.

The Headteacher's pay award is managed in a meeting between the Chair of the Personnel Committee and the Chair of Governors, following an annual performance review meeting.

Further details can be found in the Staff Pay Policy.

Related Parties and other Connected Charities and Organisations

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 Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. The Academy works closely with the other Hertford & Ware secondary schools and a number of local primary schools. Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

Objectives and Activities

Aims

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

RICHARD HALE SCHOOL
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, Strategies and Activities

During the year the School has worked towards 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 School 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; and
- conducting the Academy's business in accordance with the highest standards of integrity.

The School continues to work hard towards achieving significant improvements in sports facilities and negotiations continue with the DfE to try to agree funding for a new sports hall. Existing funding includes a CIF grant from the DfE, commitments from the Academy's reserves and donations from the local community. It is hoped that further news will be available in late 2019.

Public Benefit

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

Strategic Report

Achievements and Performance

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

In February 2016, the School was inspected by Ofsted and was found to be good. A copy of the letter can be found at <http://www.richardhale.herts.sch.uk/wp-content/uploads/2016/03/Ofsted-Letter-2016.pdf>. A further inspection is anticipated within the 2019/20 academic year.

GCSE results

Basics 5+	55%
Basics 4+	80%
EBACC 5+	32%
EBACC 4+	48%
ATT 8	51.5

Percentage of GCSE grades achieved

9 to 7	20%
9 to 5	61%
9 to 4	79%

A Level results

% A*-B	46%
% A*-E	99%
3X A*- A	10%
3X A*- B %	31%
3X A*- E %	98%
APS	33.76 (C+)

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Percentage of A Level grades achieved

A*-A	20%
A*-B	46%
A*-C	74%
A*-E	98%

Key Performance Indicators

The Trustees receive regular information at each Committee meeting 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. Financial stability depends on the ability to ensure a full School so we will continue to accept extra pupils into Y7 up to a total of 180 to help to achieve this. In turn, this is expected to lead to increased 6th Form numbers from 2021 onwards.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2018/19 this was 76%. The Board of Trustees is confident that staffing levels are closely monitored to agreed full time equivalent posts and staffing structures all approved by the Board of Trustees.

The Finance Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2019 the Trust received £6,400,028 of GAG and other funding (excluding capital 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 Trust spent £6,491,513 on general running costs (excluding capital expenditure and depreciation). The Academy brought forward from 17/18, £977,173 unrestricted funds and £14,739,968 total restricted funding. The carry forward for 18/19 is £993,907 in unrestricted funding (including £167,020 of capital improvements) and £14,801,372 total restricted assets.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £1,408,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £993,907 (including £167,020 of capital improvements). This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees have made a decision to designate unrestricted balances of £167,020 for future capital projects, and is holding other unrestricted funds of £826,887 to cover future increases in costs and expenditure that may arise from uninsurable losses. This includes £50,000 which is designated for the 3G pitch sinking fund. Much of the remaining reserves is earmarked to support the sports hall project, pending a decision from the DfE.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £819,686.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,180,290. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. Much of this cash is a restricted sports hall grant from the DfE. The Trustees monitor cash flow as part of Committee reports and their aim is to hold a minimum of £300,000 of income as a reserve (unless unforeseen expenditure or budgetary shortfalls require the Finance Committee to agree a lower, temporary level of reserves) with the aspiration of a reserve large enough to cover a typical month's expenditure. Taking the money earmarked for the sports hall project into account, the remaining reserves are in excess of the £300,000 minimum as stated in the reserves policy.

Investment Policy

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow. Some money is held in bank accounts yielding a slightly higher rate of interest but without increasing the risk.

Principal Risks and Uncertainties

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

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

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

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

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

- the Academy has considerable reliance on continued Government funding through the ESFA 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;
- 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 Trustees 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 continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed Price Bailey to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area; financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. The risk register was reviewed during the summer of 2019.

Plans for Future Periods

The Academy 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. We have been granted permission for a sports hall which is seen as the key achievement in the next year. This project was the major fundraising target for the School's 400th anniversary celebrations in 2017. Due to some exceptional circumstances, the overall cost of the project has increased so we are awaiting the outcome of further discussions with the DfE over funding. The remaining cost will be met through fundraising and reserves.

There are also plans to renovate the Technology, Art and Mathematics areas as funding permits and a CIF bid is being prepared. 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.

