

Company Registration No. 07952451 (England and Wales)

**UPTON HALL SCHOOL FCJ
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

UPTON HALL SCHOOL FCJ

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees (who are also governors)

Sr M Cashmore
Mrs C Green (Chair of Governors)
Mr B Larkin
Sr B Halligan
Mr D Norton
Mr P Hoskinson
Mr J Prothero
Mrs N Teare
Mr R Duggan (Headteacher - St Anselm's College)
Mrs P Young (Headteacher and accounting officer up to 31st August 2018)
Dr E Smears
Mrs H Boyd
Mrs T Hughes
Prof J Hunt
Mr R Williams
Mrs H Whitehurst
Mrs S Moore
Sr M Sykes
Mrs L Smith
Mrs C Lea

Members

- Vice Chair of Governors	Mr J Prothero
- Superior General FCJ Society	Sr Mary Sykes
- Foundation Governor	Sr Moira Cashmore
- Chair of Governors	Mrs C Green

Senior management team

- Headteacher (until 31 August 2018)	Mrs P Young
- Deputy Headteacher	Mr M Quinn
- Deputy Headteacher (from 1 September 2018)	Mrs A Gaunt
- Assistant Headteacher	Mrs Natalie Hall
- Assistant Headteacher	Miss S Taylor
- Business Manager	Mrs A Darroch

Consultant Business Manager and Company secretary

Mrs D Chesters

Company registration number

07952451 (England and Wales)

Registered office

Upton Hall School FCJ
Upton
Wirral
CH49 6LJ

UPTON HALL SCHOOL FCJ

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

RSM UK Audit LLP
5th Floor
One City Place
Queens Road
Chester
CH1 3BQ

Bankers

Lloyds TSB
Stratford Westfield Branch
PO Box 1000
BX1 1LT

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The trust operates an academy for girls aged 11 to 18 and it is a selective Grammar School. It has a pupil capacity of 1020 and had a roll of 974 on the school census in January 2018.

The charitable company was incorporated on 6 February 2012 and took over the trade and assets of Upton Hall School FCJ from the Wirral Local Authority on 1 March 2012.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The governors act as Trustees of Upton Hall School FCJ and are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees, governors and officers from claims arising due to negligent acts, errors or omissions occurring on school business.

Method of recruitment and appointment or election of governors

There are 20 governors representing various stakeholders: 4 elected Parent governors, 2 elected Staff governors, 11 Foundation governors (appointed to reflect the skills required of a modern academy as determined by other governors), the Head Teacher and 2 appointed governors.

Policies and procedures adopted for the induction and training of governors

Governors undertake an induction programme in line with the School's Induction Policy for Governors, this includes meeting with the Chair of Governors and the Headmistress, receiving copies of all the school policies. Appointed Governors are allocated to committees using their strengths to support the school and other governors on that committee. The local authority also provides training programmes for Governors.

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT (CONTINUED)

Organisational structure

The organisational structure consists of three levels, the Members, the Academy Trust Board (the Governing Body) and the School Leadership Team.

The Members:

- are the subscribers to the trust's memorandum of association (where they are founding members)
- may amend the articles of association (the articles include a definition of the trust's charitable objects and governance structure) subject to any restrictions in the articles or in the trust's funding agreement or charity law
- have powers to appoint and remove trustees in certain circumstances
- appoint the trust's auditors and receive the trust's audited annual accounts (subject to the Companies' Act)

The Academy Trust Board (the Governing Body) manage the business of the academy trust and focus strongly on the three core functions of governance:

- ensuring clarity of vision, ethos and strategic direction in accordance with the FCJ Visions and Values and as a Catholic School
- holding executive leaders to account for the educational performance of the organisation and its pupil, and the performance management of staff
- overseeing the financial performance of the organisation and making sure its money is well spent.

The trustees ensure compliance with the trust's charitable objects and with company and charity law, and adherence to the trust's funding agreement with the Secretary of State and are governed by the seven principles of public life (also known as The Nolan Principles).

In fulfilling the above, the Governing Body discharges the following responsibilities:

- Develop and review the School's Improvement Plan,
- Review and monitor the School's financial position on a regular basis,
- Consider any contractual matters,
- Monitor the educational performance of the school in line with outcomes and success criteria,
- Approve and review the implementation of and effectiveness of key operational policies,
- Monitor the effectiveness of staffing policies,
- Monitor the effective management of the school's site and buildings,
- Maintain an overview of the school's risk management procedures.

The School's Leadership Team consists of the Headteacher, two Deputy Headteachers, two Assistant Headteachers the School Business Manager and the Consultant Business Manager. These Leaders manage the School at an executive level implementing the policies laid down by the Governing Body.

