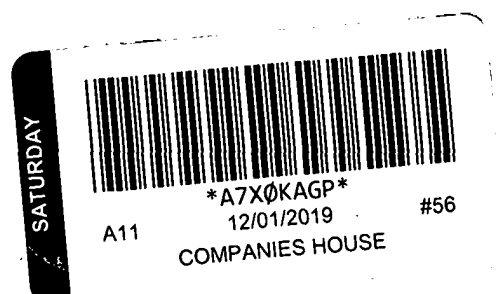


**Hartismere Family of Schools
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018**



**Company Registration Number: 07341583
(England and Wales)**



HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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HARTISMERE FAMILY OF SCHOOLS
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Marion Ravenhill Barbara Bailey Neil Cave Sara Michell Christopher Aldous
Trustees	Marion Ravenhill, Chair Dr John Battersby Christopher Aldous Simon Hooton Lee Macdonald James McAtear Nicholas Roche (appointed 1 September 2018)
Company registered number	07341583
Company name	Hartismere Family of Schools
Principal and registered office	Castleton Way Eye Suffolk IP23 7BL
Company secretary	Deborah Ebbage
Chief executive officer	James McAtear
Chief finance officer	Deborah Ebbage
Local Governing Board	Claire Jones Dr Christina Odams Ian Portway Richard Miller
Independent auditors	CG LEE LIMITED Chartered Certified Accountants Ingram House Meridian Way Norwich Norfolk NR7 0TA
Bankers	Lloyds Bank Cornhill North Ipswich Branch 13 Cornhill Ipswich IP1 1DG

HARTISMERE FAMILY OF SCHOOLS
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors	Stone King LLP Wellington House East Road Cambridge CB1 1BH
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HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Hartismere Family of Schools' trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both the trustees' report and a directors' report under company law.

Hartismere School gained approval to become a multi academy trust in December 2015 and following this Benjamin Britten Academy of Music and Mathematics joined the trust in May 2016 as a sponsored academy. In April 2018 Woods Loke Primary School also joined the trust as a converter academy. The trust currently operates two secondary schools and one primary school, Hartismere School for pupils aged 11-19, Benjamin Britten Academy of Music and Mathematics for pupils aged 11-16 and Woods Loke Primary School for pupils aged 3-11. All schools are located in north Suffolk. Its academies had a combined pupil roll of 2,257 in the summer term 2018.

Structure, Governance and Management

Constitution

The academy is a company limited by guarantee (registration number 07341583) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Hartismere Family of Schools are also the directors of the charitable company for the purposes of law. The charitable company is known as Hartismere Family of Schools.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1-2.

Members' Liability

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

Trustees' Indemnities

The academies within the trust are covered by the Risk Protection Arrangement scheme through the Education and Skills Funding Agency to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. There were no provisions required for third party indemnity during the period.

Method of Recruitment and Appointment or Election of Trustees

The management of the company is the responsibility of the trustees who are appointed under the terms of the articles of association by the members. Trustees have been elected and co-opted on the basis of their skills and experience.

Trustees are subject to retirement after a term of 4 years, after the term they are eligible for re-election. The make-up of the members and trustees includes experienced professionals, who have an excellent understanding of the operational and legal requirements of running an establishment such as Hartismere Family of Schools.

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Policies & Procedures Adopted for the Induction and Training of Trustees

During the period under review, the trustees held 3 full governing body meetings and 3 local governor body meetings.

The trust ensures that all new trustees receive an induction from the chair of trustees and/or the chief executive officer. They are given a tour of the academies and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. Trustees carry out an annual review of the composition of the board in terms of skills, effectiveness, leadership and impact. Any areas of weaknesses identified would be addressed through recruitment, training or other development activities. Training is recorded and reviewed on a regular basis to ensure the appropriate training is arranged for new and existing trustees.

No expenses were claimed during the period.

Organisational Structure

The trust has established a structure which consists of 3 levels: the members; the trustees and local governors. Committees also exist and have clear delegated responsibilities approved by the board on an annual basis.

The chief executive officer is the accounting officer.

The members:

- are the subscribers to the trust's memorandum of association
- may amend the articles of association subject to any restrictions
- may appoint new members or remove existing members
- have powers to appoint and remove trustees
- may, by special resolution, issue direction of the trustees to take specific action
- appoint the trust's auditor and receive the trust's audited annual accounts
- have the power to change the name of the company and, ultimately, wind up the academy trust

Trustees focus on the three core functions of governance:

- ensuring clarity of vision, ethos and strategic direction
- holding executive leaders to account for the educational performance of the organisation and its pupils, and the performance management staff
- overseeing and ensuring effective financial outcomes

Trustees ensure regularity and propriety in the use of the trust's funds, and achieve economy, efficiency and effectiveness i.e. value for money.

The trustees are responsible for setting general policy, adopting an annual plan and balanced budget, monitoring the company's financial performance and educational outcomes, capital expenditure, making senior staff appointments and approving major investment programmes.

The board has delegated functions to the following committees:

- finance and audit
- performance and steering
- hearings
- appeals
- pupil discipline
- admissions

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Woods Loke Primary School have powers delegated to them for operational and budgetary matters through the Scheme of Delegation which is reviewed at least annually.

The local governing bodies at Hartismere School and Woods Loke Primary School are made up of a mix of local people including staff and parents. They have responsibilities delegated to them by the trustees which are detailed in the scheme of delegation document. This allows a focus on achievement and progress at a local level. There is no local governing body at Benjamin Britten at the present time.

Each layer of the organisation is structured according to a set of terms of reference with associated delegation of authority for all decision making matters. Each group meets regularly throughout the academic year through a series of structured and systematic meetings.

There are senior leadership teams at each academy. These teams are responsible for the day to day operation of the academies, in particular organising the teaching staff, facilities and students.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel for the trust are appointed by the trustees. Decisions for setting pay follow a robust evidence based process reflective of the individual's role and responsibilities.

