

REGISTRAR OF COMPANIES

Harris Federation

Consolidated report and financial statements

Year to 31 August 2018

Company limited by guarantee
registration number
06228587 (England and Wales)

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Reference and administrative information

Members	Lord Harris of Peckham Mr P Jacobs Mr P J Saunders
Directors	Lord Harris of Peckham Mr R Alcock Mr A P Bayon Ms D Deakin-Elliott Mr K J Hoods Mr P Jacobs (appointed 1 Feb 2018) Mrs A Kail Mr T D Moore Sir D Moynihan Dr N Rata Mr P J Saunders Ms R Wilton
Senior Management Team	Sir D Moynihan Mr M Antoniou Mr T Webster Ms S Hasan Mr A Meighen Ms S Musgrove Mrs S Miles Ms C English
Secretary	Mr M Antoniou
Registered office	4 th Floor Norfolk House Wellesley Road Croydon CR0 1LH
Company registration number	06228587 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 30 Tooting High Street London SW17 0XN
Solicitors	Veale Wasbrough Vizards LLP Narrow Quay House Bristol BS1 4QA

Directors' report Year to 31 August 2018

The directors of Harris Federation, who are also trustees for the purposes of the Charities Act 2011, present their report and the audited financial statements of the Harris Federation (the Federation) and its three subsidiary companies; Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited, together 'the group', for the year to 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 38 and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Federation is a company limited by guarantee, incorporated under Company Number 06228587. The Federation's Memorandum and Articles of Association are the primary governing documents of the Federation.

As at 31 August 2018 the Federation was made up of 43 open academies. On 1 September 2018, 3 additional academies joined the Federation.

The Federation was incorporated on 26 April 2007. These financial statements for the Federation, which cover the year to 31 August 2018, aggregate the activities of the 43 member academies (excluding Chobham School Academy in Stratford as it is a separate legal entity).

The principal activity of the Federation is to advance education in England for the public benefit. It does this by establishing and maintaining schools, mainly serving disadvantaged communities, that give children the ability, drive and determination to succeed and by training current and future generations of teachers.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members

The members of the company are the Principal Sponsor and two persons nominated by the Principal Sponsor.

Every member of the company undertakes to contribute such amount as may be required (not exceeding £10) to the company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the company's debts and liabilities arising before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of rights of the contributories among themselves.

Directors' indemnities

In accordance with normal commercial practice the Federation has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim.

Method of recruitment and appointment or election of directors

The articles of association require the appointment of at least three directors (unless otherwise determined by ordinary resolution). The directors of the company are also trustees of the charity. The directors delegate a number of functions to the local governing body ("LGB") of each Academy.

The Principal Sponsor may, by notice in writing to the Federation delivered to the registered office, appoint up to twelve directors.

In several cases, the Chairman of each LGB, for as long as he or she remains in office as such, shall be an Academy director ex officio provided that the total number of Academy directors shall not exceed twenty.

The term of office for any director (other than the Principal Sponsor and the Chief Executive) shall be three years. Any director may be re-appointed at the end of their term of office.

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new directors depends on their existing experience. The Federation has adopted a common policy for the induction and training of both the directors and the governors who sit on the local governing bodies. New governors are briefed in the structure and ethos of the Federation and their role within it by the CEO. In-house training in financial matters is provided by the Finance Director and his team. Training in Safer Recruitment, for governors monitoring safeguarding, and in Health & Safety is provided both in-house and by external courses organised and paid for by the Federation. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The following directors were in office at 31 August 2018 and served throughout the period except as stated:

Director	Appointed/Resigned
Lord Harris of Peckham	
Mr R Alcock	
Mr A P Bayon	
Ms D Deakin-Elliott	
Mr K J Hoods	
Mr P Jacobs	Appointed 1 February 2018
Mrs A Kail	
Mr T D Moore	
Sir D Moynihan	
Dr N Rata	
Mr P J Saunders	
Ms R Wilton	

During the period under review the directors held three full meetings including full board reports.

Subsidiary companies

The Federation has three wholly owned subsidiary companies:

- ◆ Harris Academies Project Management Limited was incorporated in 2007;
- ◆ HCTC Enterprises Limited was incorporated in 1994; and
- ◆ Harris Professional Services Limited was incorporated in 2012.

The purpose and activity of each company is described in the notes to the financial statements.

Management

The board of directors of the Federation is responsible for setting general policy, adopting an annual plan and budget, and monitoring the Federation by use of budgets and reports and making major decisions about the direction of the Federation, capital expenditure and senior staff appointments.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Management (continued)

Each Academy has its own local governing body with the Chair of that Academy being a director of the Federation in several cases. Each local governing body has responsibility for setting policy, within the constraints of Federation policies, and recommending annual plans and budgets at the Academy to the Federation Board of directors.

The directors delegate the day to day responsibility of running the Federation to Sir Dan Moynihan (CEO). The day to day running of individual Academies is delegated by each local governing body to the Principal.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set by the Remuneration Committee which includes the Chairman of the Board. The pay and remuneration of the Chief Executive Officer is determined by the Remuneration Committee.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Federation to publish information on facility time arrangements for trade union officials at the Federation. The Federation confirms that there were no employees acting as trade union officials within the meaning of these regulations during the year ended 31 August 2018. Facility time is not provided by the Federation and therefore no employee spent time on facility time and no percentage of the pay bill was spent on facility time.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related parties and other connected charities and organisations

Chobham School Academy (Stratford) is run by the Harris Federation and sponsored by Lendlease and William Hugill. The Academy site was developed by Lendlease on behalf of the Olympic Delivery Authority. Harris Federation is responsible for running the Academy, which operates through a related academy trust, Chobham School Academy (Stratford) (Company registration number: 06846720, England and Wales).

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The aim of the Federation is to operate as a group of collaborating Academies for the benefit of young people. Our academies are deliberately located close within commuting distance of each other, so that the Federation can build and maintain a joint purpose between its schools and ensure they share the best ideas and resources.

The Sponsor's vision is that, rather than working in isolation, the Harris Academies will work together as a federation. This will enable the schools to use their combined resources and collective expertise in order to assist each other and so raise standards faster than would be the case with schools working in isolation.

Public benefit

The directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year. The directors consider that the charitable company's aims are demonstrably to the public benefit.

Equal opportunities policy

The directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Federation has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Employee involvement

Harris Federation encourages staff contributions at all levels and close collaboration between the academies; principals / head teachers also meet regularly to share knowledge and best practice. The Federation intranet provides information and access to internal and external professional development and support. Academies hold regular meetings and briefings. New staff are fully inducted and teachers take part in training before the start of and during the school year.

OBJECTIVES AND ACTIVITIES (continued)

Disabled persons

Lifts, ramps and disabled toilets have been installed and door widths have been enlarged to enable wheelchair access to all the main areas of the academies where possible. The policy of the Federation is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the academies, as well as generally through training and career development.

STRATEGIC REPORT

Achievements, performance and plans for future periods

Introduction and overview of the 2017-2018 Year

The Harris Federation comprised 43 academies during this period.

This includes two academies that joined the Harris Federation in September 2017: Harris Academy St John's Wood and Harris Garrard Academy. Both of these replaced schools (previously in special measures) and were transformed within the first academic year of operation with results that are significantly above average.

The Harris Federation exists to provide children and teenagers from in and around London with a first-class education. Across the country, just 21% of schools have been awarded Ofsted's top Outstanding rating; at the Harris Federation, 78% are Outstanding. The remaining 22% of Harris academies are Good. Many of these academies replaced schools that had previously been failing but now they are no longer judged as "Require Improvement" or "Inadequate".

This record is unmatched by any other comparable body.

Key Success of Harris in 2017-18

The following Harris academies were inspected during the year, with excellent outcomes across the board:

- ◆ Harris Academy Battersea – Outstanding
- ◆ Harris Girls' Academy Bromley – Outstanding
- ◆ Harris Academy Morden – Outstanding
- ◆ Harris Primary Academy Beckenham – Outstanding
- ◆ Harris Primary Academy Peckham Park – Good
- ◆ Harris Primary Academy Philip Lane – Good moving to Outstanding
- ◆ Harris Primary Chafford Hundred – Good moving to Outstanding

Therefore, of the 20 Harris secondary academies that have been inspected, 19 are Outstanding and 1 is Good. Of the 18 Harris primary academies that have been inspected, 12 are Outstanding and 6 are Good.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Cost of taking on new sponsored Academies

Harris took on The Garrard Academy in September 2017 which was in Special Measures. Following due diligence, it was clear that this failing school, in a very disadvantaged part of Thamesmead would require extensive capital investment. Harris Federation was prepared to incur this because of the high level of need. In the 2017-18 year, the Academy cost Harris Federation £1.7m in capital and revenue spend over and above the financial support provided by the DfE mainly because of the poor state of repair of the building. Further significant spend will be incurred in future.

We were pleased to report excellent results at the end of the year with the Harris Garrard Academy improving from Special Measures to being in the top 20% of all schools for pupil progress (based on figures available at the time of writing) and with rapidly rising admissions.