Arrangements for setting pay and remuneration of key management personnel

The pay ranges for the Headteacher, Deputy Headteachers and Assistant Headteachers is determined in accordance with the criteria specified in the School Teachers Pay Conditions Document (STPCD) and ensuring fair pay relativities. The Governing Body does not offer the Headteacher discretionary payments. If a decision were made to do so the payments would be determined in accordance with the provisions of the STPCD and would be reviewed annually. The Governing Body will pay teachers as Deputy or Assistant Headteachers only where the Governing Body is satisfied that, in the context of the teacher's duties, the role includes a significant responsibility that is not required of all classroom teachers or Teaching and Learning (TLR) holders. In the case of the Deputy Headteacher posts, the Governing Body must also be satisfied that this significant responsibility features a job weight which exceeds that expected of an Assistant Headteacher employed in the same school, including responsibility for discharging in full the responsibilities of the Headteacher in her absence. The School Business Manager is paid under the pay and conditions of service for Support Staff in accordance with the National Joint Council for Local Government Services.

Trade union facility time

The academy do not have any trade union officials.

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT (CONTINUED)

Related parties and co-operation with other organisations

The Governing Body works closely with the Education and Skills Funding Agency (ESFA) regarding funding, Wirral Borough Council for school improvement, the Diocese of Shrewsbury, the FCJ Educational Trust and other FCJ schools, a range of Wirral primary and secondary schools and the UCL IOE Confucius Institute for School. It is a member of a number of organisations including the Prince's Teaching Institute, the SSAT and works with the Institute of Physics. It has a close working relationship with the Duke of Edinburgh Award Scheme.

OBJECTIVES AND ACTIVITIES

The principal objective of the school is to advance the educational opportunities and achievements of its students by establishing, maintaining, managing and developing a school with a designated catholic religious character offering a broad and balanced curriculum in accordance with the principles, practices and tenets of the Catholic Church, both generally and in particular to arranging for religious education and daily acts of worship and in having regard to the advice of the order, Sisters Faithful Companions of Jesus.

The School Development Plan for 2016-2020 states that as a Catholic School, our fundamental aim is the education of the 'whole person', spiritually and morally, intellectually, emotionally, socially, physically and artistically.

We seek to identify and cater for each pupil's needs as they arise during their school life; and to encourage each individual to develop her talents for her own sake and so that she can help to make the world a better place, according to the values embodied in the Gospels.

The Upton Hall FCJ community aims:

1. To create an environment in which people work collaboratively, experience a sense of self worth and respect and are encouraged to make a positive contribution to the life of the school and to that of the wider community in accordance Christian values that are at the heart of its philosophy.
2. To encourage its members to offer support and encouragement to each other as each makes a journey of Faith that includes identifying and nurturing her/his own unique gifts.
3. To ensure that all pupils feel safe and secure in the knowledge that they have equality of opportunity to develop as a 'whole person', acquire mental resilience and a zest for life.

Upton Hall School community seeks to:

- promote Christian moral values among its pupils;
- forge links between school and home which will support the school's philosophy and help to achieve its stated aims;
- offer a broad and balanced curriculum, in line with statutory requirements, which is intellectually challenging, enjoyable and leads to academic success;
- develop independent learners and creative thinkers who are self motivated and capable of solving problems;
- support pupils in the development of a sense of self-discipline based on the values of self respect and respect for others;
- prepare pupils for Higher Education, a future career and economic well-being;
- encourage pupils to develop a range of skills by participating in extra-curricular activities;
- encourage its pupils to adopt healthy lifestyles, to promote their mental and physical wellbeing and their personal safety;
- offer pupils the opportunity for community service and links with the wider community so they can develop an appreciation of the world in which they live and an understanding of their role in its improvement;
- offer an environment which is safe, secure, welcoming and stimulating;
- organise management and administrative systems which support the aims of the School.

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT (CONTINUED)

Public benefit

The governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

STRATEGIC REPORT

Achievements and performance

The year covered by these financial statements reflects the academic year 2017-2018 for Upton Hall School FCJ. The data below is based on the unvalidated data available to the school in October 2018.

There were 132 GCSE candidates; 95.5% of whom gained grade 4+ in English and Mathematics. The average attainment 8 score was 67.45 and the Progress 8 score was 0.88 designated as 'Well above average' and is the best in Wirral and Merseyside/Cheshire. 71% achieved the Ebacc (strong pass).

There were 117 A level candidates. The average points score per student was 107.6 and the average grade was a B-. 18.8% of students achieved A level grades at AAB or higher in at least 2 facilitating subjects and there were 112 in this cohort.

Financial review

Most of the school's income is obtained from the ESFA in the form of the General Annual Grant, 16 - 19 funding and Capital Grants, the use of which is restricted to specific purposes. The grants received during the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities on page 20.

Capital grants receivable from the ESFA during the year amounted to £22k (2017: £21k). The restricted fixed assets fund balance is reduced by annual depreciation over the expected useful life of the assets concerned. The depreciation charge for the year was £309k (2017: £302k).

Grants of £4.68m (2017: £4.66m) were received from the ESFA and Local Authority. Expenditure covered by these grants amounted to £4.71m (2017: £4.68m). Such grants and expenditure are shown in the restricted general fund in the Statement of Financial Activities'.