In accordance with the approved terms of reference the performance committee together with the School Improvement Partner carry out the CEO's professional development review setting objectives and targets for the academic year ahead and ensuring the degree of challenge has been taken into account. The performance committee recommends to the board any proposed pay increase for formal discussion and approval. The board ensures that decisions about executive pay reflect independent and objective scrutiny and that conflicts of interest are avoided. Trustees ensure that the pay of the CEO is defensible relative to the public sector market and that the rationale behind the decision making reflects value for money and is recorded and retained in accordance with the Academies Financial Handbook.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
None	211.5

Percentage of time spent on facility time

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

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£7,327,189
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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Related Parties and other Connected Charities and Organisations

- The trust has continued to work with Schools Direct to provide Initial Teacher Training
- Hartismere School is a founding member of the Suffolk Academies Forum
- Hartismere School is a partner of a Teaching School named 'Encompass'

Objectives and Activities

Objectives and Aims

The trust aims to provide the best teaching and learning opportunities for the students possible.

It further aims to create opportunities for young people to learn to be givers to their community.

Its objective is to develop well-balanced young people who have their minds as sharp as possible but who recognise their responsibilities to make a real contribution to their communities.

Objectives, Strategies and Activities

The following is a brief summary of some of the main objectives of the trust during the period:

Hartismere Family of Schools

- To complete sponsorship of Somerleyton Primary School
- To scale up the range of centralised services including finance, computing, legal and site maintenance

Hartismere School

- Raising the funds to implement the plan to erect a squash court for school and community use
- Raising the funds to create a suite of sixth form student toilets which allow these to be used individually and which reach an exceptionally high standard
- Achieving a Progress 8 score in excess of +0.2
- Raising the percentage of GCSE 5 - 9 grades for English and Maths to a figure in excess of 65%
- Raising the percentage of GCSE 4 - 9 grades for English and Maths to a figure in excess of 75%

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- Maintaining Sixth form numbers in excess of 190
- Implementing curriculum changes PE, MFL and Science

Benjamin Britten Academy

- Raising the Progress 8 score to better than +0.06

Woods Loke Primary

- Increasing all scores at all key stages to above average levels

Public Benefit

The trustees apply the highest standards of governance and take full ownership of their duties. Trustees ensure that they comply with the trust's charitable objects, with company and charity law, and with their funding agreement.

A summary of their duties are to:

- act within their powers
- promote the success of the company
- exercise independent judgement
- exercise reasonable care, skill and diligence
- avoid conflicts of interest
- not to accept benefits from third parties
- declare interest in proposed transactions or arrangement

Trustees have due regard at all times to the Charity Commission's published guidance (Charity Commission website at Charities and Public Benefit) on public benefit and refer to this guidance when reviewing our aims, strategies and in planning future activities. All activities undertaken by the academy are for the public benefit.

Strategic Report

The following is a brief summary of some of the main achievements and performance of the trust during the period:

Hartismere Family of Schools

- Academy orders have been granted for Somerleyton Primary School

Hartismere School

- Sixth form numbers fell to below 190
- The school continues to be oversubscribed in every year group
- Progress 8 score of +0.27
- 65% of students achieved 5 – 9 grades in English and Mathematics
- 81% of students achieved 4 – 9 grades in English and Mathematics
- Sixth Form progress score of 1.01 achieved

Benjamin Britten Academy

- The best progress score in the academy's history achieved at +0.06, one of the largest improvements in the region
- Intake increased from 91 two years ago to 257 this year

Woods Loke Primary

- Recently achieved Ofsted Good rating

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Achievements and Performance

Key Performance Indicators

Hartismere School converted to academy status on 1 September 2010. The school has been rated "outstanding" twice by OFSTED in February 2010 and November 2014. Approval was given in December 2015 for the school to become a multi academy trust and at the same time changed its name to Hartismere Family of Schools. Benjamin Britten Academy joined the trust on 1 May 2016 and Woods Loke Primary on 1 April 2018.

The total number of students on roll across the trust in the summer term 2018 numbered 2,257. From 1 September 2010 the academy has a PAN (Pupil Admissions Number) each year of 140.

Hartismere School

Examination results for 2018 were the second highest in Suffolk.

- At A and AS level candidates achieved an average of over 212 points per entry.
- At GCSE over 81% of grades were 9-4 in English and Mathematics and 95% of students achieved 5 or more passes at this level.

Benjamin Britten Academy

Examination results for 2018 were much improved on 2017.

- Expected pupil numbers for 2018 entry are 257, a 150% increase.

Woods Loke Primary

A recently achieved Ofsted Good has acknowledged the hard work and success of the Headteacher and Governing Body as well as the staff and children at the school

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies. The trust is in expectation of estimated funding to accommodate one of the largest increases in numbers experienced in a school in Suffolk.

Financial Review

Most of the academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education and Skills Funding Agency (ESFA) during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy has also been in receipt of capital grants from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such 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 expenditure of £12,295,208 was covered by recurrent grant funding together with other income. The excess of income over expenditure for the year before pension and restricted fixed assets was £143,706 represented by an increase of restricted general funds of £157,649 (excluding pension reserve) and a reduction in unrestricted funds of £13,943.

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Reserves balances were held at 31 August 2018 of deficit £115,772 restricted general funds (excluding pension reserve) and surplus £16,715 unrestricted funds totalling a deficit of £99,057.

At 31 August 2018 the net book value of fixed assets was £26,243,908 and movements in intangible and tangible fixed assets are shown within notes 15 and 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

In accordance with FRS 102, the academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2018 and supporting note to the accounts number 26.

Reserves Policy

The Academy held fund balances at 31 August 2018 of £24,483,692 comprising of £16,715 in unrestricted funds, £115,772 deficit in restricted general funds, £26,210,749 in the restricted fixed asset fund and a £1,628,000 deficit on the pension fund.

The total of restricted and unrestricted general funds held at 31 August 2018 was a deficit of £99,057.

The reserve levels of each academy are closely monitored to ensure that financial commitments can be met. The trust will not allow any bank accounts to go overdrawn.

Investment Policy

The trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations for the direct benefit of its students. Any investments held will be included in the financial statements.