The social mobility of our pupils

A high quality education is the key to the social mobility of pupils at Harris Federation academies. The Harris Federation sets itself challenging targets for the progress made overall by all pupils, and the progress made by those who come from groups that persistently underachieve across England.

In January 2018, performance tables published by the Department for Education placed the Harris Federation as the top performing large multi-academy trust for pupil progress. Commenting on the data, Schools Minister Nick Gibb said that the Harris Federation was 'leading the way' in delivering excellent results for pupils. This was backed up by a study published by the Education Policy Institute in summer 2018 which concluded the Harris Federation was among the top performing school groups for the impact it has on the attainment of pupils, and one of very few school groups to be performing consistently well at primary and secondary.

Staff and leaders across the Harris Federation see it as their job to change things for the better for groups of pupils who, across England, have persistently underachieved in their education.

Harris academies focus on all groups but have placed particular emphasis on three groups in particular: white British pupils from disadvantaged backgrounds, black Caribbean pupils and pupils living in care, known as Looked After Children. The table below shows how these pupils perform nationally at age-16 and how they perform at Harris.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

The social mobility of our pupils (continued)

	Progress 8 (2017-18)	
	National	Harris Federation
All pupils	-0.03	+0.54
White British Pupil Premium	-0.72	-0.11
Black Caribbean	-0.23	+0.36
Looked After Children	-0.86	+0.06

Nationally, there is a large gap between the academic achievements of all three of these groups and other children. But they achieve far better at Harris.

Black Caribbean pupils and Looked After Children at Harris not only outperform other black Caribbean and Looked After pupils in England, they also outperform all students – whatever their background. Disadvantaged white students at Harris get 5 GCSE grades more with Harris than they would elsewhere and are rapidly closing the gap with the overall national average. We will continue to focus on these groups, and our outcomes for pupils overall, in the next academic year.

Sutton Trust 2018 Chain Effects Report

The highly respected Sutton Trust reported that Harris Federation was just one of three Academy chains with substantially above average results for disadvantaged children in 2018. Harris had 17 Academies with results compared with 8 and 2 schools in the other two trusts.

University pathways

Despite the disadvantaged starting points of many Harris sixth formers, they are attending the elite Russell Group universities at a rate of more than twice the national average. In Summer 2018, about a quarter of Harris sixth formers won Russell Group university places, compared to the national average in 2017 of 11%.

24 Harris sixth formers progressed to Oxford and Cambridge, with 19 from Harris Westminster Sixth Form. From the group of 24, 8 were black and 6 were from low income families eligible for the pupil premium.

Following a long-standing national outcry over the failure of some Oxbridge colleges to admit any black students, we were delighted on 'A' Level Results day to host and support our former pupil, the musician Stormzy, to launch his scholarship scheme for black students at Cambridge. This was a widely publicised event that will have raised the profile of the need to support more black students to win places at the most prestigious universities.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Training and other achievements

In 2017-18 we trained 150 excellent new teachers for London in the Harris Initial Teacher Training Scheme and recruited 175 new trainees for 2018-19. Harris is now the largest teacher trainer in the non-University sector in the country.

Our Maths Hub, the London Thames Maths Hub, provided badly needed training to 500 London maths teachers during the year.

We offered a highly successful Women in leadership course via Harris Academy Chafford Hundred which will be repeated.

Additionally, Harris offered a very successful Diversity Leadership Programme for 60 future Black and Ethnic Minority Leaders in London via Harris City Academy Crystal Palace.

And we were pleased to host and support the launch of LGBTed at South Norwood.

Education Support

In addition to a wide range of high quality support services (from HR, to Finance, Project Management, PR, legal, building maintenance, procurement, assistance with compliance, ICT, recruitment and retention and talent management) Harris Federation provided the services of 60 full time subject experts across primary and secondary to work in our academies. These consultants undertook coaching and mentoring, modelling outstanding teaching, helped produce and share the best schemes of work and lesson plans, reduced work load and taught classes, often alongside colleagues for extended periods of time. Their work made a major contribution to the high achievement across our group.

Fundraising

During the year the Federation pro-actively raised funds from a variety of external sponsors raising a total of around £1,200,000 for Harris Academies. The Harris Federation follows the fundraising practices set out in section 13 of the Charities (Protection and Social Investment) Act 2016. The Federation does not currently work with any commercial or professional fundraisers. The Federation's fundraising activities are currently limited to raising funds through appeals to Charitable Trusts. The Federation has received no complaints relating to fundraising during the year. If any complaints were received, these would be dealt with by the Directors and/or senior management.

Our plans for the future

Our plans for the future are to maintain our high performance, despite the context of funding constraints, as we grow to 50 academies and beyond. Harris will continue to expand incrementally as opportunities arise and depending on maintaining good levels of performance. We will focus on turn-around of failing schools as well as on new free schools.

STRATEGIC REPORT (continued)

Going concern

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

Financial review

Financial report for the year

Most of the Federation's income comes from the Education and Skills Funding Agency (ESFA), in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the consolidated statement of financial activities.

The Federation also receives grants for fixed assets from the Department for Education (DfE). In accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (the Charities SORP 2015), these grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total income (excluding fixed asset fund income) was £195,573,000 (2017 - £168,315,000) and total expenditure (excluding depreciation) was £207,325,000 (2017 - £180,311,000). The deficit for the year, excluding movements on the pension reserve and restricted fixed assets funds, was £374,000 (2017 – deficit of £2,061,000).

At 31 August 2018 the net book value of fixed assets was £504,405,000 (2017 - £422,819,000). These assets were used exclusively for providing education to the Federation's pupils and related support services.

Financial and risk management objectives and policies

Harris Federation has cash balances and other working capital balances. The main risk arising from the use of financial instruments is liquidity risk.

Liquidity risk

The Federation manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested through appropriate use of financial instruments with our principal bankers so as to maximise interest income without incurring undue risk.

STRATEGIC REPORT (continued)

Financial review (continued)

Interest rate risk

In the absence of borrowings and with low prevailing interest rates, the Federation is not exposed to significant interest rate risk.

Other risks

The group is exposed to price risks, but is funded by government on the same basis as other academies and budgets accordingly. Nearly all funding comes from government so credit risk is considered to be negligible.

Financial position and reserves policy

The Federation held fund balances at 31 August 2018 of £480,430,000 (2017 - £395,575,000) comprising £474,740,000 (2017 - £389,930,000) of restricted funds including a pension reserve deficit of £32,709,000 (2017 - £36,352,000) and £5,690,000 (2017 - £5,645,000) of unrestricted general funds.

The unrestricted general funds form part of the Federation's revenue reserves. Total revenue reserves, which exclude the fixed asset fund of £504,405,000 (2017 - £422,819,000) and the pension reserve deficit of £32,709,000 (2017 - £36,352,000), were £8,734,000 as at 31 August 2018 (2017 - £9,108,000). This equates to an average of £203,000 per school (2017 - £228,000 per school). This is equal to approximately 0.47 months' revenue expenditure and the directors consider that this is sufficient for the working capital and operational needs of the Federation based on historic levels of activity.

The risk policy ensures that each Academy sets aside reserves so that in unforeseen circumstances the Academy will still have the resources to deliver its essential aims.

Operating reserves are determined by the risks facing that Academy and therefore the level of reserve both as an absolute amount and as a percentage of income will vary from Academy to Academy. The minimum operating reserve at Primary academies should be between 1% to 3% and Secondary academies between 3% to 5%.

Investment policy

The Harris Federation policy is to not operate an investment programme. The funds are held as cash with large listed banks.

Principal risks and uncertainties

Risk management

The directors are responsible for identifying risks faced by the Federation, assessing the likelihood of the risk occurring and its potential impact, and taking steps to mitigate and control these risks, and ensuring that employees are aware of any risk management procedures and of the implications of failing to implement them.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Risk management (continued)

They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission.

The directors acknowledge they have overall responsibility for ensuring that the Federation has an effective and appropriate system of controls, financial and otherwise. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Federation and enable them to ensure the financial statements comply with the Companies Act. The directors also acknowledge responsibility for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

Risk management (continued)

- ◆ the Federation is operating efficiently and effectively;
- ◆ its assets are safeguarded against unauthorised use or disposal;
- ◆ proper records are maintained and financial information used within the Federation or for its publication is reliable; and
- ◆ the Federation complies with relevant laws and regulations.

The risks identified are recorded in the Federation Risk Register which is prepared annually and reviewed at every meeting of the Audit Committee. Risks are classified as Strategic, Reputational and Governance; Financial; Operational; and Compliance.

The directors have assessed the major risks and uncertainties to which the Harris Federation is exposed, in particular:

- ◆ The increase in National Insurance contributions and the increased cost of pension provision, both a result of changes in government policy, have increased staffing costs. The impact of this is being addressed through several cost-saving initiatives including the pooling of resources and a purchasing strategy designed to maximise the economies of scale we benefit from.
- ◆ Demographic trends mean that despite the overall increase in the school population, some academies are at risk of being undersubscribed. This is being addressed through individual academies working with their communities to demonstrate their values and achievements and therefore to build demand for places.
- ◆ The nationwide shortage of qualified teachers. This is being addressed by developing a Recruitment and Retention resource within the Federation and the expansion of the Initial Teacher Training programme to provide more newly qualified staff to our academies.