Unrestricted income and expenditure in the year amounted to £229k (2017: £239k) and £121k (2017: £211k) respectively.

At 31 August 2018 the net book value of fixed assets was £12.496m and movement in fixed assets are shown in Note 12 of the financial statements. The cost of fixed asset additions in the year amounted to £197k of which £116k relates to leasehold land and buildings which is the construction of the new astro turf facility.

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT (CONTINUED)

Financial and risk management objectives and policies

The Academy has a Risk Management Policy incorporating a Risk Register. There is also a business continuity plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed in the light of any new information.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over-subscribed in years 7 -11, numbers can vary in the 6th form and this is a matter discussed regularly by the Academy Governors and Leadership Team, bearing in mind the reduction in post 16 funding levels, the freeze on the Government's overall education budget changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial position of the school formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the Notes to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Reserves policy

Governors review the reserves annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The governors will ensure that the reserves policy continues to conform to the requirements laid down in the Academies Financial Handbook produced by the ESFA. The Academy is allowed to carry forward grant representing 12% of the current year's GAG (General Annual Grant). The amount that can be carried forward must be split as follows:

Up to 2% of GAG may be used for any purpose Up to 10% of GAG as Restricted Funds which may only be used for the improvement of premises and other capital expenditure.

It is Governors' policy to build unrestricted reserves which can be used for future education purposes in line with the school's development plan. The Governors have determined that there should be no set level of free cash reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds and pension liability) is £503k (2017: £495k) in free reserves.

The school's pension liability is £1,202k (2017: £1,427k) with sufficient liquid assets to cover this figure. On 2 July 2013 the Secretary of State for Education, Michael Gove laid a Parliamentary Minute and an accompanying Written Secretarial Statement in the House of Commons and House of Lords. These set out details of a guarantee that any outstanding Local Government Pension Scheme liabilities on academy closure will be met by the Department for Education.

The academy currently has total reserves of £1,624k (2017: £1,559k) this excludes the pension liability and restricted fixed assets, £1,121k (2017: £1,064k) is restricted, £503k (2017: £495k) unrestricted.

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT (CONTINUED)

Investment policy

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Governors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds is delegated to the Business Manager under approvals by the Governing Body.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees 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.

The budget for 2018/19 financial year has been set and agreed by Governors and is expected to show a carried forward balance of £2,677k. The academy will continue to sustain appropriate staffing levels to deliver a broad and balanced curriculum that meets the needs of the pupils whilst maintaining the catholic religious character of the school. The academy will continue to maintain high performance in external examinations and will continue to provide an environment that is safe and secure.

Plans for future periods

The academy will continue to sustain appropriate staffing levels to deliver a broad and balanced curriculum that meets the needs of the pupils whilst maintaining the catholic religious character of the school. The academy will continue to maintain high performance in external examinations and will continue to provide an environment that is safe and secure.

Principal risks and uncertainties

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

Financial -the Academy has considerable reliance on continued Government funding through the ESFA and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Increases in staff salaries and pension

Contributions will also have a major Impact on the schools finances.

Failures in governance and/or management-the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational -the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection -the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, training, health & safety and discipline.

Staffing -the success of the Academy is reliant on the quality of its staff and so the Governors continue to monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fundraising

During the academic year the school raised funds for several charities including Wirral Homeless, Lenten fundraising for Caritas , Lourdes Fund . Our main charity for the year was the Charity Change a Childs life, this project involved raising funds to create and stock a library for the Maria Immaculata School in Nairobi.

UPTON HALL SCHOOL FCJ

GOVERNORS' REPORT (CONTINUED)

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

The governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The governors' report is approved by order of the board of governors and the strategic report (included therein) is approved by the board of governors in their capacity as the directors at a meeting on and signed on its behalf by:

.....
Mrs C Green
Chair of Governors

UPTON HALL SCHOOL FCJ

GOVERNANCE STATEMENT

Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that Upton Hall School FCJ 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 governors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Upton Hall School FCJ and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

UPTON HALL SCHOOL FCJ

GOVERNANCE STATEMENT (CONTINUED)

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
Sr M Cashmore	3	4
Mrs C Green (Chair of Governors)	4	4
Mr B Larkin	4	4
Sr B Halligan	4	4
Mr D Norton	3	4
Mr P Hoskinson	4	4
Mr J Prothero	4	4
Mrs N Teare	4	4
Mr R Duggan (Headteacher - St Anselm's College)	1	4
Mrs P Young (Headteacher and accounting officer up to 31st August 2018)	4	4
Dr E Smears	4	4
Mrs H Boyd	4	4
Mrs T Hughes	0	4
Prof J Hunt	3	4
Mr R Williams	4	4
Mrs H Whitehurst	4	4
Mrs S Moore	4	4
Sr M Sykes	0	4
Mrs L Smith	3	4
Mrs C Lea	3	4

During this Financial year we have had two changes to the Governing Body, Mr Charles Lea joined as a parent governor in October 2017 and Mrs Lisa Smith was appointed as a staff governor in September 2017. The Governing Body understand that strong Governance is essential for all schools and that a regular review of the Governing Body is essential. Governors understand that they need to be effective and confident so that they are able to support and challenge Headteachers and hold them to account to ensure pupils receive the best education.