Principal Risks and Uncertainties

The trustees have assessed the major risks to which the trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust and its finances. The trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover by opting into the Risk Protection Arrangement scheme operated by the Education and Skills Funding Agency. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Schools' Choice as the Responsible Officer. On a termly basis an independent review of the financial systems is undertaken, and a written report provided giving feedback on how the trust's financial affairs are being discharged. The written report includes action points identifying any areas for improvement.

This provides the governing body with assurance that:

- the financial responsibilities of the governing body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

HARTISMERE FAMILY OF SCHOOLS
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

As a multi academy trust, the level of financial risk mainly occurs around certainty of year on year funding, cash flow and actuarial assessed pension fund deficit.

The trustees have identified these areas and manage the impact of cash flow by monitoring monthly cash flows projected on a regular basis against actual cash flows and bank balances. Future budgets are monitored in line with staffing levels/costs.

Fundraising

Trustees have overall responsibility and accountability for the fundraising within the trust.

Trustees operate effective control by:

- setting the trust's approach to fundraising
- ensuring fundraising conforms to recognised standards
- acting in the best interests of the trust
- having robust financial controls in place and risks managed
- protecting vulnerable people from undue pressure to donate

The students within the trust carry out fundraising activities and the funds are then donated to their chosen charities. Hartismere Family of Schools has now supported more than 100 charities, 'The Hartismere Hundred', with donations of more than £100k. The trust does not work with any commercial participators/professional fundraisers. Trustees refer to the Charity Commission publication "Charity fundraising: a guide to trustee duties CCC20)" for guidance.

Plan For Future Periods

Hartismere Family of Schools

- To raise sufficient sums to build a new Sports Hall and Theatre
- To raise sufficient funds to renew the schools' toilet facilities for sixth formers
- To implement the system of comprehensive Initial Assessment planned in full
- To achieve 9 – 5 levels for both Mathematics and English that is more than 5% above the national average
- To achieve over 213 points per entry at Sixth Form
- To achieve a fifth consecutive ALPS score in the outstanding range for the Sixth Form
- To implement a programme of lectures and outside speakers in the Sixth Form in conjunction with the General Studies course
- To establish a rotation programme of enrichment activities for all students in year 12
- To develop intervention lessons in some Sixth Form subject areas
- To develop the area at the back of the Sixth Form block as a garden space

Benjamin Britten Academy

- To develop the quality of the school's grounds
- To remain oversubscribed despite a falling local demographic
- To implement the Music Specialists schools plan
- To ensure that the school is properly funded in view of its sharply rising numbers

Woods Loke Primary

- To develop the physical learning spaces to the highest standards at the school and to ensure standards

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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

of literacy are high

Funds Held as Custodian Trustee on Behalf of Others

The academy trust does not hold any funds on behalf of others.

Auditor

In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees on 17 December 2018 and signed on the Board's behalf by:

Signed



Marion Ravenhill, Chair
Chair of Trustees

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the 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 Hartismere Family of Schools and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Marion Ravenhill, Chair	3	3
Dr John Battersby	2	3
Christopher Aldous	3	3
Simon Hooton	3	3
Lee Macdonald	3	3
James McAtear	3	3

There were no changes to the board during the period.

The Local Governing Bodies met during the period and attendance was as follows:

Benjamin Britten Academy

A Local Governing Body at Benjamin Britten Academy is not yet established.

Hartismere School

Local Governor	Meetings attended	Out of a possible
Ian Portway	3	3
Christina Odams	2	3
Claire Jones	3	3
Richard Miller	3	3
James McAtear (CEO and Accounting Officer)	2	3
Barbara Bailey (Member)	3	3
Christopher Aldous (Member)	2	3
Lee Macdonald (Trustee)	1	3

Woods Loke Primary

Local Governor	Meetings attended	Out of a possible
Phil Humphrey	2	2
Cindy Peek	1	2
Shirley Slade	2	2

HARTISMERE FAMILY OF SCHOOLS
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GOVERNANCE STATEMENT (continued)

Sarah Agger	1	2
Nicola Rowland	1	2
Chris Comyn	1	2
Andrew White	0	2
Steven Wood	1	2
Alison Norman	0	2
Joel Crawley (Headteacher)	2	2

Review of Value for Money

As accounting officer, the chief executive officer has responsibility for ensuring that the academy delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy has delivered improved value for money during the year by:

- ensuring good, robust financial governance and oversight
- regular review of controls and risk management
- maximising income generation
- economic, efficient and effective use of resources
- the avoidance of waste
- prudent and economical administration
- raising student attainment

As a multi academy trust savings have been made using economies of scale with purchases and by centralising the trust's finances. Cleaning services across the trust have been re-assessed and following a tendering process contracted out for Hartismere School and Benjamin Britten. In conjunction with Vertas utility costs continue to be monitored with the aim of achieving savings across the trust. Toolkits provided by the ESFA have also proved extremely beneficial.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hartismere Family of Schools for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

HARTISMERE FAMILY OF SCHOOLS
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GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

The academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has procured the Responsible Officer Support Service from Schools' Choice.

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

- Payroll
- Purchasing
- Petty Cash
- Income Controls
- Monitoring & Review
- Governance
- Planning Cycle & Budget
- Inventory & Security
- Tax
- Data Security
- Insurance

On a termly basis, the responsible officer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The responsible officer has delivered their schedule as planned for the year ended 31 August 2018 in line with the ESFA's requirements. There were no material control issues arising as a result of the responsible officer's work.

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

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

HARTISMERE FAMILY OF SCHOOLS
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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the board of trustees on 17 December 2018 and signed on their behalf,
by:



Marion Ravenhill
Chair of Trustees



James McAtear
Accounting Officer

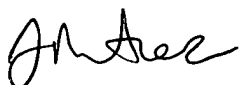
HARTISMERE FAMILY OF SCHOOLS
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



James McAtear
Accounting Officer

Date: 17 December 2018

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who act as governors of Hartismere Family of Schools and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 17 December 2018 and signed on its behalf by:



Marion Ravenhill
Chair of Trustees

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARTISMERE FAMILY OF SCHOOLS**

Opinion

We have audited the financial statements of Hartismere Family of Schools (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the academy trust had net current liabilities of £110,777 at 31 August 2018. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARTISMERE FAMILY OF SCHOOLS**

on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARTISMERE FAMILY OF SCHOOLS**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.