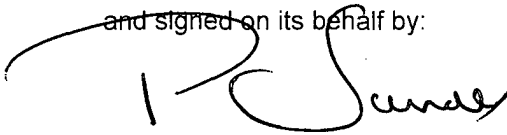
Directors' report Year to 31 August 2018

AUDITORS

In so far as the directors are aware:

- ♦ There is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report, incorporating a strategic report, approved by order of the board of directors and signed on its behalf by:



Director

P. SAUNDERS

Approved by the directors on: 19/12/2018

Governance statement Year to 31 August 2018

Scope of responsibility

As directors, we acknowledge we have overall responsibility for ensuring that the Harris Federation 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 directors has delegated the day-to-day responsibility to the Chief Executive Officer, 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 the Federation and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the directors' report and in the statement of directors' responsibilities.

As described in the directors' report, the directors delegate a number of functions to the local governing body (LGB) of each academy. These LGBs meet as appropriate, a minimum of three times, throughout the year in order to govern the affairs of the individual academies. As described in the directors' report, the chairs of several of the LGBs are also directors of the Federation. Each LGB also has a finance sub-committee which is responsible for monitoring the finances of the academy.

During financial planning for each forthcoming financial year the LGB of each academy undertakes a review of its own effectiveness comprising an assessment of its past activities, aims and objectives. The results of the review and in particular measures decided on to improve performance are incorporated into the planning cycle.

The board of directors has also formally met three times during the year. Attendance during the year at meetings of the board of directors was as follows:

Governance statement Year to 31 August 2018

Governance (continued)

Director	Number of meetings attended	Out of a possible
Lord Harris of Peckham	2	3
Mr R Alcock	3	3
Mr A P Bayon	3	3
Ms D Deakin-Elliott	3	3
Mr K J Hoods	3	3
Mrs A Kail	3	3
Mr P Jacobs	3	3
Mr T D Moore	3	3
Sir D Moynihan	3	3
Dr N Rata	2	3
Mr P J Saunders	2	3
Ms R Wilton	2	3

Governance reviews

The Federation Finance Handbook for 2017-18 in the Financial Planning section contains the following:

Each year the Governors must agree a planning cycle and timetable which allows for:

- ◆ A review of past activities, aims and objectives - "did we get it right?"
- ◆ Definition or redefinition of aims and objectives – "are the aims still relevant?"
- ◆ Development of the plan and associated budgets – "how do we go forward?"
- ◆ Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course?"
- ◆ Feedback into the next planning cycle – "what worked successfully and how can we improve?"

The first of these objectives constitutes a review of effectiveness and will be undertaken by each Governing Body within the Federation. This phase of the planning timetable will be undertaken at the end of the Spring Term when Governors will be able to review the year to date and to incorporate the results of their review into plans for the forthcoming year.

Governance reviews (continued)

Finance Board Sub-committee

The Finance Board sub-committee is also a sub-committee of the main board of directors. Its purpose is to assist the Board with financial oversight and risk management.

Member	Meetings attended	Out of a possible
Mr A P Bayon	5	6
Ms D Deakin-Elliott	6	6
Mr P Jacobs	6	6
Mr K Morley	4	4
Mr P J Saunders (Chair)	6	6

Audit Committee

The Audit Committee is also a sub-committee of the main board of directors. Its purpose is to provide assurance to the directors that adequate controls are in place to safeguard the Federation's assets and to ensure regularity and propriety in all its transactions.

Member	Meetings attended	Out of a possible
Mr A P Bayon	3	4
Ms D Deakin-Elliott	3	4
Mr P Jacobs (Chair)	4	4
Mr K Morley	2	2
Mr P J Saunders	4	4

Review of value for money

As Accounting Officer the Chief Executive has responsibility for ensuring that the Federation delivers good value in the use of public resources. The Accounting Officer understands that value for money (VFM) refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Federation's use of its resources has provided good VFM during the academic year, and reports to the board of directors where VFM can be improved, including the use of benchmarking data where available. The Accounting Officer for the Federation has provided the framework for achieving VFM during the year by:

- ♦ Creating a centralised procurement function and ensuring the appointee to the new role of Head of Procurement has been filled by a candidate with extensive experience of public sector procurement and the ability to drive commerciality and the pursuit of best value.
- ♦ Endorsing wording contained within new Procurement Policy and Strategy documents which specifically references getting best VFM through competitive tendering activity, use of public sector framework agreements and leveraging Federation spend to achieve cost effective deals.

Review of value for money (continued)

- ◆ The award of a new five year Federation-wide catering services contract following an OJEU competitive tender exercise. The contract incorporates a management fee sacrifice model if certain KPIs are not met plus provision for fixed and variable return on revenue. Also, strong negotiations achieved £800k of contractor investment into equipment which will increase further when new schools are added. The deal includes signage and cashless till systems for our academies to future proof the service provision.
- ◆ Endorsing the tendering of a new Purchase to Pay system which once implemented should streamline processes and direct requisitioners and purchasers to Federation-wide deals.
- ◆ Endorsing the award of a legal retainer contract which was competitively tendered.
- ◆ The award of various preferred supplier call-off arrangements, for instance, one for iBoards.
- ◆ Approving a priority list for the Procurement Team which includes a new strategy for procuring cleaning service contracts for academies in tranches whilst standardising terms and conditions and provides a robust performance management framework to ensure performance meets standards and expectations.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Federation's 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 at the Federation 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 directors has reviewed the key risks to which the Federation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is an ongoing process for identifying, evaluating and managing the Federation'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 directors.

The risk and control framework

The Federation'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 directors;
- ◆ regular reviews by the Finance Board Sub-committee and the Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The directors have considered the need for a specific internal audit function and have appointed an internal auditor. The internal auditor reported to the Audit Committee during the year.

The role of the internal auditor is to evaluate and test the financial procedures so that the Audit Committee can provide assurance to the Board on financial matters and in particular that the Federation has robust internal control procedures in place and that all transactions are regular and represent best value for money.

This is primarily achieved through a programme of visits to each of the member academies to perform checks on internal controls and adherence to the Federation's Financial Procedures Manual.

Review of effectiveness

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

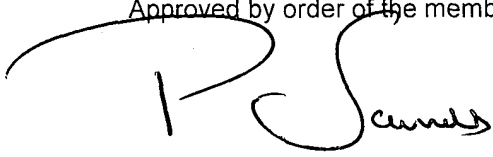
- ◆ the work of the internal and external auditors including the additional checks by the external auditors described above;
- ◆ the financial management and governance self assessment process; and
- ◆ the work of the Senior Management Team within the Federation who have responsibility for the development and maintenance of the internal control framework.

Governance statement Year to 31 August 2018

Review of effectiveness (continued)

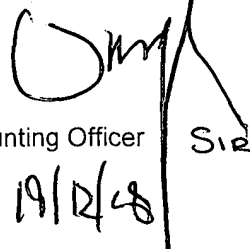
The Accounting Officer has been advised of the implications of the result of his review of the system of internal control by the Audit Committee and a plan to ensure continuous improvement of the system is in place.

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



Director **P. SAUNDERS**

Date: **19/12/2018**



Accounting Officer

SIR D. MOYNIHAN

Date: **19/12/18**

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of Harris Federation, I have considered my responsibility to notify the Federation board of directors and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Federation and the Secretary of State. 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 Federation board of directors are able to identify any material irregular or improper use of funds by the Federation, or material non-compliance with the terms and conditions of funding under the Federation'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 directors and the ESFA.

Accounting Officer



SIR D. MOYNIHAN

Date:

19/12/18

Statement of directors' responsibilities 31 August 2018

The directors (who act as trustees for the charitable activities of the Federation) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements 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 directors to prepare financial statements for each financial year. Under company law, the directors 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 Federation and of its income and expenditure for that period. In preparing these financial statements, the directors are required to:

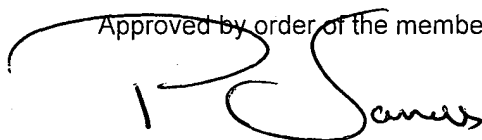
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 Federation will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Federation's transactions and disclose with reasonable accuracy at any time the financial position of the Federation 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 Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the charity and financial information included on the Federation'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 directors and signed on its behalf by:



Director

P. SAUNDERS

Date: 19/12/18

Independent auditor's report to the members of Harris Federation

Opinion

We have audited the financial statements of Harris Federation (the 'charitable parent company') for the year ended 31 August 2018 which comprise the group statement of financial activities, the group and charitable parent company balance sheets and statements of cash flows and 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2018 and of the group's 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 Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

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 group 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

- ◆ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 directors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the directors' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report including the strategic report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the group's and the charitable parent 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 directors either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

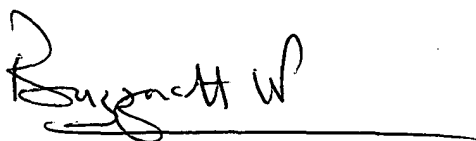
Auditor's responsibilities for the audit of the financial statements

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 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.