It is essential that Governors understand data and are familiar with examination results and levels of progress as well as finance.

Governance reviews

Governors challenge the leadership of the school to drive change and improvements for the pupils. Governors along with the Leadership team develop the long term aims and priorities of the school development plan and this is monitored and reviewed annually.

UPTON HALL SCHOOL FCJ

GOVERNANCE STATEMENT (CONTINUED)

The finance and general purposes committee is a sub-committee of the main board of governors. Its purpose is to:

- To advise the Governing Body on the application of the general annual grant and any other payments received by the school, to advise the Governing Body on financial strategy and policy within the resources available and in accordance with the school's development plan.
- To receive, consider and present to the Governing Body annual estimates of the school's budget and the annual out-turn budget.
- To keep under general review the staffing establishment of the school and to recommend to the Governing Body the financial limits for salaries and wages within the overall school budget.
- To receive regular reports on the school's income and expenditure, showing a comparison of these against the annual budget.
- To review from time to time the financial memorandum and regulations for the supervision and control of financial procedures, accounts, income and expenditure of the school, together with such related matters as considered necessary and desirable, including insurances.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mrs C Green (Chair of Governors)	5	5
Mr B Larkin	4	5
Sr B Halligan	4	5
Mr P Hoskinson	5	5
Mr J Prothero	2	5
Mrs N Teare	3	5
Mrs P Young (Headteacher and accounting officer up to 31st August 2018)	5	5
Mrs L Smith	5	5

Review of value for money

As accounting officer the principal has responsibility for ensuring that the academy 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.

UPTON HALL SCHOOL FCJ

GOVERNANCE STATEMENT (CONTINUED)

The accounting officer considers how the Academy'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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

-Improving educational results

Having a broad curriculum which meets the needs of all our pupils and gives them the opportunity to raise their individual levels of attainment

Tracking pupil performance and attendance, following up problems with intervention.

Regular reviews of the staffing structure to ensure staff are efficiently deployed to provide best value in terms of quality teaching, quality learning, adult-pupil ratio and curriculum management.

-Financial Governance and Oversight

Financial Governance is strong; we have two accountants on the Finance Committee. The committee receive regular detailed reports including regular updates on the expected outturn for the year. Regular Responsible Officer visits are made by RSM Risk Assurance LLP reports are shared with the Finance Committee and any recommendations implemented. Cash flow analysis is used to identify and invest surplus cash balances to maximise bank interest.

Better Purchasing-Steps taken to ensure value for money when purchasing include:

-Exploring alternative purchasing options to find best value

Long term contracts are regularly reviewed and compared against other providers, in order to achieve the best price without compromising quality. We negotiate prices with suppliers regularly, this year we renegotiated a lower price with our photocopying paper suppliers. Collaborate with other local schools in order to research 'Best Value' products and services. Consider if purchase is necessary.

-Better Income Generation

Continue to bid for funding that is made available and to seek opportunities to generate income for the school.

Support the Parents and Friends of Upton Hall and look at opportunities to work with parents to generate additional income through donations or fund raising.

The school's banking arrangements ensure that where cash flow allows, monies are transferred into a higher interest account.

Continue with a strong approach to management of risk and to ensuring value for money and elimination of waste.

-Reviewing controls and managing risk

The Finance committee, Business Manager and Leadership team have reviewed regular budget reports including any future recommendations. Departmental budget holders are issued regular budget reports.

The school has a comprehensive risk register which is reviewed by the Business Manager and the Governor Responsible Officer annually and approved by Governors.

The school has a Service Level Agreement with the Local Authority for Health and Safety advice. Annual reviews of the schools insurance needs are undertaken with the school's broker.

Professional advice and support (HR and Legal) has also been sought from HR specialist solicitors.

-Future Objectives

Continue to review and monitor staffing costs to ensure that they are sustainable and controlled, but still meet the operational needs of the school. Continue to analyse the curriculum to ensure it is cost effective.

UPTON HALL SCHOOL FCJ

GOVERNANCE STATEMENT (CONTINUED)

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 academy 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 Upton Hall School FCJ for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy 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 academy trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy 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;
- identification and management of risks.

The board of governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed RSM Risk Assurance LLP, the external auditor, to perform additional checks.

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body. The Academy 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.

The Governing Body has considered the need for a specific internal audit function and has decided to appoint RSM UK Audit LLP, the external auditor to support the role of Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the RO will report to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

RSM, the external auditor, has delivered their schedule of work as planned, there were no material control issues arising as a result of the external auditor's work.