CG LEE LIMITED

Chartered Certified Accountants
Statutory Auditor

Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA
17 December 2018

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HARTISMERE FAMILY OF SCHOOLS AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hartismere Family of Schools during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Hartismere Family of Schools' accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hartismere Family of Schools's funding agreement with the Secretary of State for Education dated 1 September 2010, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

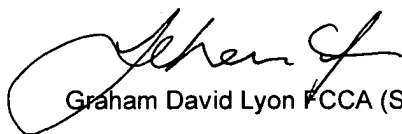
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HARTISMERE FAMILY OF SCHOOLS AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

Conclusion

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



Graham David Lyon FCCA (Senior statutory auditor)

For and on behalf of CG LEE LIMITED

Chartered Certified Accountants
Statutory Auditor

Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

17 December 2018

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	2,341	127,183	499,804	629,328	29,374
Charitable activities	3	-	9,903,578	-	9,903,578	8,840,491
Other trading activities	4	510,366	401,106	-	911,472	829,731
Investments	5	325	-	-	325	448
Transfer from local authority on conversion	30	-	(350,000)	5,276,388	4,926,388	-
TOTAL INCOME		513,032	10,081,867	5,776,192	16,371,091	9,700,044
EXPENDITURE ON:						
Raising funds		375,748	109,405	-	485,153	446,959
Charitable activities	6	149,932	10,294,932	1,365,191	11,810,055	10,394,357
TOTAL EXPENDITURE	8	525,680	10,404,337	1,365,191	12,295,208	10,841,316
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	21	(12,648) (1,295)	(322,470) (47,881)	4,411,001 49,176	4,075,883 -	(1,141,272) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(13,943)	(370,351)	4,460,177	4,075,883	(1,141,272)
Actuarial gains on defined benefit pension schemes	26	-	528,000	-	528,000	1,190,000
NET MOVEMENT IN FUNDS		(13,943)	157,649	4,460,177	4,603,883	48,728
RECONCILIATION OF FUNDS:						
Total funds brought forward		30,658	(1,901,421)	21,750,572	19,879,809	19,831,081
TOTAL FUNDS CARRIED FORWARD		16,715	(1,743,772)	26,210,749	24,483,692	19,879,809

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)
REGISTERED NUMBER: 07341583

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Intangible assets	15		17,547		27,515
Tangible assets	16		26,226,361		21,785,919
			<u>26,243,908</u>		<u>21,813,434</u>
CURRENT ASSETS					
Stocks	17	13,879		16,951	
Debtors	18	343,385		180,300	
Cash at bank and in hand		538,587		181,718	
		<u>895,851</u>		<u>378,969</u>	
CREDITORS: amounts falling due within one year	19	(1,006,628)		(638,209)	
NET CURRENT LIABILITIES			<u>(110,777)</u>		<u>(259,240)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			26,133,131		21,554,194
CREDITORS: amounts falling due after more than one year	20		(21,439)		(41,385)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			26,111,692		21,512,809
Defined benefit pension scheme liability	26		<u>(1,628,000)</u>		<u>(1,633,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>24,483,692</u>		<u>19,879,809</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	21	(115,772)		(268,421)	
Restricted fixed asset funds	21	26,210,749		21,750,572	
Restricted income funds excluding pension liability		26,094,977		21,482,151	
Pension reserve		<u>(1,628,000)</u>		<u>(1,633,000)</u>	
Total restricted income funds			24,466,977		19,849,151
Unrestricted income funds	21		16,715		30,658
TOTAL FUNDS			<u>24,483,692</u>		<u>19,879,809</u>

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 23 to 56 were approved by the trustees, and authorised for issue, on 17 December 2018 and are signed on their behalf, by:

Marion Ravenhill
Chair of Trustees



HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	23	<u>(1,913)</u>	<u>(157,247)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		325	448
Purchase of tangible fixed assets		(240,594)	(264,657)
Capital grants from DfE Group		629,328	19,075
Purchase of intangible fixed assets		<u>(6,735)</u>	<u>(15,036)</u>
Net cash provided by/(used in) investing activities		<u>382,324</u>	<u>(260,170)</u>
Cash flows from financing activities:			
Repayments of borrowings		<u>(23,542)</u>	<u>(23,542)</u>
Net cash used in financing activities		<u>(23,542)</u>	<u>(23,542)</u>
Change in cash and cash equivalents in the year		356,869	(440,959)
Cash and cash equivalents brought forward		<u>181,718</u>	<u>622,677</u>
Cash and cash equivalents carried forward	24	<u><u>538,587</u></u>	<u><u>181,718</u></u>

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Hartismere Family of Schools constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The trustees make the 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 with concern over any material uncertainties detailed below. The trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

At the year ended 31 August 2018 the academy trust had a net deficit on general restricted funds (including the pension deficit) of £1,743,772. In addition the academy trust had net current liabilities of £110,777 at 31 August 2018. This net deficit was as a result of an unexpected increase in pupil numbers at the Benjamin Britten Music and Mathematics Academy, where 150 additional pupils are yet to be funded through the Education and Skills Funding Agency. An application for estimated funding has been made to the Education and Skills Funding Agency for 2018/19 and the trustees anticipate that this funding will help to resolve the deficit going forward. The situation is closely monitored by the chief finance officer who produces regular reports for review by the chief accounting officer and trustees. This allows key management decisions to be made and appropriate actions to be taken in order to secure the trust's sustainability. The Education and Skills Funding Agency are aware of the position and as relevant actions are being taken by the trust, the trustees consider the trust is able to continue as a going concern. In addition, budgets have been prepared to 31 August 2019 which indicate that the academy trust has adequate resources to continue in operational existence for the next academic year. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Purchased computer software - 33%