Avnish Savjani (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 20 December 2018

Independent reporting accountant's report on regularity 31 August 2018

Independent reporting accountant's assurance report on regularity to Harris Federation and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harris Federation during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Harris Federation and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Harris Federation 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 the Harris Federation and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Harris Federation's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Harris Federation's master funding agreement with the Secretary of State for Education dated 31 August 2007 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's report on regularity 31 August 2018

Approach (continued)

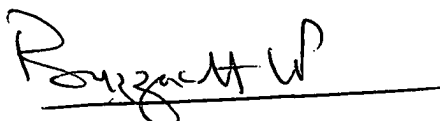
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Federation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Federation's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 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.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 20 December 2018

Consolidated statement of financial activities Year to 31 August 2018

(including Consolidated Income and Expenditure Account)

	Notes	Un-restricted general fund £'000	Restricted funds		2018 Total Funds £'000	2017 Total Funds £'000
			General £'000	Fixed assets £'000		
Income from:						
Donations and capital grants	1	610	20	13,821	14,451	33,510
Transfer from Local Authority on conversion	27	247	—	1,409	1,656	20,213
Transfer of existing academies	27	1,364	(4,204)	81,724	78,884	—
Charitable activities						
Funding for Harris Federation's educational operations	3	—	189,114	—	189,114	163,327
Teaching Schools	28	—	2,314	—	2,314	2,067
Other trading activities	2	1,897	866	—	2,763	2,355
Interest receivable		11	—	—	11	33
Other	4	—	3,334	—	3,334	2,725
Total income		4,129	191,444	96,954	292,527	224,230
Expenditure on:						
Charitable activities						
Harris Federation's educational operations	6	4,084	201,392	15,130	220,606	190,319
Teaching Schools	28	—	1,849	—	1,849	1,922
Total expenditure	5	4,084	203,241	15,130	222,455	192,241
Net income (expenditure) before transfers		45	(11,797)	81,824	70,072	31,989
Gross transfers between funds	18	—	238	(238)	—	—
Net income (expenditure) before other recognised gains and losses		45	(11,559)	81,586	70,072	31,989
Other recognised gains and losses						
Actuarial gain on defined benefit pension scheme	21	—	14,783	—	14,783	11,736
Net movement in funds		45	3,224	81,586	84,855	43,725
Fund balances brought forward at 1 September 2017		5,645	(32,889)	422,819	395,575	351,850
Fund balance carried forward at 31 August 2018		5,690	(29,665)	504,405	480,430	395,575

All of the group's activities derived from continuing operations during the above financial periods. There is no difference between the net movement in funds stated above, and its historical cost equivalent.

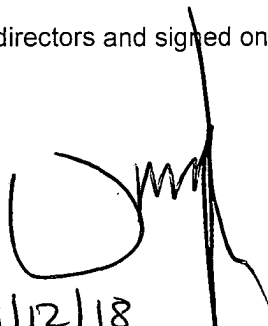
The results of Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited have been consolidated within the financial statements of Harris Federation.

Balance sheets 31 August 2018

	Notes	2018		2017	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Tangible assets	12	504,405	504,405	422,819	422,819
Current assets					
Debtors	16	12,101	12,115	19,088	18,827
Stock		54	54	43	43
Cash at bank and in hand		26,053	26,002	23,715	23,598
		38,208	38,171	42,846	42,468
Creditors: amounts falling due within one year	17	(29,474)	(29,472)	(33,738)	(33,460)
Net current assets		8,734	8,699	9,108	9,008
Net assets excluding pension liability		513,139	513,104	431,927	431,827
Pension scheme liability	21	(32,709)	(32,709)	(36,352)	(36,352)
Total net assets		480,430	480,395	395,575	395,475
The funds of the academy:					
Funds and reserves					
Restricted funds					
. Fixed asset fund	18	504,405	504,405	422,819	422,819
. Restricted income fund		3,044	3,044	3,463	3,463
. Pension reserve		(32,709)	(32,709)	(36,352)	(36,352)
		474,740	474,740	389,930	389,930
Unrestricted funds	18	5,690	5,655	5,645	5,545
		480,430	480,395	395,575	395,475

Approved by the directors and signed on their behalf by:

Director



SIR. D. MOYNIHAN

Approved on: 19/12/18

Harris Federation

Company Registration Number: 06228587 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
Net cash inflow from operating activities			
Net cash provided by (used in) operating activities	A	851	(5,942)
Cash flows from investing activities	B	1,487	3,098
Change in cash and cash equivalents in the year		2,338	(2,844)
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2017		23,715	26,559
Cash and cash equivalents at 31 August 2018	C	26,053	23,715

A Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the year (as per the statement of financial activities)	70,072	31,989
Adjusted for:		
Inherited land and buildings	(83,133)	(22,643)
Cash transferred in conversion	(1,611)	(1,980)
Depreciation (note 12)	15,130	11,930
Loss on disposals	373	2
Capital grants from DfE and other capital income	(13,821)	(33,120)
Interest receivable	(11)	(33)
Defined benefit pension scheme obligation inherited	4,204	4,410
Defined benefit pension scheme cost less contributions payable (note 21)	5,858	4,430
Defined benefit pension scheme finance cost (note 21)	1,020	541
Defined benefit pension scheme administration cost (note 21)	58	107
(Increase) decrease in stocks	(11)	32
Decrease (increase) in debtors	6,987	(1,180)
Increase in creditors	(4,264)	(427)
Net cash provided by (used in) operating activities	851	(5,942)

Consolidated statement of cash flows Year to 31 August 2018

B Cash flows from investing activities

	2018 £'000	2017 £'000
Cash transferred on conversion	1,611	1,980
Dividends, interest and rents from investments	11	31
Purchase of tangible fixed assets	(13,956)	(29,573)
Capital grants from DfE/ESFA	13,821	30,660
Net cash provided by investing activities	1,487	3,098

C Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	26,053	23,715
Total cash and cash equivalents	26,053	23,715

Statement of accounting policies

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

Basis of preparation

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

Harris Federation meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling to the nearest thousand pounds.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and those of its subsidiaries made up at the balance sheet date.

No separate statement of financial activities has been presented for Harris Federation alone, as permitted by section 408 of the Companies Act 2006 and SORP 2015.

Staff at Chobham Academy are employed by Harris Federation and the academy makes a contribution to the Federation's overheads in line with other member academies. These costs are charged to Chobham Academy (Company Registration Number 0684720), which is not consolidated in these financial statements as it is not directly controlled by Harris Federation.

Going concern

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors 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 Federation's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the Federation 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.

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

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

Where an asset is being constructed under the ESFA Free School or Priority Schools Building Programme, the Federation recognises the value of the work completed as an asset under construction at the balance sheet date. On completion and handover of the asset, it is transferred to the relevant asset class and depreciated.

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 in the period it is receivable and to the extent the Federation has provided the goods or services. This is stated, where applicable, after trade discounts, other sales taxes and net of VAT.

Expenditure

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

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

All IT equipment costing more than £500 and all other assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

♦ Freehold and long leasehold buildings	2% p.a
♦ Furniture and equipment	25% p.a.
♦ Computer equipment	33% p.a.
♦ Motor vehicles	25% p.a.

Freehold land is not depreciated.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the Federation or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

Tangible fixed assets (continued)

The cost of buildings constructed under the UK Government's programmes as funded by Local Authorities, are recognised in the statement of financial activities as voluntary income in the period in which the Federation takes ownership of these buildings.

The cost of buildings that were not previously capitalised as part of capital projects at the Academies are introduced at an amount valued by the ESFA.

Investments

The company's shareholding in its wholly owned subsidiaries, Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services, are included in the company's balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Federation's wholly owned subsidiary are held at face value less any impairment.

Financial instruments (continued)

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Federation's wholly owned subsidiaries are held at face value less any impairment.

Private Finance Initiative

Harris Academy Morden is subject to a contract under the Private Finance Initiative (PFI). Under this contract, the school premises are maintained and managed for a period of 25 years by the PFI contractor subject to contractual annual fees paid by the Academy. Upon expiry of the PFI contract the residual benefit of the premises passes to the Academy as a result of a 125 year lease granted to them.

The transaction is accounted for as a leasing transaction. As the Academy only enjoys the benefits of the premises subject to the restrictions under the PFI agreement, in the opinion of the directors, the Academy does not hold substantially all of the risks and rewards of ownership of the premises and the property is therefore accounted for as an operating lease. The premises are therefore not recognised as asset in the financial statements of Harris Federation. The annual charges under the PFI agreement are expensed to the Statement of Financial Activities in the year they relate to as this treatment is considered to be more appropriate than recognition on a strict straight line basis.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Federation 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 Federation 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 Federation are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Pensions benefits (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 Federation in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

The unrestricted general fund represents monies which may be applied for any purpose within the company's objects at the discretion of the directors.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

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

Schools joining the Federation

Schools joining the Federation transfer identifiable assets and liabilities and the operation of the predecessor School for £nil consideration, which has been accounted for under the acquisition accounting method.