UPTON HALL SCHOOL FCJ

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the board of governors on and signed on its behalf by:

Mrs C Green
Chair of Governors

UPTON HALL SCHOOL FCJ

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors who are also the directors of Upton Hall School FCJ for the purposes of company law are responsible for preparing the Governors' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of governors on and signed on its behalf by:

Mrs C Green
Chair of Governors

UPTON HALL SCHOOL FCJ

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Upton Hall School FCJ I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

Mrs A Gaunt
Accounting Officer

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPTON HALL SCHOOL FCJ

Opinion

We have audited the financial statements of Upton Hall School FCJ (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, 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, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Governors' Report, other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. 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.

Opinions 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 Governors' Report and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPTON HALL SCHOOL FCJ (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Strategic Report included within the Governors' 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governors

As explained more fully in the Statement of Governors' Responsibilities set out on page 16, The governors who are also the directors of the charitable company for the purposes of company law are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the charitable company'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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Spencer-Gray (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
5th Floor
One City Place
Queens Road
Chester
CH1 3BQ
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UPTON HALL SCHOOL FCJ

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	5	-	-	22	22	318
Charitable activities:						
- Funding for educational operations	6	-	4,680	-	4,680	4,664
Other trading activities	7	229	-	-	229	239
Total		<u>229</u>	<u>4,680</u>	<u>22</u>	<u>4,931</u>	<u>5,221</u>
Expenditure on:						
Raising funds	8	219	52	-	271	268
Charitable activities:						
- Educational operations	9	2	4,562	309	4,873	4,928
Total	8	<u>221</u>	<u>4,614</u>	<u>309</u>	<u>5,144</u>	<u>5,196</u>
Net income/(expenditure)		8	66	(287)	(213)	25
Transfers between funds	18	-	(89)	89	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	24	-	305	-	305	341
Net movement in funds		8	282	(198)	92	366
Reconciliation of funds						
Total funds brought forward		495	(363)	12,716	12,848	12,482
Total funds carried forward		<u>503</u>	<u>(81)</u>	<u>12,518</u>	<u>12,940</u>	<u>12,848</u>

UPTON HALL SCHOOL FCJ

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		12,496		12,608
Current assets					
Debtors	14	132		485	
Cash at bank and in hand		1,998		1,665	
			2,130		2,150
Current liabilities					
Creditors: amounts falling due within one year	15	(484)		(483)	
Net current assets			1,646		1,667
Net assets excluding pension liability			14,142		14,275
Defined benefit pension scheme liability	24		(1,202)		(1,427)
Net assets			12,940		12,848
Funds of the academy trust:					
Restricted funds	18				
- Restricted fixed asset funds			12,518		12,716
- Restricted income funds			1,121		1,064
- Pension reserve			(1,202)		(1,427)
Total restricted funds			12,437		12,353
Unrestricted income funds	18		503		495
Total funds			12,940		12,848

The financial statements on pages 20 to 43 were approved by the board of governors and authorised for issue on and are signed on their behalf by:

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Mrs C Green
Chair of Governors

UPTON HALL SCHOOL FCJ

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	22		330		(108)
Cash flows from investing activities					
Capital grants from DfE Group		200		(157)	
Capital funding received from sponsors and others		-		297	
Purchase of tangible fixed assets		(197)		(254)	
Net cash provided by/(used in) investing activities			<u>3</u>		<u>(114)</u>
Net increase/(decrease) in cash and cash equivalents in the reporting period			333		(222)
Cash and cash equivalents at beginning of the year			<u>1,665</u>		<u>1,887</u>
Cash and cash equivalents at end of the year			<u><u>1,998</u></u>		<u><u>1,665</u></u>

UPTON HALL SCHOOL FCJ

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

1 Accounting policies

Upton Hall School FCJ is a charitable company (the 'Academy Trust'). The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

Basis of preparation

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

Upton Hall School FCJ meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102. The main activities carried out to meet the public benefit requirement is that of providing educational services.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the academy trust. Monetary amounts in the financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

Going concern

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

At the balance sheet date the Academy had net assets of £12,940k (2017: £12,848k) after providing for long term pension scheme commitments of £1,202k (2017: £1,427k) in respect of the support staff defined benefit pension scheme. Net current assets were £1,646k (2017: £1,667k).

The Governors have reviewed and approved budgets and cashflow forecasts for 2018/19 and future years, and consider in the light of this review that it is appropriate to prepare the financial statements on a going concern basis.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement, when performance-related conditions have been met and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted assets fund.

Donations

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

Other income, including the hire of facilities, is recognised at fair value of the consideration received or receivable, in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated services and gifts in kind

Gifts in kind, being the gift of a fixed asset, are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the academy trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Tangible fixed assets and depreciation

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	2% straight line
Assets under construction	Not depreciated
Computer equipment	33.33% straight line
Fixtures and fittings	20% straight line

Assets in the course of construction are included at cost less any identified impairment loss. Cost includes professional fees to their directly attributable costs are necessary to bring in the property to its operational condition. Depreciation on these assets is not charged until they are bought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Leased assets

Rentals payable under operating leases are charged on a straight line basis over lease term.

Taxation

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

Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The amounts charged to net income 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 as other comprehensive income. Actuarial gains and losses are recognised immediately as other comprehensive income.