HARTISMERE FAMILY OF SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Buildings (Hartismere)	-	2%
Freehold Main School Buildings (Hartismere)	-	3.7%
Historic Cost Assets (Hartismere)	-	12.5%
Lighting Upgrades (Hartismere)	-	5%
Biomass Boiler (Hartismere)	-	7%
Long Leasehold Buildings (Benjamin Britten)	-	2.85%
Furniture and Equipment	-	10%
Freehold Buildings (Woods Loke)	-	2.44%
All Weather Surface Pitches	-	10%
Plant & Machinery (Woods Loke)	-	9.09%
Computer Hardware	-	33%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

HARTISMERE FAMILY OF SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

HARTISMERE FAMILY OF SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 18. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Taxation

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

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to 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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 Fund accounting

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,341	127,183	-	129,524	10,299
Capital Grants	-	-	499,804	499,804	19,075
	<u>2,341</u>	<u>127,183</u>	<u>499,804</u>	<u>629,328</u>	<u>29,374</u>
<i>Total 2017</i>	<u>10,299</u>	<u>-</u>	<u>19,075</u>	<u>29,374</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	8,895,616	8,895,616	8,087,964
Pupil Premium	-	388,094	388,094	328,462
Rates	-	66,483	66,483	61,387
Year 7 Catch Up Grant	-	26,699	26,699	20,341
School Games Organiser	-	24,800	24,800	24,046
National Leaders In Education Grant	-	31,930	31,930	12,000
High Tariff Needs Funding	-	50,179	50,179	31,505
Academy Trips	-	279,348	279,348	245,592
Suffolk CC Challenge Fund	-	-	-	988
PPG LAC Funding	-	10,812	10,812	8,206
National College of Teaching	-	20,000	20,000	20,000
Start Up Grant	-	40,233	40,233	-
PE and Sports Grant	-	8,262	8,262	-
Early Years Funding	-	36,541	36,541	-
Universal Infant Free School Meals	-	24,581	24,581	-
	-	9,903,578	9,903,578	8,840,491
<i>Total 2017</i>	-	8,840,491	8,840,491	

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of Facilities	49,899	-	49,899	40,615
Uniform Sales	6,397	-	6,397	12,030
Product Donations	22,507	-	22,507	12,603
Exam Resits	3,265	-	3,265	396
Music Services Income	12,931	-	12,931	10,909
Fundraising	12,032	720	12,752	16,194
Catering Income	276,158	266	276,424	242,147
NPQML/School Experience Programme	-	6,925	6,925	-
Income from Services Provided	47,611	7,990	55,601	32,597
Items Sold	47,887	-	47,887	84,205
Hospitality Income	-	-	-	891
Head Office Recharge	-	385,205	385,205	365,193
Services to Other Schools	4,770	-	4,770	-
Nursery Lunches	4,409	-	4,409	-
PCGE/Trainee Student Income	22,500	-	22,500	11,951
	<u>510,366</u>	<u>401,106</u>	<u>911,472</u>	<u>829,731</u>
<i>Total 2017</i>	<u>440,004</u>	<u>389,726</u>	<u>829,730</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	325	-	325	448
	<u>-</u>	<u>448</u>	<u>448</u>	
<i>Total 2017</i>	<u>-</u>	<u>448</u>	<u>448</u>	

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

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Academy trust educational operations	149,932	11,660,123	11,810,055	10,394,357
<i>Total 2017</i>	69,461	10,324,896	10,394,357	

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	5,371,892	4,679,764
National insurance	536,082	479,267
Pension cost	1,029,492	929,328
Depreciation	1,099,656	1,020,104
Other Support Costs	1,566,317	1,386,660
	<u>9,603,439</u>	<u>8,495,123</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	880,885	814,715
National insurance	52,154	53,145
Pension cost	186,320	176,600
Technology Costs	42,026	28,623
Premises Costs	527,472	469,885
Other Support Costs	501,609	345,813
Governance Costs	16,150	10,453
	<u>2,206,616</u>	<u>1,899,234</u>
	<u>11,810,055</u>	<u>10,394,357</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	485,153	485,153	446,959
Support costs	-	-	-	-	-
Academy trust educational:					
Direct costs	6,937,466	1,099,655	1,566,318	9,603,439	8,495,123
Support costs	1,119,359	527,472	559,785	2,206,616	1,899,234
	<u>8,056,825</u>	<u>1,627,127</u>	<u>2,611,256</u>	<u>12,295,208</u>	<u>10,841,316</u>
<i>Total 2017</i>	<u>7,132,818</u>	<u>1,489,989</u>	<u>2,218,509</u>	<u>10,841,316</u>	

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy trust educational operations	<u>9,603,439</u>	<u>2,206,616</u>	<u>11,810,055</u>	<u>10,394,357</u>
<i>Total 2017</i>	<u>-</u>	<u>-</u>	<u>-</u>	

Analysis of support costs

	Academy trust educational £	Total 2018 £	Total 2017 £
Staff costs	1,119,359	1,119,359	1,044,460
Technology Costs	42,026	42,026	28,623
Premises Costs	527,472	527,472	469,885
Other Support Costs	501,609	501,609	345,813
Governance Costs	16,150	16,150	10,453
	<u>2,206,616</u>	<u>2,206,616</u>	<u>1,899,234</u>
<i>At 31 August 2017</i>	<u>1,899,234</u>	<u>1,899,234</u>	

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

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	1,082,951	1,005,399
Amortisation of intangible fixed assets	16,704	14,705
Auditors' remuneration - audit	7,250	6,500
Operating lease rentals	62,250	64,388

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	6,193,247	5,402,383
Social security costs	588,236	532,411
Operating costs of defined benefit pension schemes	1,215,812	1,105,928
	<u>7,997,295</u>	<u>7,040,722</u>
Agency staff costs	57,530	41,296
Staff restructuring costs	2,000	50,800
	<u>8,056,825</u>	<u>7,132,818</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	<u>2,000</u>	<u>50,800</u>

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

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £2,000 (2017: £50,800) that was made on 26 January 2018.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	107	106
Administration and support	118	127
Management	6	6
	<u>231</u>	<u>239</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
In the band £100,001 - £200,000	1	1

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

11. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the academy trust comprises of the trustees and the senior management team at each academy. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £233,461 (2017: £249,141).