Funds Held as Custodian Trustee on Behalf of Others

There are no assets or arrangements for safe custody where the Academy Trust or its Trustees are acting as a custodian trustee.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Provision of information to auditors

Insofar as the Trustees are aware:

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

The Auditors Price Bailey LLP are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report, incorporating a Strategic Report was approved by the Board of Trustees, on 2 December 2019 and signed on its behalf by:

B Holm
Chair of Trustees

RICHARD HALE SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, 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 Head Teacher, 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
K Webster	2	5
I Hawkins, Head Teacher	5	5
T Brownlee	4	4
N Hanlon	2	5
P Clay	0	0
D Greenfield	0	0
B Holm, Chair of Trustees	5	5
C MacLeod	4	5
J Thornton	4	5
A Tyrer, Chair of Finance	4	5
H Brown	4	5
G Anderson, Vice Chair	4	5
R Gambles	5	5
J Loveridge	0	4
V Goddard	4	5
H Moore	4	5
P Simou	4	4
L Riley	4	5
J McCallig	3	5
L Hosking	3	5

During the year, Pippa Simou, Jo Loveridge, Tom Brownlee and Karen Webster resigned from the Board of Trustees. Paul Clay and David Greenfield were appointed to start as staff Governors from September 2019.

School funding continues to prove very difficult and the School is working hard to achieve a balanced budget.

The ongoing sports hall project continues to be a major priority and the Governors and School are working hard to bring the project to a successful conclusion.

Governors conducted a strategy meeting in February 2019 and a skills audit later in the year.

The next external review of governance is due to take place during 2020.

The Finance Committee is a sub-committee of the Board of Trustees. Its purpose is to ensure that the School maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management.

RICHARD HALE SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The main functions are ensuring that the grant from the EFA is used only for the purposes intended, to agree and approve the annual budget, approval of the Annual Report and Accounts, appointment of the auditors, appointment of the Accounting Officer, on-going review of financial performance, monitoring of income and expenditure, to consider funding requests from the B&G and Personnel Committees, to approve virements between agreed budgets, to ensure the Register of Business Interests is kept up to date, to ensure the School has appropriate insurance in place, to receive comment on and agree audit reports, to review and approve applicable finance policies and procedures, to review the Finance Committee's Terms of Reference, to assess and manage risk, to oversee the finance of major projects and to agree and approve any investments.

There were no changes to the Finance Committee during the 2018-19 financial year. School funding remains very difficult and deficit budgets are having to be agreed and managed.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
B Holm	3	5
G Anderson	4	5
I Hawkins	5	5
A Tyrer	3	5
H Brown	5	5
R Gambles	5	5
H Moore	4	5

Review of value for money

As Accounting Officer, the Head Teacher has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust'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 has delivered improved value for money during the year by:

- Ensuring that the relevant number of quotes are received for contracted work.
- On-going monitoring of staffing levels to ensure that our staffing model is efficient.
- Comparing insurance renewal prices against the Risk Protection Arrangement which is available through the DfE.
- Searching for and securing discounts on purchases of departmental resources and books.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust 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 year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements.

RICHARD HALE SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust 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 Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The 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 Trust's financial systems. In 2018/19, the Internal Auditor reviewed the Human Resources and Payroll systems; overall, for both areas, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied.

This is a separate department from the external Auditors to avoid a conflict of interest. The next internal audit is on HR Processes in Autumn 2019.

Regular checks of bank statements are carried out by the Chair of the Finance Committee.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

No material issues were found during internal audits in 2018/2019.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the board of Trustees on 2 December 2019 and signed on their behalf by:

B Holm
Chair of Trustees

I Hawkins
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 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 Trust, under the funding agreement in place between the 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 2018.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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.

I Hawkins
Accounting Officer
Date: 10 December 2019

RICHARD HALE SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published 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 2018 to 2019;
- 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 Trustees on 2 December 2019 and signed on its behalf by:

B Holm
Chair of Trustees

RICHARD HALE SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RICHARD HALE SCHOOL**

Opinion

We have audited the financial statements of Richard Hale School (the 'Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the 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 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.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RICHARD HALE SCHOOL (CONTINUED)**

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. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RICHARD HALE SCHOOL (CONTINUED)**

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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 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.