Fund accounting

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

Restricted Fixed Assets 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.

Agency arrangements

The Academy acts as an agent in the administering of 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 as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administrative costs and this is recognised in the SOFA. The funds received, paid and any balances held are disclosure in note 26.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees believe that estimates and assumptions do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

3 Comparative year information

Year ended 31 August 2017	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2017 £'000
Income and endowments from:				
Donations and capital grants	-	-	318	318
Charitable activities:				
- Funding for educational operations	-	4,664	-	4,664
Other trading activities	239	-	-	239
Investments	-	-	-	-
Total	<u>239</u>	<u>4,664</u>	<u>318</u>	<u>5,221</u>
Expenditure on:				
Raising funds	209	59	-	268
Charitable activities:				
- Educational operations	2	4,624	302	4,928
Total	<u>211</u>	<u>4,683</u>	<u>302</u>	<u>5,196</u>
Net income/(expenditure)	28	(19)	16	25
Other recognised gains/(losses)				
Actuarial gains on defined benefit pension schemes	-	341	-	341
Net movement in funds	<u>28</u>	<u>322</u>	<u>16</u>	<u>366</u>

4 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2018.

5 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	22	22	21
Other donations	-	-	-	297
	<u>-</u>	<u>22</u>	<u>22</u>	<u>318</u>

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

6 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	4,422	4,422	4,393
Other DfE group grants	-	123	123	111
	-	4,545	4,545	4,504
Other government grants				
Local authority grants	-	19	19	30
Other incoming resources	-	116	116	130
	-	4,680	4,680	4,664

7 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Catering income	229	-	229	239

8 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other £'000		
Expenditure on raising funds					
- Direct costs	119	-	152	271	268
Academy's educational operations					
- Direct costs	3,129	309	223	3,661	3,703
- Allocated support costs	543	352	317	1,212	1,225
Total support costs	3,791	661	692	5,144	5,196

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2018	2017
	£'000	£'000
Operating lease rentals	24	58
Depreciation of tangible fixed assets	309	302
Net interest on defined benefit pension liability	34	36
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	12	12
- Other services	6	6
- Accountancy	2	2
	<u> </u>	<u> </u>

9 Charitable activities

	Unrestricted	Restricted	Total	Total
	funds	funds	2018	2017
	£'000	£'000	£'000	£'000
Direct costs				
Educational operations	-	3,661	3,661	3,703
Support costs				
Educational operations	2	1,210	1,212	1,225
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2	4,871	4,873	4,928
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	2018	2017
	£'000	£'000
Analysis of support costs		
Support staff costs	543	553
Technology costs	74	74
Premises costs	352	374
Other support costs	197	182
Governance costs	46	42
	<u> </u>	<u> </u>
	1,212	1,225
	<u> </u>	<u> </u>

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

Staff costs

Staff costs during the year were:

	2018	2017
	£'000	£'000
Wages and salaries	2,961	2,973
Social security costs	229	256
Pension costs	476	482
	<u> </u>	<u> </u>
Staff costs	3,666	3,711
Agency staff costs	73	87
Staff restructuring costs	6	35
	<u> </u>	<u> </u>
Total staff expenditure	<u>3,745</u>	<u>3,833</u>

Staff restructuring costs comprise:

Redundancy payments	6	35
	<u> </u>	<u> </u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs was a non-contractual severance payment totalling £5,689 (2017: £8,000).

Staff numbers

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

	2018	2017
	Number	Number
Teachers	64	62
Administration and support	59	58
Management	5	6
	<u> </u>	<u> </u>
	128	126
	<u> </u>	<u> </u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018	2017
	Number	Number
Teachers	57	51
Administration and support	37	41
Management	5	5
	<u> </u>	<u> </u>
	99	97
	<u> </u>	<u> </u>

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff (Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	2	2
£70,001 - £80,000	2	2
£110,001 - £120,000	1	1
	====	====

The above employees participated in the Teacher's Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £53,831 (2017: £56,815).

Key management personnel

The key management personnel of the academy trust comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £420,996 (2017: £443,533).

11 Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors.

The value of Mrs P Young's remuneration was £123,317 (2017: £117,333). Mrs P Young accrues retirement benefits under TPS and has accrued entitlement of £18,024 (2017: £17,154) under the scheme at the year end.

During the year, 3 governors were paid remuneration from an employment with the Academy Trust.

Mrs L Smith (staff governor) received remuneration of £47,289 in 2018 (2017 - £nil) and pension contributions paid by the Academy Trust in the year of £7,029 (2017 - £nil).

Mrs H Boyd (staff governor) received remuneration of £11,663 in 2018 (2017 - £11,186) and pension contributions paid by the Academy Trust in the year of £2,003 (2017 - £1,557).

Mrs H Whitehurst (staff governor) received remuneration of £26,299 in 2018 (2017 - £27,716) and pension contributions paid by the Academy Trust in the year of £3,989 (2017 - £3,622).