12. CENTRAL SERVICES

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

- Head office services recharged

The academy charges for these services on the following basis:

The length of time spent per School is apportioned and recharged accordingly.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Hartismere	180,219	175,462
Benjamin Britten	204,986	190,083
	<hr/>	<hr/>
Total	385,205	365,545
	<hr/>	<hr/>

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

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
J McAtear (trustee and chief executive officer)	Remuneration	172,440	156,968
	Pension contributions paid	23,309	25,868

During the year ended 31 August 2018, expenses totalling £5,886 (2017 - £5,886) were reimbursed to 1 Trustee (2017 - 1).

J McAtear received remuneration totalling £100,072 (2017: £96,743) in respect of his role as head teacher within the trust, along with £41,368 (2017: £45,641) in respect of his role as chief executive officer within the trust. In addition to this, J McAtear received payments of £19,000 and £12,000 for School Improvement NLE work from external funding and not from school funds dedicated to the school's activities (2017: £14,584). Much of the School Improvement NLE work was carried out in the 2016/17 academic year.

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim.

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

15. INTANGIBLE FIXED ASSETS

	Develop- ment £
Cost	
At 1 September 2017	46,620
Additions	6,736
	<hr/>
At 31 August 2018	53,356
	<hr/>
Amortisation	
At 1 September 2017	19,105
Charge for the year	16,704
	<hr/>
At 31 August 2018	35,809
	<hr/>
Carrying amount	
At 31 August 2018	17,547
	<hr/>
At 31 August 2017	27,515
	<hr/>

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

16. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £
Cost					
At 1 September 2017	8,257,358	12,635,705	2,862,820	931,653	397,171
Additions	-	-	158,522	-	82,071
Disposals	-	-	-	-	(29,603)
Assets transferred on conversion	-	4,718,792	-	564,008	-
At 31 August 2018	<u>8,257,358</u>	<u>17,354,497</u>	<u>3,021,342</u>	<u>1,495,661</u>	<u>449,639</u>
Depreciation					
At 1 September 2017	1,585,290	354,366	719,955	388,296	250,881
Charge for the year	312,597	305,104	292,829	87,931	84,490
On disposals	-	-	-	-	(29,603)
At 31 August 2018	<u>1,897,887</u>	<u>659,470</u>	<u>1,012,784</u>	<u>476,227</u>	<u>305,768</u>
Net book value					
At 31 August 2018	<u>6,359,471</u>	<u>16,695,027</u>	<u>2,008,558</u>	<u>1,019,434</u>	<u>143,871</u>
At 31 August 2017	<u>6,672,068</u>	<u>12,281,339</u>	<u>2,142,865</u>	<u>543,357</u>	<u>146,290</u>
					Total £
Cost					
At 1 September 2017					25,084,707
Additions					240,593
Disposals					(29,603)
Assets transferred on conversion					5,282,800
At 31 August 2018					<u>30,578,497</u>
Depreciation					
At 1 September 2017					3,298,788
Charge for the year					1,082,951
On disposals					(29,603)
At 31 August 2018					<u>4,352,136</u>
Net book value					
At 31 August 2018					<u>26,226,361</u>
At 31 August 2017					<u>21,785,919</u>

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

17. STOCKS

	2018 £	2017 £
Finished goods and goods for resale	13,879	16,951

18. DEBTORS

	2018 £	2017 £
Other debtors	40,065	8,768
Prepayments and accrued income	217,302	129,426
VAT recoverable	86,018	42,106
	<u>343,385</u>	<u>180,300</u>

19. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	218,113	100,659
Other taxation and social security	163,541	138,069
Other creditors	178,335	146,742
Accruals and deferred income	446,639	252,739
	<u>1,006,628</u>	<u>638,209</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	119,491	107,296
Resources deferred during the year	386,046	119,491
Amounts released from previous years	(119,491)	(107,296)
Deferred income at 31 August 2018	<u>386,046</u>	<u>119,491</u>

At the balance sheet date the academy trust was holding funds received in advance for ESFA rates reimbursed, academy trips and funds received in advance of goods and services.

20. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Other creditors	21,439	41,385

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

20. CREDITORS: Amounts falling due after more than one year (continued)

Included within other creditors due after more than one year are two Salix loans of £21,439 from Suffolk County Council which are provided for lighting upgrades at both Benjamin Britten Academy and Woods Loke Primary School and are repayable over five years.

21. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
General Funds	30,658	513,032	(525,680)	(1,295)	-	16,715
Restricted General Funds						
General Annual Grant (GAG)	(300,535)	9,414,861	(8,880,671)	(382,531)	-	(148,876)
Start Up Grant	-	40,233	(40,233)	-	-	-
Pupil Premium	-	388,094	(388,094)	-	-	-
Other ESFA/DfE Grants	-	145,112	(145,112)	-	-	-
Other Restricted Funds	32,114	443,567	(437,227)	(5,350)	-	33,104
Pension reserve	(1,633,000)	(350,000)	(513,000)	340,000	528,000	(1,628,000)
	<u>(1,901,421)</u>	<u>10,081,867</u>	<u>(10,404,337)</u>	<u>(47,881)</u>	<u>528,000</u>	<u>(1,743,772)</u>
Restricted Fixed Asset Funds						
DfE/ESFA Capital Grants	1,238,695	499,804	(265,536)	-	-	1,472,963
Cap Ex from Grants	426,749	-	-	49,176	-	475,925
Other Capital Income	590,174	-	-	-	-	590,174
Transfer on Conversion	19,494,954	5,276,388	(1,099,655)	-	-	23,671,687
	<u>21,750,572</u>	<u>5,776,192</u>	<u>(1,365,191)</u>	<u>49,176</u>	<u>-</u>	<u>26,210,749</u>
Total restricted funds	<u>19,849,151</u>	<u>15,858,059</u>	<u>(11,769,528)</u>	<u>1,295</u>	<u>528,000</u>	<u>24,466,977</u>
Total of funds	<u>19,879,809</u>	<u>16,371,091</u>	<u>(12,295,208)</u>	<u>-</u>	<u>528,000</u>	<u>24,483,692</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the trust. The following transfers have been made from GAG: £340,000 to the restricted pension fund representing the costs of employer contributions towards the Local Government Pension Scheme and £49,176 to the restricted fixed asset fund, £25,635 for additions and £23,541 representing two Salix loan repayments.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Hartismere School	15,469	62,772
Benjamin Britten Academy	(314,470)	(300,633)
Woods Loke Primary School	173,702	-
Central Services	26,242	97
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	(99,057)	(237,764)
Restricted fixed asset fund	26,210,749	21,750,574
Pension reserve	(1,628,000)	(1,633,000)
	<hr/>	<hr/>
Total	<u>24,483,692</u>	<u>19,879,810</u>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Benjamin Britten	314,470