Use of our report

This Report is made solely to the Trust'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 Trust'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 Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

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

13 December 2019

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RICHARD HALE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Richard Hale School during the year 1 September 2018 to 31 August 2019 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 the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Richard Hale School and 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 Richard Hale School and ESFA, 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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 Trust's income and expenditure.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RICHARD HALE SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance;
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities;
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance;
- 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, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date: 13 December 2019

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	99,114	396,570	116,425	612,109	425,967
Charitable activities	4	416,061	5,577,167	-	5,993,228	5,907,167
Other trading activities	5	131,525	-	-	131,525	140,908
Investments	6	5,938	-	-	5,938	3,092
Total income		652,638	5,973,737	116,425	6,742,800	6,477,134
Expenditure on:						
Charitable activities		604,700	6,089,005	262,227	6,955,932	6,670,239
Total expenditure		604,700	6,089,005	262,227	6,955,932	6,670,239
Net income/ (expenditure)		47,938	(115,268)	(145,802)	(213,132)	(193,105)
Transfers between funds	17	(78,367)	25,285	53,082	-	-
Net movement in funds before other recognised gains/(losses)		(30,429)	(89,983)	(92,720)	(213,132)	(193,105)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(503,000)	-	(503,000)	279,000
Net movement in funds		(30,429)	(592,983)	(92,720)	(716,132)	85,895
Reconciliation of funds:						
Total funds brought forward		1,023,070	(1,453,718)	16,235,822	15,805,174	15,719,279
Net movement in funds		(30,429)	(592,983)	(92,720)	(716,132)	85,895
Total funds carried forward		992,641	(2,046,701)	16,143,102	15,089,042	15,805,174

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

The notes on pages 24 to 49 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	14,661,808	14,748,508
Current assets			
Debtors	14	569,391	607,595
Cash at bank and in hand		2,480,570	2,431,478
		3,049,961	3,039,073
Creditors: amounts falling due within one year	15	(576,888)	(548,879)
Net current assets		2,473,073	2,490,194
Total assets less current liabilities		17,134,881	17,238,702
Creditors: amounts falling due after more than one year	16	(117,839)	(146,528)
Net assets excluding pension liability		17,017,042	17,092,174
Defined benefit pension scheme liability	23	(1,928,000)	(1,287,000)
Total net assets		15,089,042	15,805,174
Funds of the Trust			
Restricted funds:			
Fixed asset funds	17	16,143,102	16,235,822
Restricted income funds	17	(118,701)	(166,718)
		16,024,401	16,069,104
Restricted funds excluding pension liability			
Pension reserve	17	(1,928,000)	(1,287,000)
Total restricted funds		14,096,401	14,782,104
Unrestricted income funds	17	992,641	1,023,070
Total funds		15,089,042	15,805,174

The financial statements on pages 21 to 49 were approved by the Trustees, and authorised for issue on 02 December 2019 and are signed on their behalf, by:

B Holm
Chair of Trustees
The notes on pages 24 to 49 form part of these financial statements.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	19	105,288	247,244
Cash flows from investing activities	21	(27,507)	32,636
Cash flows from financing activities	20	(28,689)	(28,692)
Change in cash and cash equivalents in the year		49,092	251,188
Cash and cash equivalents at the beginning of the year		2,431,478	2,180,290
Cash and cash equivalents at the end of the year	22	<u>2,480,570</u>	<u>2,431,478</u>

The notes on pages 24 to 49 form part of these financial statements

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Richard Hale School meets the definition of a public benefit entity under FRS 102.

1.2 Company status

The Trust is a Company limited by guarantee. The Members of the Company are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member.

The Academy's registered office is Richard Hale School, Hale Road, Hertford, SG13 8EN

1.3 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 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount 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 year 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 grants are reflected in the Balance Sheet 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 the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Trust has provided the goods or services.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.8 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.9 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted 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.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold property	- 50 years straight line
Furniture and equipment	- 5 - 10 years straight line
Computer equipment	- 7 - 13 years straight line
Motor vehicles	- 10 years straight line

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.

1.10 Debtors

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

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.11 Cash at bank and in hand

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

1.12 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

1.13 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases 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 14. 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 cost as detailed in notes 15 and 16. 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 instrument.

1.14 Operating leases

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

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

1.16 Agency arrangements

The Trust acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account, as the Academy does not have control over the charitable application of the funds.

Where the funds have not been fully applied in the accounting period then an amount will be included in the Balance Sheet as an other creditor.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.17 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2019. 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.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	99,114	396,570	495,684	377,231
Capital grants	-	116,425	116,425	48,736
Total 2019	99,114	512,995	612,109	425,967
Total 2018	110,303	315,664	425,967	

In 2018, income from donations was £377,231 of which £110,303 was unrestricted and £266,928 restricted.

In 2019, capital grants of £116,425 (2018 - £48,736) were in relation to restricted fixed assets.

4. Funding for the Trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,390,326	5,390,326	5,385,590
Other DfE / ESFA grants	-	181,086	181,086	122,443
	-	5,571,412	5,571,412	5,508,033
Other Government grants				
Local Authority grants	-	5,755	5,755	15,993
	-	5,755	5,755	15,993
Other income				
Catering income	416,061	-	416,061	383,141
Total 2019	416,061	5,577,167	5,993,228	5,907,167
Total 2018	383,141	5,524,026	5,907,167	

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Trust's provision of education (continued)

In 2018, income from DFE/ESFA grants was £5,508,033 of which all was restricted.

In 2018, income from other government grants was £15,993 of which all was restricted.

In 2018, income from catering was £383,141 of which all was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	69,550	69,550	62,708
Other income	61,975	61,975	78,200
Total 2019	131,525	131,525	140,908

In 2018, rental income was £62,708 of which all was unrestricted.

In 2018, other income was £78,200 of which all was unrestricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	5,938	5,938	3,092
	5,938	5,938	3,092

In 2018, the total of £3,092 of investment income was unrestricted funds.

RICHARD HALE SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	4,299,282	-	743,053	5,042,335	4,800,053
Allocated support costs	684,560	524,502	704,535	1,913,597	1,870,186
Total 2019	<u>4,983,842</u>	<u>524,502</u>	<u>1,447,588</u>	<u>6,955,932</u>	<u>6,670,239</u>
Total 2018	<u>4,851,472</u>	<u>677,033</u>	<u>1,141,734</u>	<u>6,670,239</u>	

In 2019, of the total expenditure, £604,700 (2018 - £407,635) was made from unrestricted funds, £6,089,005 (2018 - £5,924,466) was made from restricted funds, and £262,227 (2018 - £338,138) was made from restricted fixed asset funds.

In 2018, direct expenditure consisted of £4,215,287 staff costs and £584,766 other costs.

In 2018, support expenditure consisted of £636,185 staff costs, £677,033 premises costs and £556,968 other costs.

8. Charitable activities

	2019 £	2018 £
Direct costs	5,042,335	4,800,053
Support costs	1,913,597	1,870,186
	<u>6,955,932</u>	<u>6,670,239</u>

	2019 £	2018 £
Analysis of support costs		
Support staff costs	684,560	636,185
Depreciation	236,570	236,932
Governance costs	14,445	15,698
Technology costs	43,259	50,458
Premises costs	400,752	440,101
Other support costs	534,011	490,812
	<u>1,913,597</u>	<u>1,870,186</u>

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	5,657	6,842
Depreciation of tangible fixed assets	236,570	236,932
Fees paid to Auditors for:		
- audit	7,165	6,955
- other services	4,990	4,840
	4,990	4,840

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,791,920	3,671,812
Social security costs	380,201	378,985
Pension costs	780,870	767,689
	4,952,991	4,818,486
Agency staff costs	30,851	32,986
	4,983,842	4,851,472

b. Staff numbers

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

	2019 No.	2018 No.
Teaching	66	66
Administration & Support	39	34
Management	8	8
	113	108

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10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	-
	2	4

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits received by key management personnel for their services to the Academy Trust was £784,980 (2018 - £770,205).

Included in this figure are employer national insurance contributions of £72,004 (2018 - £71,661) and employer pension contributions of £105,325 (2018 - £104,486).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
I Hawkins, Head Teacher	Remuneration	85,000 -	35,000 -
		90,000	40,000
	Pension contributions paid	10,000 -	5,000 -
		15,000	10,000
T Brownlee (resigned 11 July 2019)	Remuneration	45,000 -	50,000 -
		50,000	55,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000
K Webster (resigned 11 July 2019)	Remuneration	20,000 -	20,000 -
		25,000	25,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000
S Neate (Former Head Teacher)	Remuneration	-	35,000 -
		-	40,000
	Pension contributions paid	-	5,000 -
		-	10,000

During the year ended 31 August 2019, expenses totalling £471 were reimbursed or paid directly to 3 Trustees (2018 - £129 to 2 Trustees) in relation to out of pocket expenses incurred as part of their role as staff members.

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12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £29,336 (2018 - £32,730). The cost of this insurance is included in the total insurance cost.

13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	15,199,822	348,530	312,179	25,229	15,885,760
Additions	86,639	11,176	34,626	17,429	149,870
At 31 August 2019	<u>15,286,461</u>	<u>359,706</u>	<u>346,805</u>	<u>42,658</u>	<u>16,035,630</u>
Depreciation					
At 1 September 2018	810,239	111,487	198,427	17,099	1,137,252
Charge for the year	176,976	30,798	26,937	1,859	236,570
At 31 August 2019	<u>987,215</u>	<u>142,285</u>	<u>225,364</u>	<u>18,958</u>	<u>1,373,822</u>
Net book value					
At 31 August 2019	<u>14,299,246</u>	<u>217,421</u>	<u>121,441</u>	<u>23,700</u>	<u>14,661,808</u>
At 31 August 2018	<u>14,389,583</u>	<u>237,043</u>	<u>113,752</u>	<u>8,130</u>	<u>14,748,508</u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2019 £	2018 £
Freehold land	<u>6,906,000</u>	<u>6,906,000</u>

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14. Debtors

	2019 £	2018 £
Trade debtors	1,625	4,454
VAT recoverable	44,351	43,368
Prepayments and accrued income	129,448	70,953
Grants receivable	393,967	488,820
	<u>569,391</u>	<u>607,595</u>

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	80,764	28,485
Other taxation and social security	99,996	97,847
Other creditors	188,402	260,021
Accruals and deferred income	207,726	162,526
	<u>576,888</u>	<u>548,879</u>

Included within other creditors are interest free Salix loans totalling £28,691 (2018 - £28,691) which are repayable by 2025.

	2019 £	2018 £
Deferred income at 1 September 2018	162,526	118,312
Resources deferred during the year	150,225	162,526
Amounts released from previous periods	(162,526)	(118,312)
	<u>150,225</u>	<u>162,526</u>

Resources deferred at the year ended 31 August 2019 relate to contributions towards future educational visits, catering income, music tuition and examination income.

16. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Salix Loan	<u>117,839</u>	<u>146,528</u>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

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16. Creditors: Amounts falling due after more than one year (continued)

	2019 £	2018 £
	2019 £	2018 £
Payable or repayable by instalments	3,075	31,766
	<u>3,075</u>	<u>31,766</u>
	<u><u>3,075</u></u>	<u><u>31,766</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Capital improvements	44,785	-	-	(44,785)	-	-
3G pitch sink fund	25,000	-	-	25,000	-	50,000
Deficit contribution	68,280	-	-	6,466	-	74,746
Sports hall fund	416,089	-	-	-	-	416,089
	<u>554,154</u>	<u>-</u>	<u>-</u>	<u>(13,319)</u>	<u>-</u>	<u>540,835</u>
General funds						
Unrestricted funds	468,916	652,638	(604,700)	(65,048)	-	451,806
Total Unrestricted funds	<u>1,023,070</u>	<u>652,638</u>	<u>(604,700)</u>	<u>(78,367)</u>	<u>-</u>	<u>992,641</u>
Restricted general funds						
GAG	-	5,390,326	(5,388,942)	(1,384)	-	-
Other DfE/ ESFA grants	-	103,257	(103,257)	-	-	-
Pupil premium	-	77,829	(77,829)	-	-	-
LA grants	-	5,755	(5,755)	-	-	-
Trip donations	-	325,161	(325,161)	-	-	-
Donation - sports hall fund	-	2,405	(2,405)	-	-	-
Donations	8,503	69,004	(47,656)	(2,025)	-	27,826
Salix fund	(175,221)	-	-	28,694	-	(146,527)
Pension reserve	(1,287,000)	-	(138,000)	-	(503,000)	(1,928,000)
	<u>(1,453,718)</u>	<u>5,973,737</u>	<u>(6,089,005)</u>	<u>25,285</u>	<u>(503,000)</u>	<u>(2,046,701)</u>

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17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Restricted fixed assets	14,748,508	-	(236,570)	149,871	-	14,661,809
DFC	44,739	86,775	(22,000)	(64,686)	-	44,828
CIF	6,110	-	(3,657)	(2,453)	-	-
Other capital income	167,911	29,650	-	(29,650)	-	167,911
Sports hall fund	1,268,554	-	-	-	-	1,268,554
	<u>16,235,822</u>	<u>116,425</u>	<u>(262,227)</u>	<u>53,082</u>	<u>-</u>	<u>16,143,102</u>
Total Restricted funds	<u>14,782,104</u>	<u>6,090,162</u>	<u>(6,351,232)</u>	<u>78,367</u>	<u>(503,000)</u>	<u>14,096,401</u>
Total funds	<u><u>15,805,174</u></u>	<u><u>6,742,800</u></u>	<u><u>(6,955,932)</u></u>	<u><u>-</u></u>	<u><u>(503,000)</u></u>	<u><u>15,089,042</u></u>

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

Deficit Contribution

Accumulated underspend to be offset against, as agreed, for 2019/20.

Designated Sports Hall

This represents the Trusts future contributions towards sports hall project.

Other capital income

This represents other capital income received for the sports hall and the 3G football pitch.

Sinking fund for wasting assets

The Sinking fund for wasted assets was established in order to ring-fence funds for future anticipated refurbishment costs of the all weather pitch.

General Annual Grant (GAG)

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

Other DfE/ESFA grants and Pupil premium

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

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FOR THE YEAR ENDED 31 AUGUST 2019

17. Statement of funds (continued)

Local Authority grants (LA)

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.

Restricted donation - sports hall fund

This represents donations made for the Sports Hall, transferred into other capital income fund.

Restricted donations

This represents other restricted donations for various specific activities.

Salix fund

This fund represents the balance of the Salix loan liability used to purchase the new boiler and new roof. The deficit on this fund will be cleared by the future energy savings relating to the boiler over the term of the Salix loan.

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.

Restricted fixed asset

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

Devolved formula capital (DFC) fund

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

Capital Improvement Fund (CIF)

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

Sports hall restricted fixed asset fund

This fund includes all income received specifically for the purposes of spending towards the construction of a new sports hall.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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17. Statement of funds (continued)

Comparative information in respect of the preceding year is as follows:

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Designated funds						
Capital improvements	167,020	-	-	(122,235)	-	44,785
3G pitch sink fund	-	-	-	25,000	-	25,000
Deficit contribution	-	-	-	68,280	-	68,280
Sports hall fund	-	-	-	416,089	-	416,089
	<u>167,020</u>	<u>-</u>	<u>-</u>	<u>387,134</u>	<u>-</u>	<u>554,154</u>
General funds						
Unrestricted funds	826,887	637,444	(407,635)	(587,780)	-	468,916
Total Unrestricted funds	<u>993,907</u>	<u>637,444</u>	<u>(407,635)</u>	<u>(200,646)</u>	<u>-</u>	<u>1,023,070</u>
Restricted general funds						
GAG	-	5,385,590	(5,385,590)	-	-	-
Other DfE/ ESFA grants	-	36,733	(36,733)	-	-	-
Pupil premium	-	85,710	(85,710)	-	-	-
LA grants	-	15,993	(15,993)	-	-	-
Trip donations	-	230,587	(230,587)	-	-	-
Donation - sports hall fund	-	26,204	-	(26,204)	-	-
Donations	29,691	10,137	(11,853)	(19,472)	-	8,503
Salix fund	(203,912)	-	-	28,691	-	(175,221)
Pension reserve	(1,408,000)	-	(158,000)	-	279,000	(1,287,000)
	<u>(1,582,221)</u>	<u>5,790,954</u>	<u>(5,924,466)</u>	<u>(16,985)</u>	<u>279,000</u>	<u>(1,453,718)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Restricted fixed assets	14,966,248	-	(236,932)	19,192	-	14,748,508
DFC	9,757	48,736	-	(13,754)	-	44,739
CIF	1,331,588	-	(101,206)	(1,224,272)	-	6,110
Other capital income	-	-	-	167,911	-	167,911
Sports hall fund	-	-	-	1,268,554	-	1,268,554
	<u>16,307,593</u>	<u>48,736</u>	<u>(338,138)</u>	<u>217,631</u>	<u>-</u>	<u>16,235,822</u>
Total Restricted funds	<u>14,725,372</u>	<u>5,839,690</u>	<u>(6,262,604)</u>	<u>200,646</u>	<u>279,000</u>	<u>14,782,104</u>
Total funds	<u><u>15,719,279</u></u>	<u><u>6,477,134</u></u>	<u><u>(6,670,239)</u></u>	<u><u>-</u></u>	<u><u>279,000</u></u>	<u><u>15,805,174</u></u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,661,808	14,661,808
Current assets	1,016,744	551,923	1,481,294	3,049,961
Creditors due within one year	(24,103)	(552,785)	-	(576,888)
Creditors due in more than one year	-	(117,839)	-	(117,839)
Provisions for liabilities and charges	-	(1,928,000)	-	(1,928,000)
Total	<u><u>992,641</u></u>	<u><u>(2,046,701)</u></u>	<u><u>16,143,102</u></u>	<u><u>15,089,042</u></u>