Miss A Costello received remuneration of £nil in 2018 (2017 - £30,460) and pension contributions paid by the Academy Trust in the year of £nil (2017 - £3,995).

During the year ended 31 August 2018, travel and subsistence expenses totaling £316 (2017: £nil) were reimbursed to governors.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

12 Governors and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2018 was £1,176 (2017: £1,114). The cost of this insurance is included in the total insurance cost.

13 Tangible fixed assets

	Leasehold land and buildings £'000	Assets under construction £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 September 2017	13,717	209	299	109	14,334
Transfer	209	(209)	-	-	-
Additions	116	-	37	44	197
At 31 August 2018	14,042	-	336	153	14,531
Depreciation					
At 1 September 2017	1,382	-	276	68	1,726
Charge for the year	277	-	16	16	309
At 31 August 2018	1,659	-	292	84	2,035
Net book value					
At 31 August 2018	12,383	-	44	69	12,496
At 31 August 2017	12,335	209	23	41	12,608

The Trustees of the Society Sisters Faithful Companion of Jesus own the land and buildings from which the academy operates. The academy has entered into an agreement with the Trustees whereby the Trustees have agreed to make available the land and buildings for the academy on a 'grace and favour' basis in perpetuity.

The terms of this agreement transfer substantially all the risks and rewards of ownership of the land and buildings to the academy trust and consequently the assets are recognised as a fixed asset.

The land and buildings transferred on conversion were independently professionally valued by Mason Owen Chartered Surveyors in March 2012 and are included in the financial statements at this valuation together with the cost of additions since that date.

Included within leasehold land and buildings is land valued at £220,000.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

14 Debtors	2018	2017
	£'000	£'000
VAT recoverable	43	106
Other debtors	2	142
Prepayments and accrued income	87	237
	<u>132</u>	<u>485</u>
	<u><u>132</u></u>	<u><u>485</u></u>
15 Creditors: amounts falling due within one year	2018	2017
	£'000	£'000
Trade creditors	74	73
Other taxation and social security	72	68
Other creditors	116	139
Accruals and deferred income (see note 16)	222	203
	<u>484</u>	<u>483</u>
	<u><u>484</u></u>	<u><u>483</u></u>
16 Deferred income	2018	2017
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	81	47
	<u>81</u>	<u>47</u>
Deferred income at 1 September 2017	47	60
Released from previous years	(47)	(60)
Resources deferred in the year	81	47
	<u>81</u>	<u>47</u>
Deferred income at 31 August 2018	<u><u>81</u></u>	<u><u>47</u></u>
<p>At the balance sheet date the academy trust was holding funds received in advance mainly in relation to pupil premium and a mandarin excellence programme funding received in advance to be spent next year.</p>		
17 Financial instruments	2018	2017
	£'000	£'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2	321
	<u>2</u>	<u>321</u>
Carrying amount of financial liabilities		
Measured at amortised cost	331	240
	<u>331</u>	<u>240</u>

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	4,422	(4,322)	-	100
Other DfE / ESFA grants	328	123	(212)	-	239
Other government grants	531	19	-	-	550
Other restricted funds	205	116	-	(89)	232
Pension reserve	(1,427)	-	(80)	305	(1,202)
	<u>(363)</u>	<u>4,680</u>	<u>(4,614)</u>	<u>216</u>	<u>(81)</u>
Restricted fixed asset funds					
Transfer on conversion	9,898	-	(220)	-	9,678
DfE group capital grants	2,463	22	(87)	89	2,487
Other capital grants	355	-	(2)	-	353
	<u>12,716</u>	<u>22</u>	<u>(309)</u>	<u>89</u>	<u>12,518</u>
Total restricted funds	<u>12,353</u>	<u>4,702</u>	<u>(4,923)</u>	<u>305</u>	<u>12,437</u>
Unrestricted funds					
General funds	495	229	(221)	-	503
Total funds	<u>12,848</u>	<u>4,931</u>	<u>(5,144)</u>	<u>305</u>	<u>12,940</u>

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

The General Annual Grant is the academies main income stream. Other DfE / ESFA grants are received in relation to pupil premium and rates refunds.

Other government grants are received in relation to income from the local authority. Other restricted funds include various income streams including income from departments and income in relation to fundraising.

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

The DfE capital grants are provided by the Government for specific capital projects.

Other grants were received to finance the costs of an all weather pitch and new astroturf pitches.