Schools joining the Federation (continued)

The assets and liabilities transferred on conversion from the predecessor school to the Federation have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Federation. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Critical accounting estimates and areas of judgement

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, assumptions and judgements

The Federation 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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of tangible fixed assets is based on the original cost of the assets net of provision for depreciation. The depreciation provision to date is based on the directors' assessment of the estimated useful economic lives of such assets.

Harris Primary Academy Beckenham Green building valuation

Harris Primary Academy Beckenham Green joined the Federation on 1 September 2017, with buildings transferred under a long leasehold arrangement. No ESFA valuation has yet been prepared. The value of the building has been estimated using the valuation of the buildings at Harris Primary Academy Crystal Palace and adjusted based on the rateable value of the property. On receipt of the ESFA valuation the directors will consider whether this valuation needs adjusting.

Other than the estimates discussed above, the directors do not consider that there are any key judgements made in the preparation of the financial statements.

Notes to the financial statements 31 August 2018

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Donations	610	20	630	238
Capital grants	—	13,821	13,821	33,272
	610	13,841	14,451	33,510

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Lettings and other income	1,897	—	1,897	1,825
School uniform and book sales income	—	866	866	530
	1,897	866	2,763	2,355

3 Funding for Harris Federation's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
ESFA revenue grants				
• General Annual Grant (GAG)	—	160,012	160,012	139,652
• Start Up	—	1,078	1,078	1,147
• Other ESFA grants	—	11,672	11,672	12,666
	—	172,762	172,762	153,465
Other grants				
• LEA and other grants	—	16,352	16,352	9,862
	—	189,114	189,114	163,327

4 Other income

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Academy trips	—	834	834	691
Rebates	—	—	—	—
Primary clubs	—	701	701	600
Sundry income	—	1,799	1,799	1,434
	—	3,334	3,334	2,725

5 Expenditure on Harris Federation's educational operations

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2018 £'000	Restated Total 2017 £'000
Academy's educational operations (note 6)					
. Direct costs	133,545	15,130	13,138	161,813	144,742
. Allocated support costs	28,957	14,899	14,937	58,793	45,577
	162,502	30,029	28,075	220,606	190,319
Teaching school (note 28)					
. Direct costs	718	—	425	1,143	1,306
. Allocated support costs	358	—	348	706	616
	1,076	—	773	1,849	1,922
	163,578	30,029	28,848	222,455	192,241

Net income (expenditure) for the period includes:

	2018 £'000	2017 £'000
Operating lease rentals	938	797
Depreciation	15,130	11,930
Fees payable to auditor for:		
. Audit	77	75
. Other services	33	35

6 Harris Federation's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	161,813	144,742
Support costs	58,793	45,577
	220,606	190,319
Analysis of support costs	2018 Total funds £'000	2017 Total funds £'000
Support staff costs	28,957	25,205
Technology costs	168	180
Premises costs	14,899	11,565
Other support costs	14,271	8,166
Governance costs	498	461
Total support costs	58,793	45,577

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Un-restricted general fund £'000	Restricted funds		2017 Total Funds £'000
		General £'000	Fixed assets £'000	
Income from:				
Donations and capital grants	238	—	33,272	33,510
Transfer from Local Authority on conversion	1,980	(4,410)	22,643	20,213
Charitable activities				
· Funding for Harris Federation's educational operations	—	163,327	—	163,327
Teaching Schools	—	2,067	—	2,067
Other trading activities	1,825	530	—	2,355
Interest receivable	33	—	—	33
Other	—	2,725	—	2,725
Total income	4,076	164,239	55,915	224,230
Expenditure on:				
Charitable activities				
· Harris Federation's educational operations	3,245	175,144	11,930	190,319
Teaching Schools	—	1,922	—	1,922
Total expenditure	3,245	177,066	11,930	192,241
Net income (expenditure) before transfers	831	(12,827)	43,985	31,989
Gross transfers between funds	—	448	(448)	—
Net income (expenditure) before other recognised gains and losses	831	(12,379)	43,537	31,989
Other recognised gains and losses				
Actuarial gain on defined benefit pension scheme	—	11,736	—	11,736
Net movement in funds	831	(643)	43,537	43,725
Fund balances brought forward at 1 September 2016	4,814	(32,246)	379,282	351,850
Fund balance carried forward at 31 August 2017	5,645	(32,889)	422,819	395,575

8 Staff

a) Staff costs

Staff costs during the year were as follows:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	118,723	106,704
Social security costs	12,808	11,257
Pension contributions	22,391	19,023
	153,922	136,984
Supply staff costs	4,678	4,527
Recruitment and other staff related costs	4,339	3,320
Restructuring costs	639	663
Total staff costs	163,578	145,494

Staff restructuring costs comprise	2018 £'000	2017 £'000
Statutory redundancy payments	227	470
Other statutory restructuring costs	60	—
Non-statutory / non-contractual severance payments	352	193
	639	663

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £352,422 (2017 - £193,050). The non-statutory/non-contractual payments individually were for £43,000; £25,000; £25,000; £24,481; £20,000; £20,000; £17,500; £13,479; £13,400; £12,076; £11,720; £10,728; £10,033; £7,793; £7,270; £7,008; £6,060; £6,000; £5,280; £4,673; £4,610; £3,772; £3,746; £3,605; £3,520; £3,231; £2,328; £2,263; £2,237; £2,096; £2,000; £1,909; £904; £701.

(2017 - £39,600; £34,000; £20,000; £19,700; £15,250; £9,316; £8,850; £7,525; £7,250; £7,250; £5,400; £5,311; £5,200; £3,204; £2,065; £1,080; £886; £858 and £304).

c) Staff numbers

The average number of persons (including the senior management team) employed by the Federation during the year ended 31 August 2018 was as follows:

Activities	2018 Number	2017 Number
Teachers	1,706	1,526
Administration and support	1,553	1,446
Management	202	253
School sports partnership	3	3
	3,464	3,228

8 Staff (continued)

d) Higher paid staff

The number of employees who earned more than £60,000 per annum (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2018 Number	2017 Number
£60,001 - £70,000	128	106
£70,001 - £80,000	37	30
£80,001 - £90,000	16	18
£90,001 - £100,000	7	5
£100,001 - £110,000	4	2
£110,001 - £120,000	5	5
£120,001 - £130,000	3	7
£130,001 - £140,000	6	1
£140,001 - £150,000	2	4
£150,001 - £160,000	2	3
£160,001 - £170,000	3	1
£170,001 - £180,000	1	—
£190,001 - £200,000	—	2
£200,001 - £210,000	1	—
£230,001 - £240,000	—	1
£240,001 - £250,000	1	1
£250,001 - £260,000	1	—
£260,001 - £270,000	—	1
£290,001 - £300,000	1	—
£440,001 - £450,000	1	1
	219	188

All of the above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme.

e) Key management personnel

The key management personnel of the Federation comprise the directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Federation was £2,603,627 (2017 - £2,453,475).

The pay and remuneration of key management personnel is set by the Remuneration Committee which includes the Chairman of the Board. The pay and remuneration of the Chief Executive Officer is determined by the Remuneration Committee.

9 Directors' emoluments and expenses

One director has been paid remuneration and employer's pension contributions from full time employment with the Federation.

The employed director only receives remuneration in respect of services they provide undertaking the roles under their contract of employment and not in respect of their services as director. The value of director's remuneration and other benefits was as follows:

Chief Executive Officer:

- ♦ Remuneration £440,000 - £445,000 (2017 - £440,000 - £445,000).
- ♦ Employer's pension contributions £50,000 - £55,000 (2017 - £50,000 - £55,000).

No other directors of the company received any payment or other emoluments from the Federation in the period. No directors received any payment for reimbursement of travel and subsistence expenses incurred in the course of their duties as directors in the period (2017 - none). Other related party transactions involving the directors are set out in note 22.

10 Directors', Governors' and Officers' Insurance

In accordance with normal commercial practice the Federation has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2018 was £32,721 (2017 - £30,160).

11 Central services

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

- ♦ **Careers advice** and support from a central careers service for all secondary Academies;
- ♦ **Compliance team** assisting Academies with GDPR, admissions and Health and Safety;
- ♦ **Data team** providing analysis of data for academy and Federation use remotely extracted from Academy ICT systems;
- ♦ **Educational Support** from:
 - i. a team of 60 subject experts across primary and secondary who coach and mentor, produce work schemes, model excellent teaching and take classes as needed for extended periods
 - ii. a team of highly experienced Executive Principals
- ♦ **Finance** including Finance Business Partners providing finance support across groups of schools leading to significant savings. This includes preparing monthly accounts, budgets and meeting all external reporting requirements;

11 Central services (continued)

- ◆ **IT services** including a low cost cloud network and common Management Information System, central software and hardware procurement driving economies of scale;
- ◆ **Legal support and advice;**
- ◆ **Post 16** central team managing admissions across ten Academies and advice and training across all secondary academies;
- ◆ **Procurement service** for contracts and group purchasing generating significant savings and provision of advice and contract management;
- ◆ **Projects team** management of all build projects, maintenance and estates;
- ◆ **Public Relations and marketing** from media handling to web sites and prospectuses;
- ◆ **Recruitment and retention** using a range of media including extensive use of social media and highly effective cost reducing methods;
- ◆ **Talent Management** including suites of National Professional Qualifications for middle leaders, senior leaders, aspiring Head teachers and Executive Leaders.
- ◆ **Fundraising** raising £1.2million from external sponsors for academy improvement projects;
- ◆ **Human resources** providing advice and guidance and case work. Business partner model for groups for schools providing high quality advice at low cost;

Notes to the financial statements 31 August 2018

11 Central services (continued)

The Federation charges for these services on the following basis:

Between 3.7% and 5.5% (2017 – between 3.7% and 5.5%) of School Budget Share and ESG income. The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Harris Aspire Academy	37	26
Harris Academy Battersea	255	229
Harris Academy Beckenham	266	271
Harris Primary Academy Beckenham	24	18
Harris Primary Academy Beckenham Green	30	—
Harris Primary Academy Benson	55	61
Harris Academy Bermondsey	314	314
Harris Academy Bromley	184	190
Harris Junior Academy Carshalton	52	54
Harris Academy Chafford Hundred	226	217
Harris Primary Academy Chafford Hundred	83	87
Harris Primary Academy Coleraine Park	91	90
Chobham Academy	504	418
Harris City Academy Crystal Palace	290	294
Harris Primary Academy Crystal Palace	71	69
Harris Boys' Academy East Dulwich	324	331
Harris Girls' Academy East Dulwich	343	361
Harris Primary Academy East Dulwich	38	32
Harris Academy Falconwood	209	211
Harris Garrard Academy	255	—
Harris Academy Greenwich	355	361
Harris Primary Academy Haling Park	38	30
Harris Invictus Academy Croydon	147	108
Harris Primary Academy Kenley	58	59
Harris Primary Academy Kent House	72	71
Harris Primary Academy Mayflower	57	45
Harris Academy Merton	269	272
Harris Primary Academy Merton	75	77
Harris Academy Morden	193	182
Harris Academy Orpington	230	250
Harris Primary Academy Orpington	72	94
Harris Academy Peckham	316	342
Harris Primary Free School Peckham	82	74
Harris Primary Academy Peckham Park	93	94
Harris Primary Academy Philip Lane	86	91
Harris Academy Purley	236	242
Harris Primary Academy Purley Way	15	10
Harris Academy Rainham	190	192
Harris Academy Riverside	26	—
Harris Primary Academy Shortlands	36	29
Harris Academy South Norwood	428	476
Harris Academy St John's Wood	503	—
Harris Academy Tottenham	186	116
Harris Academy Upper Norwood	—	24
Harris Westminster Sixth Form	118	114
	7,532	6,626

12 Tangible fixed assets (group and company)

	Freehold land and buildings £'000	Long lease- hold land and buildings £'000	Assets under constru- ction £'000	Furniture and equip- ment £'000	Computer equip- ment £'000	Motor vehicles £'000	Total £'000
Cost / valuation							
At 1 September 2017	79,369	362,600	26,866	19,530	24,989	357	513,711
Transfers in on conversion	—	1,409	—	—	—	—	1,409
Transfers in from existing academies	81,078	—	—	544	89	13	81,724
Additions	413	1,049	10,287	1,419	784	4	13,956
Disposals	—	(424)	—	(519)	(773)	—	(1,716)
Transfers	5,206	24,827	(32,545)	1,134	1,378	—	—
At 31 August 2018	166,066	389,461	4,608	22,108	26,467	374	609,084
Depreciation							
At 1 September 2017	1,276	51,165	—	15,610	22,496	345	90,892
Charge for period	3,319	7,476	—	2,251	2,073	11	15,130
Disposals	—	(51)	—	(519)	(773)	—	(1,343)
At 31 August 2018	4,595	58,590	—	17,342	23,796	356	104,679
Net book values							
At 31 August 2018	161,471	330,871	4,608	4,766	2,671	18	504,405
At 31 August 2017	78,093	311,435	26,866	3,920	2,493	12	422,819

The leasehold land on which the individual academies are sited are leased from the Local Authorities at a peppercorn rent over various lease terms. No value has been placed on this land in the financial statements due to the restrictive covenants on the asset.

Harris Westminster Sixth Form resides in a building that was purchased by the ESFA. The Federation owns the freehold to the building and this is included within freehold land and buildings in the balance sheet at the value of the purchase by the ESFA. There is a legal charge over the freehold building that entitles the Secretary of State for Education to give notice to Harris Federation and for the building to revert to the government.

Assets under construction are academy buildings that have been funded from DfE capital grants.

Buildings transferred upon conversion

4 academies joined the Federation or opened during 2017/18 (2016/17 – four). Of these, 3 schools were transferred from existing academy trusts. The value of the buildings transferred on conversion is included within tangible fixed assets. Further details of this transfer are included in note 27.

13 Investments – Harris Academies Project Management Limited

The issued share capital of Harris Academies Project Management Limited, a company registered in England and Wales (Company number 588735) was transferred to the company on 21 May 2007 and Harris Academies Project Management Limited began trading on that date. The company is used for construction work on a number of Harris Federation academy buildings.

The following is a summary of the financial statements of Harris Academies Project Management Limited which have been included in the consolidated financial statements.

	2018 £'000	2017 £'000
Turnover	—	—
Cost of sales	—	—
Gross profit	—	—
Interest received	—	1
Administrative expenses	(26)	(4)
Retained profit at 31 August 2018	26	5
Retained profits brought forward at 1 September 2017	5	324
Distribution	(5)	(324)
Retained profits carried forward at 31 August 2018	26	5
Called up share capital	—	—
Retained earnings	26	5
Net assets at 31 August 2018	26	5

The issued share capital of the company at 31 August 2018 was £1.

14 Investments – HCTC Enterprises Limited

The issued share capital of HCTC Enterprises Limited, a company registered in England and Wales (Company number 2962551), was transferred to the Federation on 31 August 2007. The company is used to carry on business as a general commercial company for the benefit of Harris City Academy Crystal Palace. To this end, the company operates the Lewis Sports and Leisure Centre.

The following is a summary of the financial statements of HCTC Enterprises Limited for the year to 31 August 2018, which have been included in the consolidated financial statements.

	2018 £'000	2017 £'000
Turnover	31	27
Cost of sales	(5)	(5)
Gross profit	26	22
Administrative expenses	(3)	(10)
Retained profit at 31 August 2018	23	12
Retained profits brought forward at 1 September 2017	100	92
Distribution	(20)	(4)
Retained profits carried forward at 31 August 2018	103	100
Called up share capital	—	—
Net assets at 31 August 2018	103	100

The issued share capital of the company at 31 August 2018 was £2.

15 Investments – Harris Professional Services Limited

The share capital of Harris Professional Services Ltd, a company registered in England and Wales (company number 08002423), was issued to the company on 22 March 2012. The company is used for the provision of staff and support to Chobham Academy.

	2018 £'000	2017 £'000
Turnover	8,026	7,487
Cost of sales	(7,361)	(6,793)
Gross profit	665	694
Administrative expenses	(665)	(694)
Retained profit at 31 August 2018	—	—
Retained profits brought forward at 1 September 2017	—	—
Retained profits carried forward at 31 August 2018	—	—
Called up share capital	—	—
Net assets at 31 August 2018	—	—

The issued share capital of the company at 31 August 2018 was £1 and represented its net assets at that date.

16 Debtors

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade debtors	1,541	794	3,776	1,370
Prepayments	1,548	1,548	1,691	1,691
Sundry debtors	3,188	3,178	3,793	3,793
Amount due from subsidiary undertakings	—	772	—	2,145
VAT recoverable	597	596	3,518	3,518
Grant and other income	5,227	5,227	6,310	6,310
	12,101	12,115	19,088	18,827

17 Creditors: amounts falling due within one year

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade creditors	3,231	3,229	7,058	7,058
Taxation and social security	3,057	3,057	2,973	2,736
Other creditors	4,167	4,167	4,227	4,211
ESFA creditor: Abatement of GAG	2,277	2,277	4,269	4,269
Accruals and deferred income	16,091	16,091	14,080	14,055
Retention building costs	651	651	1,131	1,131
	29,474	29,472	33,738	33,460

17 Creditors: amounts falling due within one year (continued)

Deferred income

	2018 £'000	2017 £'000
Deferred income at 1 September 2017	1,678	2,318
Resources deferred in the year	2,197	1,475
Amounts released from previous years	(1,349)	(2,115)
Deferred income at 31 August 2018	2,526	1,678

At the balance sheet date, the Federation was holding funds received in advance for the new academies that opened in September 2018 and devolved formula capital received for 2018-19.