The trust is carrying a net deficit of £99,057 on restricted general funds (excluding pension reserve) plus unrestricted funds of £16,715 because of the continued rapid increase in pupil numbers at Benjamin Britten which has incurred increased costs for staffing and resources.

The growth level was the second highest of any secondary academy in England granted estimates funding in 2017/18. In 2018/19 this secondary academy is again experiencing the second highest growth percentage in England.

The trust is taking the following action to return these funds to surplus:

A move to estimates funding for 2017/18 was approved and an application has been made for a further second year of estimates funding for 2018/19 to the ESFA. Trustees will continue to monitor and take action as necessary.

The school is currently under funded by approximately £750,000 in comparison to other schools. On a per pupil basis this means that each child is funded at approximately £800 per year less than children in other schools.

Trustees note that the ESFA had given written assurance that estimates funding would be provided during 2018/19 and 2019/20 and this assurance had been fully taken account of in the school's three-year planning.

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

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Hartismere School	3,427,985	372,106	384,239	1,050,550	5,234,880	4,952,574
Benjamin Britten Academy	2,834,620	480,714	243,112	1,242,796	4,801,242	4,504,592
Woods Loke Primary School	572,583	69,987	21,933	121,378	785,881	-
Central Services	102,278	196,552	-	74,719	373,549	364,044
	<u>6,937,466</u>	<u>1,119,359</u>	<u>649,284</u>	<u>2,489,443</u>	<u>11,195,552</u>	<u>9,821,210</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds - all funds	5,514	450,304	(425,160)	-	-	30,658
Restricted General Funds						
General Annual Grant (GAG)	(29,906)	8,453,606	(8,144,085)	(580,150)	-	(300,535)
Pupil Premium	-	328,462	(328,462)	-	-	-
Other ESFA/DfE Grants	1,369	178,473	(179,842)	-	-	-
Other Restricted Funds	24,651	270,126	(262,663)	-	-	32,114
Pension reserve	(2,640,000)	-	(481,000)	298,000	1,190,000	(1,633,000)
	<u>(2,643,886)</u>	<u>9,230,667</u>	<u>(9,396,052)</u>	<u>(282,150)</u>	<u>1,190,000</u>	<u>(1,901,421)</u>

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

Restricted Fixed Asset Funds

DfE/ESFA Capital Grants	1,219,620	19,075	-	-	-	1,238,695
Cap Ex from Grants	144,599	-	-	282,150	-	426,749
Other Capital Income	590,172	-	-	-	-	590,172
Transfer on Conversion	20,515,060	-	(1,020,104)	-	-	19,494,956
	<u>22,469,451</u>	<u>19,075</u>	<u>(1,020,104)</u>	<u>282,150</u>	<u>-</u>	<u>21,750,572</u>
Total restricted funds	<u>19,825,565</u>	<u>9,249,742</u>	<u>(10,416,156)</u>	<u>-</u>	<u>1,190,000</u>	<u>19,849,151</u>
Total of funds	<u>19,831,079</u>	<u>9,700,046</u>	<u>(10,841,316)</u>	<u>-</u>	<u>1,190,000</u>	<u>19,879,809</u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted Funds						
General Funds - all funds	5,514	450,304	(425,160)	-	-	30,658
	-	513,032	(525,680)	(1,295)	-	(13,943)
Restricted General Funds						
General Annual Grant (GAG)	(29,906)	17,868,467	(17,024,756)	(962,681)	-	(148,876)
	-	40,233	(40,233)	-	-	-
Pupil Premium	-	716,556	(716,556)	-	-	-
Other ESFA/DfE Grants	1,369	323,585	(324,954)	-	-	-
Other Restricted Funds	24,651	713,693	(699,890)	(5,350)	-	33,104
Pension reserve	(2,640,000)	(350,000)	(994,000)	638,000	1,718,000	(1,628,000)
	<u>(2,643,886)</u>	<u>19,312,534</u>	<u>(19,800,389)</u>	<u>(330,031)</u>	<u>1,718,000</u>	<u>(1,743,772)</u>

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21. STATEMENT OF FUNDS (continued)

Restricted Fixed Asset Funds

DfE/ESFA Capital Grants	1,219,620	518,879	(265,536)	-	-	1,472,963
Cap Ex from Grants	144,599	-	-	331,326	-	475,925
Other Capital Income	590,172	-	-	-	-	590,172
Transfer on Conversion	20,515,060	5,276,388	(2,119,759)	-	-	23,671,689
	<u>22,469,451</u>	<u>5,795,267</u>	<u>(2,385,295)</u>	<u>331,326</u>	<u>-</u>	<u>26,210,749</u>
	<u>19,825,565</u>	<u>25,107,801</u>	<u>(22,185,684)</u>	<u>1,295</u>	<u>1,718,000</u>	<u>24,466,977</u>
Total of funds	<u>19,831,079</u>	<u>26,071,137</u>	<u>(23,136,524)</u>	<u>-</u>	<u>1,718,000</u>	<u>24,483,692</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	17,547	17,547
Tangible fixed assets	-	-	26,226,361	26,226,361
Current assets	41,683	839,530	14,638	895,851
Creditors due within one year	(24,968)	(955,302)	(26,358)	(1,006,628)
Creditors due in more than one year	-	-	(21,439)	(21,439)
Provisions for liabilities and charges	-	(1,628,000)	-	(1,628,000)
	<u>16,715</u>	<u>(1,743,772)</u>	<u>26,210,749</u>	<u>24,483,692</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	27,515	27,515
Tangible fixed assets	-	-	21,785,919	21,785,919
Current assets	86,950	292,019	-	378,970
Creditors due within one year	(56,293)	(560,440)	(21,477)	(638,210)
Creditors due in more than one year	-	-	(41,385)	(41,385)
Provisions for liabilities and charges	-	(1,633,000)	-	(1,633,000)
	<u>30,657</u>	<u>(1,901,421)</u>	<u>21,750,572</u>	<u>19,879,809</u>