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	14,748,508	14,748,508
Current assets	1,551,759	-	1,487,314	3,039,073
Creditors due within one year	(528,689)	(20,190)	-	(548,879)
Creditors due in more than one year	-	(146,528)	-	(146,528)
Provisions for liabilities and charges	-	(1,287,000)	-	(1,287,000)
Total	<u>1,023,070</u>	<u>(1,453,718)</u>	<u>16,235,822</u>	<u>15,805,174</u>

19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(213,132)	(193,105)
Adjustments for:		
Depreciation	236,570	236,932
Capital grants from DfE and other capital income	(116,425)	(48,736)
Interest receivable	(5,938)	(3,092)
Decrease in debtors	38,204	138,583
Increase/(decrease) in creditors	28,009	(41,338)
Pension adjustment	138,000	158,000
Net cash provided by operating activities	<u>105,288</u>	<u>247,244</u>

20. Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(28,689)	(28,692)

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NOTES TO THE FINANCIAL STATEMENTS
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21. Cash flows from investing activities

	2019	2018
	£	£
Interest received	5,938	3,092
Purchase of tangible fixed assets	(149,870)	(19,192)
Capital grants from DfE Group	116,425	48,736
Net cash (used in)/provided by investing activities	(27,507)	32,636

22. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	2,480,570	2,431,478

23. Pension commitments

The Trust's employees belong to two principal pension schemes: the Teachers' 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 multi-employer defined benefit schemes.

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

Contributions amounting to £88,160 were payable to the schemes at 31 August 2019 (2018 - £83,072) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the year amounted to £476,648 (2018 - £461,571).

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

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.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £240,000 (2018 - £227,000), of which employer's contributions totalled £193,000 (2018 - £184,000) and employees' contributions totalled £ 47,000 (2018 - £43,000). The agreed contribution rates for future years are 25.4 per cent for employers and 6.5 per cent for employees.

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

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	2.40	2.50
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.30	2.30
Inflation assumption (RPI)	3.30	3.30

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

As at the 31 August 2019 the Trust had a pension liability of £1,928,000 (2018 - £1,287,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way;

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	(97,000)	(74,000)
Discount rate -0.1%	97,000	74,000
Mortality assumption - 1 year increase	176,000	135,000
Mortality assumption - 1 year decrease	(176,000)	(135,000)
CPI rate +0.1%	79,000	61,000
CPI rate -0.1%	(79,000)	(61,000)

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23. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,209,000	1,105,000
Bonds	963,000	729,000
Property	197,000	167,000
Cash and other liquid assets	99,000	83,000
Total market value of assets	<u>2,468,000</u>	<u>2,084,000</u>

The actual return on scheme assets was £187,000 (2018 - £101,000).

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

	2019 £	2018 £
Current service cost	(290,000)	(305,000)
Past service cost	(4,000)	-
Interest income	61,000	47,000
Interest cost	(98,000)	(84,000)
Total amount recognised in the Statement of Financial Activities	<u>(331,000)</u>	<u>(342,000)</u>

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

	2019 £	2018 £
At 1 September	3,371,000	3,200,000
Interest cost	98,000	84,000
Employee contributions	47,000	43,000
Actuarial losses/(gains)	629,000	(225,000)
Benefits paid	(43,000)	(36,000)
Past service costs	4,000	-
Current service cost	290,000	305,000
At 31 August	<u>4,396,000</u>	<u>3,371,000</u>

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23. Pension commitments (continued)

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2019 £	2018 £
At 1 September	2,084,000	1,792,000
Interest income	61,000	47,000
Actuarial gains	126,000	54,000
Employer contributions	193,000	184,000
Employee contributions	47,000	43,000
Benefits paid	(43,000)	(36,000)
At 31 August	<u>2,468,000</u>	<u>2,084,000</u>

24. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	3,924	5,657
Later than 1 year and not later than 5 years	7,848	11,772
	<u>11,772</u>	<u>17,429</u>

25. 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.

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26. 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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 11.