18 Funds

The income funds of the group include restricted funds comprising the following unexpended balances of grants for specific purposes:

	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2018 £'000
General restricted fund					
General Annual Grant (GAG)	1,086	160,012	(157,991)	(98)	3,009
Start Up grants	799	1,078	(1,843)	—	34
Other ESFA grants	840	13,986	(14,825)	—	1
Other restricted funds	738	20,572	(21,646)	336	—
Pension reserve	(36,352)	(4,204)	(6,936)	14,783	(32,709)
	(32,889)	191,444	(203,241)	15,021	(29,665)
Fixed asset fund					
Fixed asset fund	422,819	96,954	(15,130)	(238)	504,405
	422,819	96,954	(15,130)	(238)	504,405
Total restricted funds	389,930	288,398	(218,371)	14,783	474,740
Unrestricted funds	5,645	4,129	(4,084)	—	5,690
Total funds	395,575	292,527	(222,455)	14,783	480,430

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

General Annual Grant (GAG)

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

18 Funds (continued)

Other funds

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the development and building of the new academy, assets transferred on conversion and other tangible fixed assets.

Transfers between funds

Transfers from the ESFA General Annual Grant Fund and from general funds to the fixed asset fund relate to fixed assets purchases from these funds.

Notes to the financial statements 31 August 2018

18 Funds (continued)

Analysis of fund balance by academy

Fund balances at 31 August 2018 were allocated as follows:

	2018 £'000	2017 £'000
Harris Aspire Academy	349	347
Harris Academy Battersea	17	—
Harris Academy Beckenham	118	590
Harris Primary Academy Beckenham	—	5
Harris Primary Academy Beckenham Green	148	—
Harris Primary Academy Benson	41	60
Harris Academy Bermondsey	308	358
Harris Academy Bromley	102	150
Harris Junior Academy Carshalton	—	—
Harris Academy Chafford Hundred	11	—
Harris Primary Academy Chafford Hundred	—	23
Harris Primary Academy Coleraine Park	240	58
Harris City Academy Crystal Palace	257	256
Harris Primary Academy Crystal Palace	57	73
Harris Boys' Academy East Dulwich	287	284
Harris Girls' Academy East Dulwich	166	125
Harris Primary Academy East Dulwich	—	29
Harris Academy Falconwood	215	168
Harris Garrard Academy	—	—
Harris Academy Greenwich	31	7
Harris Primary Academy Haling Park	35	32
Harris Invictus Academy Croydon	4	3
Harris Primary Academy Kenley	9	10
Harris Primary Academy Kent House	40	39
Harris Primary Academy Mayflower	4	1
Harris Academy Merton	188	171
Harris Primary Academy Merton	103	85
Harris Academy Morden	9	5
Harris Academy Orpington	74	75
Harris Primary Academy Orpington	59	67
Harris Academy Peckham	13	290
Harris Primary Free School Peckham	185	134
Harris Primary Academy Peckham Park	179	177
Harris Primary Academy Philip Lane	106	105
Harris Academy Purley	4	—
Harris Primary Academy Purley Way	17	12
Harris Academy Rainham	4	5
Harris Academy Riverside	34	—
Harris Primary Academy Shortlands	—	—
Harris Academy South Norwood	21	—
Harris Academy St John's Wood	—	—
Harris Academy Tottenham	—	—
Harris Academy Upper Norwood	—	—
Harris Westminster Sixth Form	49	48
Merton Sports Partnership	290	186
Collective benefit and other Federation funds	4,953	5,034
HCTC	7	96
Total before fixed assets and pension reserve	8,734	9,108
Restricted fixed assets fund	504,405	422,819
Pension liability	(32,709)	(36,352)
Total	480,430	395,575

* includes Harris Academies Project Management Limited and Harris Teaching School Alliance (HIT)

18 Funds (continued)

Analysis of cost by academy

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2018 £'000
Harris Aspire Academy	850	243	70	183	1,346
Harris Academy Battersea	4,597	468	267	1,010	6,342
Harris Academy Beckenham	4,518	648	227	926	6,319
Harris Primary Academy Beckenham	561	104	56	210	931
Harris Primary Academy Beckenham Green	820	324	34	187	1,365
Harris Primary Academy Benson	1,088	312	51	365	1,816
Harris Academy Bermondsey	3,989	665	181	1,496	6,331
Harris Academy Bromley	3,157	598	145	927	4,827
Harris Junior Academy Carshalton	1,141	175	49	256	1,621
Harris Academy Chafford Hundred	4,621	770	115	1,109	6,615
Harris Primary Academy Chafford Hundred	1,957	419	135	465	2,976
Harris Primary Academy Coleraine Park	1,791	272	40	489	2,592
Harris City Academy Crystal Palace	5,067	1,771	214	1,321	8,373
Harris Primary Academy Crystal Palace	1,678	227	129	438	2,472
Harris Boys' Academy East Dulwich	3,986	606	219	916	5,727
Harris Girls' Academy East Dulwich	4,508	445	218	1,074	6,245
Harris Primary Academy East Dulwich	846	143	51	254	1,294
Harris Academy Falconwood	4,117	626	137	778	5,658
Harris Garrard Academy	5,440	853	285	3,113	9,691
Harris Academy Greenwich	5,508	755	193	854	7,310
Harris Primary Academy Haling Park	785	165	81	273	1,304
Harris Invictus Academy Croydon	2,648	579	147	517	3,891
Harris Primary Academy Kenley	1,422	276	76	392	2,166
Harris Primary Academy Kent House	1,730	250	98	492	2,570
Harris Primary Academy Mayflower	1,283	359	70	545	2,257
Harris Academy Merton	4,767	982	231	1,269	7,249
Harris Primary Academy Merton	2,080	370	88	496	3,034
Harris Academy Morden	3,481	602	154	592	4,829
Harris Academy Orpington	4,012	716	129	1,145	6,002
Harris Primary Academy Orpington	1,534	321	99	487	2,441
Harris Academy Peckham	4,067	968	175	805	6,015
Harris Primary Free School Peckham	1,422	223	125	339	2,109
Harris Primary Academy Peckham Park	1,620	252	108	495	2,475
Harris Primary Academy Philip Lane	1,614	322	70	493	2,499
Harris Academy Purley	4,121	780	176	775	5,852
Harris Primary Academy Purley Way	287	101	37	161	586
Harris Academy Rainham	3,870	548	253	1,054	5,725
Harris Academy Riverside	518	95	31	331	975
Harris Primary Academy Shortlands	747	139	73	220	1,179
Harris Academy St John's Wood	6,957	1,086	261	2,349	10,653
Harris Academy South Norwood	7,574	1,372	325	1,899	11,170
Harris Academy Tottenham	3,301	471	156	755	4,683
Harris Westminster Sixth Form	2,204	357	28	829	3,418
Merton Sports Partnership	204	—	—	226	430
Collective benefit fund and Federation	4,780	6,936	20	2,006	13,742
HCTC	—	—	—	84	84
HPS	6,411	903	—	—	7,314
HIT	584	102	65	2,073	2,824
Company total	134,263	29,699	5,892	37,473	207,327

18 Funds (continued)

Comparative information

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

	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2017 £'000
General restricted fund					
General Annual Grant (GAG)	2,900	139,652	(141,914)	448	1,086
Start Up grants	1,462	1,147	(1,810)	—	799
Other ESFA grants	1,047	12,666	(12,873)	—	840
LEA and other grants	175	11,929	(12,104)	—	—
Other restricted funds	771	3,255	(3,288)	—	738
Pension reserve	(38,601)	(4,410)	(5,077)	11,736	(36,352)
	(32,246)	164,239	(177,066)	12,184	(32,889)
Fixed asset fund					
Fixed asset fund	379,282	55,915	(11,930)	(448)	422,819
Total restricted funds	347,036	220,154	(188,996)	11,736	389,930
Unrestricted funds	4,814	4,076	(3,245)	—	5,645
Total funds	351,850	224,230	(192,241)	11,736	395,575

19 Analysis of net assets between funds

Group	General fund £'000	Restricted funds		Total 2018 £'000
		General £'000	Fixed asset fund £'000	
Fund balances at 31 August 2018 are represented by				
Tangible fixed assets	—		504,405	504,405
Current assets	5,690	32,518	—	38,208
Current liabilities	—	(29,474)	—	(29,474)
Pension scheme liability	—	(32,709)	—	(32,709)
Total net assets	5,690	(29,665)	504,405	480,430

20 Members' liability

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

21 Pension and similar obligations

The Federation'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 a number of Local Authorities in the London borough's and counties in which the Federation operates. Both are multi-employer defined benefit schemes.

21 Pension and similar obligations (continued)

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

Contributions amounting to £60,187 were payable to the schemes at 31 August 2018 (2017 - £1,732,000) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £13,998,000 (2017 - £10,473,000).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £6,866,000 (2017 - £5,616,000), of which employer's contributions totalled £5,082,000 (2017 - £4,121,000) and employees' contributions totalled £1,784,000 (2017 - £1,495,000). The agreed contribution rates for future years are between 7.2% and 25.5% for employers and between 5.5% and 12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.4%	3.6%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	2.7%	2.5%
Inflation assumption (CPI)	2.2%	2.3%

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.5	25.3
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	27.5	27.4

The sensitivity of the present value of defined benefit obligations is as follows:

	At 31 August 2018 £'000
Discount rate +0.1%	112,518
Discount rate -0.1%	118,361
Mortality assumption – 1 year increase	118,961
Mortality assumption – 1 year decrease	111,927
CPI rate +0.1%	118,072
CPI rate -0.1%	112,810

The Federation's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	50,847	40,213
Gilts	4,949	3,285
Other bonds	8,407	7,252
Property	8,286	5,550
Cash and other liquid assets	1,258	2,325
Other	8,943	3,576
Total market value of assets	82,690	62,201

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual return on scheme assets was £4,420,000 (2017 - £4,639,000).

	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost (including business combinations)	(5,858)	(8,550)
Net interest cost	(1,020)	(541)
Admin expenses	(58)	(107)
Total amount recognised in the SOFA	(6,936)	(9,198)

	2018 £'000	2017 £'000
Movement in deficit during the year		
Deficit at 1 September 2017	(36,352)	(38,601)
Current service cost	(10,697)	(8,550)
Past service cost	(68)	—
Employer contributions	5,082	4,121
Net return on assets	(1,020)	(541)
Administration expense	(58)	(107)
Business combinations	(4,379)	(4,410)
Actuarial (loss) gain	14,783	11,736
Liabilities at 31 August 2018	32,709	(36,352)

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September 2017	98,553	85,649
Conversion of academy trusts	14,090	10,192
Current service cost	10,697	8,550
Past service cost	68	—
Losses on business combinations and curtailments	400	—
Interest cost	2,897	2,054
Employee contributions	1,784	1,495
Actuarial (gain)/loss	(11,752)	(8,610)
Benefits paid	(1,338)	(777)
At 31 August 2018	115,399	98,553

Changes in the fair value of the Federation's share of scheme assets:	2018 £'000	2017 £'000
At 1 September 2017	62,201	47,048
Upon conversion	9,886	5,782
Interest income	1,877	1,513
Actuarial gain	3,030	3,126
Employer contributions	5,082	4,121
Employee contributions	1,784	1,495
Business combinations	226	—
Benefits paid	(1,338)	(777)
Administration expense	(58)	(107)
At 31 August 2018	82,690	62,201

22 Related party transactions

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

Transactions with subsidiary companies

Harris Academies Project Management Limited generated taxable profits of £26,475 (2017 - £5,004) during the year, which it is intended will be donated to the Federation under the gift aid scheme in the 2018/19 financial year. The Federation has recorded this amount as a debtor owed as at 31 August 2018.

HCTC Enterprises Limited generated taxable profits of £23,219 (2017 - £12,386) during the year, which it is intended will be donated to the Federation under the gift aid scheme in the 2018/19 financial year. The Federation has recorded this amount as a debtor owed as at 31 August 2018.

Harris Professional Services Limited is used for the provision of staff from the Federation to Chobham School Academy (Stratford). During the year, the Federation was reimbursed by Harris Professional Services Limited for the cost of staff provided of £7,361,473 (2017 - £7,071,959) and administrative costs of £664,663 (2017 - £693,694). At the balance sheet date, £747,419 was owed to the Federation (2017 - £2,378,879).

Transactions with other connected entities

The transactions with Chobham School Academy (Stratford) were as follows:

	2018			
	Income during the year £'000	Expenditure during the year £'000	Owed at 31 August £'000	Due at 31 August £'000
Harris Federation	504	—	2	142
Harris Professional Services Limited	7,522	—	—	747
	8,026	—	2	889

	2017			
	Income during the year £'000	Expenditure during the year £'000	Owed at 31 August £'000	Due at 31 August £'000
Harris Federation	851	19	25	221
Harris Professional Services Limited	7,487	—	—	2,141
	8,338	19	25	2,362

22 Related party transactions (continued)

Transactions with other related parties

Expenditure of £8,811 (2017 - £14,515) was incurred to purchase goods from Tapi Carpets & Floors Limited, of which Paul Jacobs is a director and Philip Saunders was a director until May 2017. Lord Harris, Paul Jacobs and Philip Saunders have an interest in the company. These goods were purchased at cost and a statement of assurance has been received.

23 Capital commitments

At 31 August 2018 the group had the following capital commitments:

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	3,717	4,071

The above capital commitments will be met from DfE capital grants to be received in future years.

24 Commitments under operating leases and PFI arrangements

Operating leases

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

Land and buildings	2018 £'000	2017 £'000
Amounts due within one year	634	217
Amounts due between two and five years inclusive	2,665	869
Amounts due after five years	525	742
	<u>3,824</u>	<u>1,828</u>
Other	2018 £'000	2017 £'000
Amounts due within one year	528	610
Amounts due between two and five years inclusive	790	1,288
Amounts due after five years	479	747
	<u>1,797</u>	<u>2,645</u>

24 Commitments under operating leases and PFI arrangements (continued)

Academies with Private Finance Initiative (PFI)

Harris Academy Morden joined the Federation on 1 March 2013. Its main school building was financed under a PFI arrangement which also provides services to the school including cleaning and catering. The school pays an annual amount based on pupil numbers which will run until 2030. In the year ended 31 August 2018, £398,000 (2017 - £363,000) of costs relating to this has been recognised in expenditure, being included in the total operating lease rentals figure in note 5.

At 31 August 2018, the total of the Federation's future minimum payments under PFI arrangements was as follows:

Land and buildings	2018 £'000	2017 £'000
Amounts due within one year	417	419
Amounts due between two and five years inclusive	1,796	1,816
Amounts due after five years	2,022	3,732
	4,235	5,967

25 Post balance sheet events

From September 2018, 3 new academies joined the Federation: Harris Professional Skills Sixth Form, Harris Academy Wimbledon and Harris Academy Sutton. The operations, buildings, pension obligations and fund balances from these converters were transferred to the Federation for £nil consideration.

26 Agency arrangements

The Federation distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £496,728 (2017 - £488,489) and disbursed £484,902 (2017 - £494,998) from the fund. An amount of £508,947 (2017 - £421,025) is included in Other Creditors relating to undistributed funds that will be distributed in 2018/19.

27 Transfer of academies to the Federation

During the year ended 31 August 2018, four academies joined the Federation; Harris Primary Academy Beckenham Green; Harris Garrard Academy; Harris Academy Riverside; and Harris Academy St. John's Wood. Of these, Harris Academy Riverside is a free school, with the remaining being converted academies. The operations, buildings, pension obligations and fund balances from these converters were transferred to the Federation for £nil consideration.

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

27 Transfer of academies to the Federation (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Leasehold buildings	—	—	1,409	1,409
Freehold buildings	—	—	81,078	81,078
Other fixed assets	—	—	646	646
Budget surplus on LA funds	1,611	—	—	1,611
LGPS pension deficit	—	(4,204)	—	(4,204)
Net assets/(liabilities)	1,611	(4,204)	83,132	80,540

Harris Primary Academy Beckenham Green

On 1 September 2017 Harris Primary Academy Beckenham Green transferred to the Federation.

	Unrestricted funds £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Leasehold buildings	—	1,409	1,409
Budget surplus on LA funds	247	—	247
Net assets	247	1,409	1,656

Harris Garrard Academy

On 1 September 2017 Harris Garrard Academy transferred to the Federation.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Freehold buildings	—	—	25,867	25,867
Other fixed assets	—	—	434	434
Budget surplus on LA funds	509	—	—	509
LGPS pension deficit	—	(1,771)	—	(1,771)
Net assets/(liabilities)	509	(1,771)	26,301	25,039

Harris Academy St. John's Wood

On 1 September 2017 Harris Academy St. John's Wood transferred to the Federation.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Freehold buildings	—	—	55,211	55,211
Other fixed assets	—	—	212	212
Budget surplus on LA funds	855	—	—	855
LGPS pension deficit	—	(2,433)	—	(2,433)
Net assets/(liabilities)	855	(2,433)	55,423	53,845

27 Transfer of academies to the Federation (continued)

Harris Academy Riverside

Harris Academy Riverside had no balances transferred on opening on 1 September 2017.

28 Teaching School trading account

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Income				
<i>Direct income</i>				
. Other income	2,222		2,040	
<i>Other income</i>				
. Fundraising and other trading activities	92		27	
Total income		2,314		2,067
Expenditure				
<i>Direct costs</i>				
. Direct staff costs	718		615	
. Other direct costs	425		691	
Total direct costs		1,143		1,306
<i>Other costs</i>				
. Support staff costs	297		191	
. Technology costs	—		1	
. Recruitment and support	61		—	
. Security and support	—		6	
. Other support costs	348		418	
		706		616
Total expenditure		1,849		1,922
(Deficit) surplus from all sources		465		145
Teaching school balances at 1 September 2017		378		233
Teaching school balances at 31 August 2018		843		378