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

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	4,075,883	(1,141,272)
Adjustment for:		
Depreciation charges	1,082,951	1,005,399
Interest receivable	(325)	(448)
(Increase) / decrease in stocks	3,072	4,915
(Increase) / decrease in debtors	(163,085)	108,540
Increase / (decrease) in creditors	365,603	(313,011)
Capital grants from DfE and other capital income	(629,328)	(19,075)
Defined benefit pension scheme obligation inherited	350,000	-
Defined benefit pension scheme cost less contributions payable	128,000	127,000
Defined benefit pension scheme finance cost	45,000	56,000
Fixed assets transferred from local authority on conversion	(5,276,388)	-
Amortisation	16,704	14,705
Net cash used in operating activities	(1,913)	(157,247)

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	538,587	181,718
Total	538,587	181,718

25. CAPITAL COMMITMENTS

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

	2018 £	2017 £
Contracted for but not provided in these financial statements	160,392	-

26. PENSION COMMITMENTS

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

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

Contributions amounting to £150,772 were payable to the schemes at 31 August 2018 (2017 - £121,169) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £740,739 (2017 - £684,585).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds.

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26. PENSION COMMITMENTS (continued)

The total contribution made for the year ended 31 August 2018 was £414,000 (2017 - £364,000), of which employer's contributions totalled £340,000 (2017 - £298,000) and employees' contributions totalled £74,000 (2017 - £66,000). The agreed contribution rates for future years are 27.7% from 1 April 2018 for Hartismere School and 30.0% for both Benjamin Britten Academy and Woods Loke Primary School for employers and future years from 2019/20 will be determined by the funding strategy following the actuarial valuation at March 2016. The contribution rate for employees will be a variable % dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £14,100	5.50%
£14,101 to £22,000	5.80%
£22,001 to £35,700	6.50%
£35,701 to £45,200	6.80%
£45,201 to £63,100	8.50%
£63,101 to £89,400	9.90%
£89,401 to £105,200	10.5%

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %
Inflation assumption (CPI)	2.40 %	2.40 %
Commutation of pensions to lump sums	63.00 %	63.00 %

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

	2018	2017
Retiring today		
Males	21.9	21.9
Females	24.4	24.4
Retiring in 20 years		
Males	23.9	23.9
Females	26.4	26.4

Sensitivity analysis	At 31 August 2018 £'000	At 31 August 2017 £'000
0.5% decrease in Real Discount Rate	304	277
0.5% increase in the Salary Increase Rate	40	42
0.5% increase in the Pension Increase Rate	261	231

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equity instruments	2,607,570	<i>2,105,190</i>
Debt instruments	1,117,530	<i>640,710</i>
Property	413,900	<i>305,100</i>
Total market value of assets	<u>4,139,000</u>	<i><u>3,051,000</u></i>

The actual return on scheme assets was £101,000 (2017 - £(4,000)).

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

	2018 £	<i>2017 £</i>
Net interest cost	(45,000)	<i>(56,000)</i>
Current service cost (net of employee contributions)	(468,000)	<i>(425,000)</i>
Total	<u>(513,000)</u>	<i><u>(481,000)</u></i>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	4,684,000	<i>5,322,000</i>
Upon conversion	883,000	<i>-</i>
Current service cost	468,000	<i>425,000</i>
Interest cost	132,000	<i>113,000</i>
Actuarial gains	(528,000)	<i>(1,190,000)</i>
Benefits paid	(47,000)	<i>(48,000)</i>
Employee contributions	74,000	<i>66,000</i>
Other remeasurements	101,000	<i>(4,000)</i>
Closing defined benefit obligation	<u>5,767,000</u>	<i><u>4,684,000</u></i>

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

26. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	3,051,000	2,682,000
Upon conversion	533,000	-
Employer contributions	340,000	298,000
Employee contributions	74,000	66,000
Interest income	87,000	57,000
Benefits paid	(47,000)	(48,000)
Actuarial gain / (loss)	101,000	(4,000)
	<u>4,139,000</u>	<u>3,051,000</u>
Closing fair value of scheme assets	<u>4,139,000</u>	<u>3,051,000</u>

27. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	63,594	54,007
Between 1 and 5 years	55,653	65,910
Total	<u>119,247</u>	<u>119,917</u>

28. MEMBERS' LIABILITY

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

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29. RELATED PARTY TRANSACTIONS

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

The academy trust paid £420 for plumbing work completed by G Hunt, the son of G Johnson, who is employed by the academy trust. The trust also paid £2,921 to The Signsmith, a signmaking company owned by the spouse of S Smith, an employee of the academy trust.

As detailed in note 13, J McAtear, a trustee and the chief executive officer of the trust, received a total of £31,000 in respect of his School Improvement NLE work from external funding and not from school funds dedicated to the school's activities in addition to his remuneration via payroll. Much of the School Improvement NLE work was carried out in the 2016/17 academic year.

30. Conversion to Academy Trust

On 1 April 2018 the Woods Loke Primary School converted to academy trust status under the Academies Act 2010 and all of the operations and assets and liabilities were transferred to Hartismere Family of Schools Academy Trust from the Suffolk Local Authority for nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 a net gain/loss in the Statement of Financial Activities as a transfer from the Local Authority on conversion.

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Property, plant and equipment	-	-	5,282,800	5,282,800
LGPS pension surplus / (deficit)	-	(350,000)	-	(350,000)
Borrowing obligations	-	-	(6,412)	(6,412)
Total	-	(350,000)	5,276,388	4,926,388
<i>Total 2017</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>