The transfer from the restricted general funds to the restricted fixed asset fund relate to capital expenditure spent from other restricted income.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds (Continued)

Funds prior year

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	-	4,393	(4,393)	-	-
Other DfE / ESFA grants	414	111	(197)	-	328
Other government grants	501	30	-	-	531
Other restricted funds	75	130	-	-	205
Pension reserve	(1,675)	-	(93)	341	(1,427)
	<u>(685)</u>	<u>4,664</u>	<u>(4,683)</u>	<u>341</u>	<u>(363)</u>
Restricted fixed asset funds					
Transfer on conversion	10,118	-	(220)	-	9,898
DfE group capital grants	2,513	21	(71)	-	2,463
Capital expenditure from GAG	9	-	(9)	-	-
Other capital grants	60	297	(2)	-	355
	<u>12,700</u>	<u>318</u>	<u>(302)</u>	<u>-</u>	<u>12,716</u>
Total restricted funds	<u>12,015</u>	<u>4,982</u>	<u>(4,985)</u>	<u>341</u>	<u>12,353</u>
Unrestricted funds					
General funds	467	239	(211)	-	495
	<u>467</u>	<u>239</u>	<u>(211)</u>	<u>-</u>	<u>495</u>
Total funds	<u>12,482</u>	<u>5,221</u>	<u>(5,196)</u>	<u>341</u>	<u>12,848</u>

19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	12,496	12,496
Current assets	603	1,527	-	2,130
Creditors falling due within one year	(100)	(406)	22	(484)
Defined benefit pension liability	-	(1,202)	-	(1,202)
	<u>503</u>	<u>(81)</u>	<u>12,518</u>	<u>12,940</u>
Total net assets	<u>503</u>	<u>(81)</u>	<u>12,518</u>	<u>12,940</u>

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Analysis of net assets between funds (Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,608	12,608
Current assets	495	1,457	198	2,150
Creditors falling due within one year	-	(393)	(90)	(483)
Defined benefit pension liability	-	(1,427)	-	(1,427)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	495	(363)	12,716	12,848
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

20 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	8	20
Amounts due between one and five years	-	8
	<hr/>	<hr/>
	8	28
	<hr/> <hr/>	<hr/> <hr/>

21 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	-	88
	<hr/> <hr/>	<hr/> <hr/>

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

22 Reconciliation of net (expenditure)/income to net cash flow from operating activities	2018	2017
	£'000	£'000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(213)	25
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(22)	(318)
Defined benefit pension scheme cost less contributions payable	46	57
Defined benefit pension scheme finance cost	34	36
Depreciation of tangible fixed assets	309	302
Movements in working capital:		
Decrease/(increase) in debtors	175	(179)
Increase/(decrease) in creditors	1	(31)
Net cash provided by/(used in) operating activities	330	(108)

23 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

24 Pension and similar obligations

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

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

Contributions amounting to £87,372 (2017: £62,364) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £349,407 (2017: £365,490).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.8% for employers and ranges from 5.5-6.5% for employees.

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	125	114
Employees' contributions	29	29
Total contributions	154	143

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018 %	2017 %
Rate of increase in salaries	3.6	3.7
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	2.8	2.4
Inflation assumption (CPI)	2.1	2.2

The assumed life expectations on retirement age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	22.0	21.6
- Females	24.8	24.7
Retiring in 20 years		
- Males	25.0	24.2
- Females	27.8	27.7

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

	2018 Fair value £'000	2017 Fair value £'000
Equities	801	750
Government bonds	52	49
Other bonds	182	174
Cash	48	69
Property	140	115
Other assets	317	277
Total fair value of assets	1,540	1,434

The actual return on scheme assets was £80,000 (2017: £248,000).

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

24 Pension and similar obligations (Continued)

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	171	171
Net interest cost	34	36
	<hr/>	<hr/>
Total operating charge	205	207
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations		2018 £'000
At 1 September 2017		2,861
Current service cost		171
Interest cost		67
Employee contributions		29
Actuarial gain		(258)
Benefits paid		(128)
		<hr/>
At 31 August 2018		2,742
		<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets		2018 £'000
At 1 September 2017		1,434
Interest income		33
Return on plan assets (excluding net interest on the net defined pension liability)		47
Employer contributions		125
Employee contributions		29
Benefits paid		(128)
		<hr/>
At 31 August 2018		1,540
		<hr/> <hr/>

25 Related party transactions

All transactions involving related parties or connected parties are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account (2017: £nil), other than certain trustees' remuneration and expenses already disclosed in note 11.

Key management personnel compensation disclosure is included in note 10.

UPTON HALL SCHOOL FCJ

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

26 Agency arrangements

The Academy Trust distributes 16-19 Bursary Funds, on behalf of the ESFA. In the accounting period ending 31 August 2018 it received £16,575 (2017: £16,434) and disbursed £12,685 (2017: £5,477), with therefore an amount of £3,890 (2017: £10,957) repayable to the ESFA at the 31 August 2018.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UPTON HALL SCHOOL FCJ AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 7 September 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Upton Hall School FCJ during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Upton Hall School FCJ in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Upton Hall School FCJ's accounting officer and governors

The accounting officer is responsible, under the requirements of Upton Hall School FCJ's funding agreement with the Secretary of State for Education dated 28 February 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Upton Hall School FCJ and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO UPTON HALL SCHOOL FCJ AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Upton Hall School FCJ and the ESFA in accordance with the terms of our engagement letter dated 7 September 2017. Our work has been undertaken so that we might state to the Upton Hall School FCJ and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Upton Hall School FCJ and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

Chartered accountants
5th Floor
One City Place
Queens Road
Chester
CH1 3BQ

Dated:
