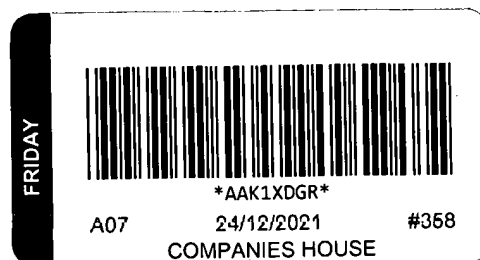


Company Registration Number: 07498923 (England & Wales)

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 11
Governance Statement	12 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Governors' Responsibilities	17
Independent Auditors' Report on the Financial Statements	18 - 21
Independent Reporting Accountant's Report on Regularity	22 - 23
Statement of Financial Activities Incorporating Income and Expenditure Account	24 - 25
Balance Sheet	26 - 27
Statement of Cash Flows	28
Notes to the Financial Statements	29 - 61

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	J Bartley (appointed 1 September 2020) P Gallantree M Hills
Governors (Trustees)	A Ansell ^{1 2 3} A Armstrong J Bartley ^{1 2 3} P Barrow (resigned 25 March 2021) M Blesky (resigned 5 November 2021) J Boyes ^{1 2} , Principal and Accounting Officer L Bright, Staff Governor C Brunger (appointed 8 November 2021) P Gallantree ³ S Godden S Grant (appointed 8 November 2021) M Hills ^{1 2 3} , Chair K Molloy, Staff Governor (appointed 15 September 2021) S Nicholas ^{1 2} (appointed 18 October 2021) N Thomas (appointed 8 March 2021) T Shaw, Staff Governor (term of office expired 31 August 2021)
¹ Member of the finance, building and general purpose committee	
² Member of the audit committee	
³ Trust member	
Company registered number	07498923
Company name	Herne Bay High School
Principal and registered office	Bullockstone Road Herne Bay Kent CT6 7NS
Company secretary	A Clifton
Executive management team	J Boyes, Principal C Harris, Senior Vice Principal B Jones, Vice Principal S Jones, Vice Principal S Waters, Vice Principal O Hickmott, Director of Media, Communications & New Technologies J Butler, Director of Finance & Resources
Independent auditors	MHA MacIntyre Hudson Victoria Court 17-21 Ashford Road Maidstone Kent ME14 5DA

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Bankers Handelsbanken
St Andrew's House
Station Road East
Canterbury
CT1 2BJ

Solicitors Winkworth Sherwood
Minerva house
5 Montague Close
London
SE1 9BB

HERNE BAY HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' Report and a Directors' Report under company law.

The Trust operates an academy for pupils aged 11 to 18 serving a catchment area in Herne Bay. It has a pupil capacity of 1,590 and had a roll of 1,621 in the school census of January 2021.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Governors of Herne Bay High School are also the Directors and Trustees of the Charitable Company for the purposes of company and charity law. The Charitable Company is known as Herne Bay High School.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on pages 1 and 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.

Governors' Indemnities

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

Method of Recruitment and Appointment or Election of Governors

The Governing Body may appoint up to six community Governors and will seek to recruit Governors with any particular areas of expertise it requires. Staff Governors are elected by a secret ballot of their colleagues. Parent Governors are elected by parents of registered pupils at the Academy; all parents are notified of a vacancy for a parent Governor and informed of their entitlement to stand as a candidate. The Secretary of State has rights to appoint additional Governors.

Policies and Procedures Adopted for the Induction and Training of Governors

New Governors have a meeting with the Principal at which the role and responsibilities are outlined and any training needs identified. They are given papers from previous governing body meetings in order for the Governor to gain a good understanding of the Academy's philosophy and its day to day operation.

Governors are regularly encouraged to participate in training courses arranged by the Academy. The Academy also arranges relevant updates on topical matters for its Governors from time to time.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

Organisational Structure

The leadership and management structure consists of four levels, namely the Governors, the Executive Team, the Senior Leadership Team and the Subject Leaders.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of budgets and ratifying strategic decisions about the direction of the Academy, capital expenditure and staff appointments to the Senior and Leadership Teams.

The Executive Team is a sub group of the Senior Leadership Team and advises the Governing Body on strategic and policy matters and directs the Senior Leadership Team.

The Senior Leadership Team consists of the Principal as Accounting Officer, supported by the Director of Finance and Resources, four Vice Principals, eight Assistant Principals. The Senior Leadership Team controls the Academy at an executive level, implementing the policies adopted by The Governing Body, and, following an annual self-assessment process, establishing and implementing an annual improvement plan for the Academy. The Senior Leadership Team is responsible for the financial management and authorisation of spending within agreed budgets, the appointment of staff, and the operational management of the Academy.

The Subject Leaders, supported by their Deputies and Support Leaders, are responsible for the operational management of their subject area, in particular the organisation of the staff (teaching and support staff), the facilities and resources and the provision of teaching and learning. Subject Leaders are budget holders for limited devolved budgets although spending control is maintained through the countersignature of a member of the Senior Leadership Team.

Arrangements for setting pay and remuneration of key management personnel

Key Management Personnel are the Governors and Senior Management Team listed on page 1. Governors are not paid for their role as Governor. The pay ranges of key management personnel have been set after benchmarking roles within similar schools. Pay levels are set following the annual performance management process, proposed upgrades are approved by Personnel and Pay Committee. Any increase in Principal's pay is determined by performance review by an external adviser with approval by Chair of Governors, Vice Chair, and Chair of Personnel and Pay Committee.

HERNE BAY HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	1.8

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Provide the total cost of facility time	£0
Provide the total pay bill	£120,617
Provide the percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Related Parties and other Connected Charities and Organisations

Herne Bay High School is a member of East Kent Learning Alliance Ltd (EKLA). EKLA is owned by a group of 6 schools and has the objective of achieving school improvement by working collaboratively to co-ordinate inter-school support, training and professional development opportunities for staff within schools across the East Kent area.

Herne Bay High is a partner in the Coastal Alliance Co-operative Trust (CACoT) which consists of 13 Junior and Primary Schools and 1 Secondary School within the Herne Bay and Whitstable coastal area.

Herne bay High School is a partner in the East Kent Schools Together (EKST) network which consists of 7 secondary schools and Canterbury Christ Church University with the objective school to school support and raising aspirations and widening horizons for pupils across partner schools.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

Objectives, Strategies and Activities

The principal objectives of the Academy and the strategies employed in achieving them are as follows:-

- To continue to raise the standard of educational achievement of all students, ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care, by close monitoring and assessment of standards of teaching and learning, identifying training and resourcing needs as appropriate; by targeting resources effectively, carefully tracking the progress made by identified groups of students and monitoring the impact of any intervention; by driving up expectations through effective academic mentoring of individual students; by regularly reviewing the curriculum and organisational structure
- to provide value for money for the funds expended by operating an effective system of financial control
- to make Herne Bay High School a valued community resource by making its facilities available for use by individuals, clubs and associations and by working in partnership with Canterbury City Council and other local schools.

Public Benefit

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities planned to be undertaken to further the Academy Trust's purpose for the Public Benefit for the year include:

- The East Kent School Games hosted by the Academy
- The Arena at the school is jointly operated with Canterbury City Council enabling the community use of this facility
- The local residents' association use the facilities to hold meetings
- The Invicta Concert Band use the facilities to rehearse
- Various sports clubs use the sports facilities, with many using the Academy as their base
- The Academy's artificial and field pitches are used regularly by local adult and youth clubs for football
- Heron Outdoor Pursuits – the Academies community club offer a range of activities to the local community
- School facilities are used for craft fairs and toy fairs etc
- Community shows and concerts take place in the Academy's theatre
- Herne Bay High works with local primary schools to increase participation in sport
- Holiday camps for primary aged children take place during most holiday periods

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT

Achievements and Performance

Total students in the year ending 31 August 2021 numbered 1612. The school has a PAN of 258 per year group and an overall capacity of 1590. The school remains one of the most heavily oversubscribed schools in the local area. In September 2021, 277 students took a place out of the 624 choice applications. The outcomes at Post 16 as published in the national tables (2019) place the school in the top 3 schools in Kent for post 16 progress. The school is recognised as a "Good" school during an Ofsted inspection in January 2018, with aspects of our work identified as outstanding. We are also categorised (2021) as a "green" (low risk) school by Kent County Council.

Key Stage 4 Performance

The academic profile of the year 11 cohort for 2020/21 was slightly lower than in 2019/20, their Average Points Score at KS2 was 28.2 (2019/20: 30.01, 2018/19: 28.10, 2017/18: 26.93). Additionally, due to the nature of the catchment and being a non-selective school in a selective authority the school continues to be impacted by the engagement and attendance of a small minority who unduly influence overall results. This was particularly the case in 2020/21 due to the extended periods of lockdown and remote learning.

The summer of 2021 was again very different, the impact of lockdown due to COVID19 resulted in all examinations being cancelled and students receiving Teacher Assessed Grade (TAGs). The progress undertaken by HBHS for the TAGs was extremely robust and reflected the true performance of students

For those 255 year 11 students educated at HBHS in 2020/21, based on Teacher Assessed Grades, a student attainment 8 score of 43.6 indicates a continued improving trend in outcomes. There is no Progress 8 figure due to no national data for 2 years.

Headline figures based on these TAG grades show 60% of students achieving a standard pass in English and Maths (grade 4+) and 31% achieving a Strong pass (Grade 5+) – both figures showing a huge improvement on 2019.

It is important to note that this data will not be used in any form of school performance accountability in 2021/22.

Post-16 Performance

The impact for Post 16 was similar to GCSE with no exams being physically sat.

This year, we have again improved on the academic attainment achieved over the last couple of years. A Level 3 Value added score (L3VA) of 0.62 for the increased number of 197 A level entries an improvement on the L3VA of 0.47 in 2020

We are continuing to improve our positive progression in English and Maths at Level 2. The other indicator of continual improvement is the ALPs analysis that indicates we continue for the second year to be a top level 2 provider, which is a year-on-year improvement. This indicates the quality of teaching and outcomes for the centre.

In terms of student progress, the provision L3VA, using school data, indicates that all qualification types are performing at least in line with national expectations with 8 subjects performing above national expectations, a further improvement on 2020 and that vocational progress is still classified as significantly above expected progress.

HERNE BAY HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

Key Performance Indicators

Ofsted rating: GOOD

Pupil Attendance: 90.6% (in a covid year) (2020: 93.4%, 2019: 94.3%, 2018 94.1%)

Key Stage 4 Performance: (all from TAG data) – no national accountability

Progress 8 Measure = N/A

Attainment 8 Score = 43.6

60% achieved a good pass in both English and Maths (2020: 68%)

5.4% were entered for the English Baccalaureate

Going Concern

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

FINANCIAL REVIEW

During the period ended 31 August 2021, total expenditure was £10,907,251 (2020: £10,571,980). At 31 August 2021, the net book value of tangible fixed assets was £20,144,586 (2020: £20,952,959) and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Academy Trust held fund balances at 31 August 2021 of £16,985,063 (2020: £18,844,252).

These funds comprised £20,874,585 (2020: £21,617,198) of restricted fixed asset funds, £165,307 (2020: £21,918) of other restricted funds and £2,510,171 (2020: £2,422,136) of unrestricted, together with a pension fund reserve deficit of £6,565,000 (2020: £5,217,000).

The pension fund reserve deficit does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income.

HERNE BAY HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

Reserves Policy

The Governors of Herne Bay High School acknowledge that it is prudent practice to create reserves in order to meet future costs.

Unrestricted funds are held for use on the general purposes of the Academy's operations, at the discretion of the Governors. The Academy's target is to hold a level of unrestricted reserves equivalent to 3 months expenditure excluding depreciation and non-cash pension charges to protect against the risk of temporary funding issues. Based on 2021 expenditure this would amount to £2,528,757 (2020: £2,396,467). Unrestricted reserves, including designated funds, were £2,510,171 (2020: £2,422,136) at 31 August 2021 and therefore not sufficient to meet this value.

The Academy aims to hold unrestricted, undesignated cash reserves equivalent to 40 days of expenditure to protect its cash flow position. Based on 2021 expenditure this would equate to £1,108,495 (2020: £1,100,000). Unrestricted, undesignated reserves at 31 August 2021 amounted to £113,704 (2020: £25,669) and cash to £2,857,202 (2020: £2,557,451).

The Director of Finance & Resources will propose a revenue reserve schedule for approval with annual budgets which sets out the recommended level of funds needed for working capital together with details of any specific and general contingency funds required.

It is the Governors' policy to provide a prudent level of resources to meet the long term needs for renewal of assets

As part of the annual budgeting process, The Director of Finance & Resources will propose a capital reserve schedule for approval by the Finance, Building and General Purposes Committee identifying the need to replace assets, any future capital projects and the sums required. Amounts for such projects are transferred to designated funds. Spending of capital reserves will be as agreed in the budget approved by the Finance, Building and General Purposes Committee. At 31 August 2021 the school has designated funds as shown below, which are considered sufficient to meet present need and plans.

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 31. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

At 31 August 2021 the total funds comprised:

Unrestricted		£2,510,171
Restricted:	Fixed asset funds	£20,874,585
	Pension reserve	(£6,565,000)
	Other	£165,307
		<hr/>
		£16,985,063
		<hr/>

HERNE BAY HIGH SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

Investment Policy

Funds held for working capital and operating costs that require immediate access will be held in the School's current account.

Funds that are held for future expenditure and therefore not immediately required will be split and held in high interest deposit accounts and in long term, higher return, low risk investments.

The Finance, Buildings and General Purposes Committee will consider the risks and time periods of investments to ensure that the school's activities and financial security are not compromised. Any investment of funds in arrangements that are considered to have any element of risk will only be made after approval of the Finance, Building and General Purposes Committee.

Principal Risks and Uncertainties

The major risks to which the Academy is exposed have been reviewed.

The principal risks facing the Academy are:

- Reputational risk – mitigated by plans in place to maintain and improve performance and through general school policies and procedures.
- Performance risk – mitigated by having School Improvement and Raising Achievement plans in place, lesson observations, strong transitional programme and strategies with feeder primary schools and Intervention Plan across whole school.
- Financial Risk – The principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs. The risks presented here are mitigated by robust financial planning and the retention of reserves.
- Risks associated with personnel – mitigated by policies and procedures, internal control systems, performance management, training, specialist advice, insurance policies and safeguarding policies.

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior management officers.

FUNDRAISING

It is not the academy's policy to seek charitable donations from members of the public to fund its activities and does not engage any professional fundraisers. Any charitable donations made to the school are of a voluntary nature. The academy raises funds for other charities such as Children In Need and Sport Relief by voluntary collections and these funds are paid over to the relevant charity.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2021

PLANS FOR FUTURE PERIODS

Having just navigated through 18 months of the turbulent times in education we look forward to academic year 2021/22 returning to a greater sense of normality. The academy still strives to develop, improve and move forward. However, in face of continued unprecedented change, potential difficulties and pressure from the Covid 19 pandemic it should be recognised that the paramount driver for the academy is to provide a high Quality of Education (QoE) to all its students. The challenges lost learning and the disproportionate impact on disadvantaged students, along with attendance remain a key aspect of school development.

In spite of the above our key objectives for 2021/22 are:

- To embed new leadership and school structure designed to support the key challenges faced on the back of the pandemic.
- To focus on our Curriculum intent, Pedagogy and Assessment process to ensure our knowledge rich curriculum is learnt well.


The Academy has an admission criterion designed to create a comprehensive ability profile. This has resulted in the introduction of Comprehensive Banding Assessments which, as part of our admission criteria, gives priority to those students who undertake these assessments. The academy is significantly over PAN in year 7 to 10 and at PAN in Year 11. There is significant housing development in progress in the local area and, due to the popularity of the school and the demand for places we remain over full. As such the academy required more space and is in consultation with the local authority exploring feasibility of expansion. The sixth form provision and capacity has also expanded significantly with nearly 300 post 16 learners. Further expansion of this provision is being sought.

AUDITOR

Insofar as the governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the governors 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.

Governors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors and signed on the board's behalf by:


.....
M Hills
(Chair of Governors)

Date: 21 December 2021

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Herne Bay High School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of Governors has formally met 6 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
A Ansell	6	6
A Armstrong	6	6
J Bartley	6	6
P Barrow (resigned 25 March 2021)	3	3
M Blesky (resigned 5 November 2021)	4	6
J Boyes	6	6
L Bright, Staff Governor	5	6
C Brunger (appointed 8 November 2021)	0	0
P Gallantree	5	6
S Godden	5	6
S Grant (appointed 8 November 2021)	0	0
M Hills, Chair	6	6
K Molloy, Staff Governor (appointed 15 September 2021)	0	0
S Nicholas (appointed 18 October 2021)	0	0
T Shaw, Staff Governor (term of office expired 31 August 2021), Staff Governor	6	6
N Thomas (appointed 8 March 2021)	1	3

The Ofsted Report of January 2018 concluded that Herne Bay High has strong leadership from the Principal, his SLT and the School's governing body and that they all share the vision which ensures that every child can achieve.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The self-evaluation and skills audit carried out in January 2021 found that there is a good mix of the skills and experience required and that the Governors are well informed, well trained, competent, confident and effective in their roles. Data provided to Governors is timely, accurate and relevant and is used by committees in decision making

The Finance, Building and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to supervise and manage the routine financial affairs of the Academy and acts as The Audit Committee. It has the right of access to obtain all the information it considers necessary and to consult directly the external and internal auditors. During the year it monitored the financial position of the Academy, approved changes to the finance policy, authorised works to improve buildings and facilities, engaged and agreed scope of work for auditors and received both internal and external audit reports. Whilst the school was closed due to Covid 19, the sub-committee's business was included in the remote meetings of the full Governing Body.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
A Ansell	1	3
J Bartley	3	3
J Boyes	3	3
M Hills	3	3
S Nicholas	0	0

Review of value for money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Review of leadership structure with reduction in number of posts from September 2021;
- Continuing with further improvements to IT networking systems, in particular the use of cloud-based servers and replacement of classroom IT equipment to keep cost of bought in managed services to a minimum and reduce electrical usage costs;
- Furthering emphasis on systems in place to encourage a cashless environment;
- Review of use and value of online learning resources;
- Repurposing and allocation of laptops to support students' home learning.

GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Herne Bay High School for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

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

The Board of Governors has decided to employ UHY Hacker as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

On a quarterly basis, the internal auditor reports to the Governing Body, through the Finance, Building and General Purposes Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. The internal auditor has for the year, delivered their schedule of work as planned.

- testing of payroll systems
- testing of purchase systems
- testing of income systems
- testing of control systems and governance

There were no material control issues arising as a result of the internal auditor's work.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by Finance, Building and General Purposes Committee.

Approved by order of the members of the Board of Governors on
on their behalf by:

21 December 2021

and signed


.....
M Hills

Chair of Governors


.....
J Beyes
Accounting Officer


HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Herne Bay High School I have considered my responsibility to notify the Academy Trust's Governors 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 2020.

I confirm that I and the Academy Trust's Board of Governors are able to identify any material irregular or improper use of all 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 2020.

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



.....
J Boyes
Accounting Officer

Date: 21 December 2021

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

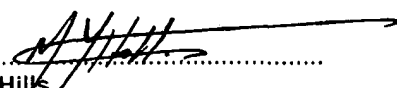
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Governors and signed on its behalf by:


.....
M Hills
Chair

Date: 21 December 2021

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERNE BAY HIGH SCHOOL

Opinion

We have audited the Financial Statements of Herne Bay High School (the 'Academy Trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2021 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERNE BAY HIGH SCHOOL (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditors' Report thereon. The Governors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report (incorporating the Strategic Report) and the Directors Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.
- the Strategic Report and the Directors 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors Report..

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

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

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERNE BAY HIGH SCHOOL (CONTINUED)

Responsibilities of Governors

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

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims; and
- enquiry of management to identify any instances of non-compliance with laws and regulations; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing minutes of meetings of those charged with governance; and
- maintaining risk-awareness and appropriate professional scepticism throughout our other audit work.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERNE BAY HIGH SCHOOL (CONTINUED)

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.



Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

Maidstone

United Kingdom

Date: 22 December 2021

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HERNE BAY HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 21 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Herne Bay High School during the year 1 September 2020 to 31 August 2021 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 Herne Bay High School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Herne Bay High School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Herne Bay High School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Herne Bay High School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Herne Bay High School's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- reviewing the Minutes of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquires of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Reporting Accountant
MHA MacIntyre Hudson

Statutory Auditors
Maldstone
United Kingdom

Date: 22 December 2021

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £	Restricted general funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	5	500	2,000	32,291	34,791	40,956
Charitable activities	6	52,316	9,458,317	-	9,510,633	8,886,707
Other trading activities	7	148,486	21,702	-	170,188	260,925
Investments	8	38,490	-	-	38,490	33,778
Total income		239,792	9,482,019	32,291	9,754,102	9,222,366
Expenditure on:						
Raising funds	9	45,137	-	-	45,137	121,895
Charitable activities	9	62,641	9,903,295	896,178	10,862,114	10,450,085
Total expenditure		107,778	9,903,295	896,178	10,907,251	10,571,980
Net gains on investments		29,200	-	65,760	94,960	5,396
Net income / (expenditure)		161,214	(421,276)	(798,127)	(1,058,189)	(1,344,218)
Transfers between funds	23	(73,179)	17,665	55,514	-	-
Net movement in funds before other recognised gains/(losses)		88,035	(403,611)	(742,613)	(1,058,189)	(1,344,218)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	31	-	(801,000)	-	(801,000)	(367,000)
Net movement in funds		88,035	(1,204,611)	(742,613)	(1,859,189)	(1,711,218)

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Note					
Reconciliation of funds:					
Total funds brought forward	2,422,136	(5,195,082)	21,617,198	18,844,252	20,555,470
Net movement in funds	88,035	(1,204,611)	(742,613)	(1,859,189)	(1,711,218)
Total funds carried forward	2,510,171	(6,399,693)	20,874,585	16,985,063	18,844,252

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

The notes on pages 29 to 61 form part of these financial statements.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07498923

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	16	20,144,586	20,952,959
Investments	18	2,470,710	2,438,415
Investment property	17	729,999	664,239
		<u>23,345,295</u>	<u>24,055,613</u>
Current assets			
Stocks	19	8,175	19,285
Debtors	20	363,453	328,483
Investments	21	866	705
Cash at bank and in hand		385,626	118,331
		<u>758,120</u>	<u>466,804</u>
Creditors: amounts falling due within one year	22	(553,352)	(461,165)
Net current assets		<u>204,768</u>	<u>5,639</u>
Total assets less current liabilities		<u>23,550,063</u>	<u>24,061,252</u>
Net assets excluding pension liability		<u>23,550,063</u>	<u>24,061,252</u>
Defined benefit pension scheme liability	31	(6,565,000)	(5,217,000)
Total net assets		<u><u>16,985,063</u></u>	<u><u>18,844,252</u></u>
Funds of the Academy Trust			
Restricted funds:			
Restricted fixed asset funds	23	20,874,585	21,617,198
Restricted general funds	23	165,307	21,918
		<u>21,039,892</u>	<u>21,639,116</u>
Restricted funds excluding pension liability	23	21,039,892	21,639,116
Restricted general funds - pension reserve	23	(6,565,000)	(5,217,000)
Total restricted funds	23	<u>14,474,892</u>	<u>16,422,116</u>
Unrestricted funds	23	<u>2,510,171</u>	<u>2,422,136</u>
Total funds		<u><u>16,985,063</u></u>	<u><u>18,844,252</u></u>

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07498923

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 24 to 61 were approved and authorised for issue by the Governors and are signed on their behalf, by:

.....
M Hills
Chair

Date: 21 December 2021

The notes on pages 29 to 61 form part of these financial statements.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	25	303,562	(768,505)
Cash flows from investing activities	26	(36,267)	360,086
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		267,295	(408,419)
Cash and cash equivalents at the beginning of the year		118,331	526,750
Cash and cash equivalents at the end of the year	27, 28	385,626	118,331
		<hr/>	<hr/>

The notes on pages 29 to 61 form part of these financial statements

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

Herne Bay High School Academy Trust is a company limited by guarantee incorporated in England. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Academy Trust's operations and principal activity are detailed in the Governors Report.

2. Accounting policies

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

2.1 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 historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Herne Bay High School meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the Academy Trust and rounded to the nearest pound

2.2 Fund accounting

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Academy Trust 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**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised on entitlement and not deferred over the life of the asset on which they are expended.

• **Donations**

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

• **Other income**

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

2.4 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.

• **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.5 Going concern

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

The Governors have performed a robust analysis of forecast future cashflows taking into account the potential impact of COVID-19 on the Academy Trust. This analysis also considers the effectiveness of available measures to assist in mitigating the impact of COVID-19.

2.6 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with other funds, a transfer is made to reflect the assets in the restricted fixed asset fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset, less their estimated residual value, over its expected useful life, as follows:

Freehold property	- Over 10-55 years
Fixtures and fittings	- Over 5-15 years
Plant and machinery	- Over 3-10 years

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.

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.8 Operating leases

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

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.10 Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.11 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.

2.12 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.

2.13 Liabilities

Liabilities and provisions 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 20. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 22. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

2.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 31, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

Any changes to the valuation of investment property would impact the total net assets of the Academy Trust. All investments and investment property are recognised at fair value.

Critical areas of judgement:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 16 for the carrying amount of the property, plant and equipment and Note 2.6 for the useful economic lives of each class of assets.

4. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2021.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	500	2,000	-	2,500	9,135
Capital Grants	-	-	32,291	32,291	31,821
Total 2021	500	2,000	32,291	34,791	40,956
Total 2020	9,135	-	31,821	40,956	

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

6. Charitable activities - Funding for the Academy Trust's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,888,705	7,888,705	7,274,578
Other DfE/ESFA grants				
Pupil Premium	-	339,272	339,272	309,919
Teachers Pension Grant	-	315,907	315,907	308,640
Other DfE / ESFA revenue grants	-	210,717	210,717	202,985
	-	-	8,754,601	8,096,122
Other Government grants				
Other Government revenue grants	-	58,338	58,338	42,333
Local Authority revenue grants	1,750	508,293	510,043	474,898
	1,750	566,631	568,381	517,231
COVID-19 additional funding (DfE/ESFA)				
COVID Catch Up	-	107,760	107,760	-
Other additional covid funding	-	26,790	26,790	-
	-	134,550	134,550	-
Other funding				
Other Educational income	-	2,535	2,535	106,083
Catering income	50,566	-	50,566	167,271
	50,566	2,535	53,101	273,354
Total 2021	52,316	9,458,317	9,510,633	8,886,707
Total 2020	273,354	8,613,353	8,886,707	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

6. Charitable activities - Funding for the Academy Trust's educational operations (continued)

The academy trust has been eligible to claim additional funding from government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'exceptional government funding'.

The funding received for coronavirus exceptional support covers £105,247 of costs which are included in notes 9 and 10 below.

There are no unfulfilled conditions or other contingencies attached to the government grants above.

7. Other trading activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Hire of facilities	31,350	-	31,350	41,736
Self generated income	117,136	21,702	138,838	219,189
Total 2021	148,486	21,702	170,188	260,925
Total 2020	254,046	6,879	260,925	

8. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Dividend income	2,738	2,738	1,836
Bank interest receivable	12,289	12,289	31,934
Interest received on long term investments	-	-	8
Investment income	23,463	23,463	-
Total 2021	38,490	38,490	33,778
Total 2020	33,778	33,778	

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. Total Expenditure

	Staff Costs 2021 £	Premises costs 2021 £	Other costs 2021 £	Total 2021 £	Total 2020 £
Expenditure on raising funds:					
Direct costs	33,178	-	-	33,178	93,961
Support costs	11,061	-	898	11,959	27,934
Educational operations:					
Direct costs	6,675,137	-	815,881	7,491,018	7,197,518
Support costs	1,728,703	414,036	1,228,357	3,371,096	3,252,567
Total 2021	8,448,079	414,036	2,045,136	10,907,251	10,571,980
Total 2020	7,935,464	419,529	2,216,987	10,571,980	

In 2020, of the total expenditure of £10,571,980, £577,884 was from unrestricted funds, £9,133,622 was from restricted general funds, and £860,474 was from restricted fixed asset funds.

In 2020, all Raising funds – Direct costs were allocated to Other costs.

In 2020, all Raising funds – Support costs were allocated to Staff costs.

In 2020, of the total Charitable activities – Direct costs of £7,197,518, £6,337,016 was allocated to Staff costs and £860,502 was allocated to Other costs.

In 2020, of the total Charitable activities – Support costs of £3,252,567, £1,570,514 was allocated to Staff costs, £419,529 was allocated to Premises costs and £1,262,524 was allocated to Other costs.

10. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational operations	7,491,018	3,371,096	10,862,114	10,450,085
Total 2020	7,197,518	3,252,567	10,450,085	

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2021 £	Total funds 2021 £	Total funds 2020 £
Defined benefit pension scheme finance cost	84,000	84,000	84,000
Staff costs	1,644,703	1,644,703	1,486,514
Depreciation	896,178	896,178	860,474
Technology costs	-	-	4,491
Premises costs	414,036	414,036	419,529
Other costs	308,891	308,891	280,501
Governance costs	23,288	23,288	117,058
Total 2021	3,371,096	3,371,096	3,252,567
Total 2020	3,252,567	3,252,567	

11. Governance costs

	2021 £	2020 £
Professional fees	6,144	4,668
Legal fees	-	89,699
Auditors' remuneration - Audit of the Financial Statements	11,450	12,300
Auditors' remuneration - Other services	2,547	6,990
Other professional fees	3,147	3,401
Total	23,288	117,058

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

12. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	11,339	11,339
Depreciation of tangible fixed assets -owned by the Academy Trust	896,178	860,474
Auditors' remuneration - Audit of the Financial Statements	11,450	12,300
Auditors' remuneration - Other services	2,547	6,990
	<u>11,934</u>	<u>120,103</u>

13. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	5,887,676	5,659,729
Social security costs	571,377	544,795
Pension costs	1,746,033	1,543,794
	<u>8,205,086</u>	<u>7,748,318</u>
Agency staff costs	158,993	86,998
Staff restructuring costs	-	16,148
Defined benefit pension scheme finance cost	84,000	84,000
	<u>8,448,079</u>	<u>7,935,464</u>

Staff restructuring costs comprise:

	2021 £	2020 £
Severance payments	-	16,148
	<u>-</u>	<u>16,148</u>

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

13. Staff (continued)

b. Staff numbers

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

	2021	2020
	No.	No.
Teachers	105	103
Administration and support	98	101
Management	12	12
	215	216

c. Higher paid staff

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	3	3
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	-

d. Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £784,809 (2020 - £779,722).

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

14. Governors remuneration and expenses

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

		2021 £	2020 £
T Shaw, Staff Governor	Remuneration	20,000 -	15,000 -
		25,000	20,000
L Bright (formerly L Payne), Staff Governor	Pension contributions paid	0 - 5,000	0 - 5,000
	Remuneration	35,000 -	40,000 -
		40,000	45,000
	Pension contributions paid	5,000 -	5,000 -
J Boyes, Principal and Accounting Officer		10,000	10,000
	Remuneration	100,000 -	95,000 -
		105,000	100,000
	Pension contributions paid	20,000 -	20,000 -
S Godden		25,000	25,000
	Remuneration	20,000 -	
		25,000	
	Pension contributions paid	0 - 5,000	

During the year ended 31 August 2021, expenses totalling £NIL were reimbursed or paid directly to Governor (2020 - £260). This was in relation to travel expenses.

15. Governors' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2021 is included in the total insurance cost.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Plant and machinery £	Total £
Cost or valuation				
At 1 September 2020	26,960,576	310,058	1,051,029	28,321,663
Additions	23,904	6,000	74,049	103,953
Disposals	-	(4,210)	(81,939)	(86,149)
At 31 August 2021	26,984,480	311,848	1,043,139	28,339,467
Depreciation				
At 1 September 2020	6,384,544	239,288	744,872	7,368,704
Charge for the year	683,525	32,402	180,251	896,178
On disposals	-	(3,649)	(66,352)	(70,001)
At 31 August 2021	7,068,069	268,041	858,771	8,194,881
Net book value				
At 31 August 2021	19,916,411	43,807	184,368	20,144,586
At 31 August 2020	20,576,032	70,770	306,157	20,952,959

Included in land and buildings is freehold land at valuation of £4,162,400 (2020 - £4,162,400) which is not depreciated.

The freehold property was professionally valued on 25 October 2011 (at conversion) by Peter F Ashby, a RICS Registered Valuer using the Existing Use Value method. This valuation is used as the deemed cost for the purposes of these Financial Statements.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Investment property

	Freehold investment property £
Valuation	
At 1 September 2020	664,239
Surplus on revaluation	65,760
At 31 August 2021	<u>729,999</u>

18. Fixed asset investments

	Other fixed asset investments £
Cost or valuation	
At 1 September 2020	2,438,415
Additions	3,095
Revaluations	29,200
At 31 August 2021	<u>2,470,710</u>
 Net book value	
At 31 August 2021	<u>2,470,710</u>
At 31 August 2020	<u>2,438,415</u>

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

19. Stocks

	2021	2020
	£	£
Catering	5,853	18,010
Stationery	2,322	1,275
	<u>8,175</u>	<u>19,285</u>

20. Debtors

	2021	2020
	£	£
Due within one year		
Trade debtors	41,572	92,553
Other debtors	15,783	43,130
Prepayments and accrued income	306,098	192,800
	<u>363,453</u>	<u>328,483</u>

21. Current asset investments

	2021	2020
	£	£
Listed investments	<u>866</u>	<u>705</u>

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	81,061	51,521
Other taxation and social security	147,845	135,518
Other creditors	210,293	171,798
Accruals and deferred income	114,153	102,328
	<u>553,352</u>	<u>461,165</u>

	2021 £	2020 £
Deferred income		
Deferred income at 1 September 2020	17,183	88,497
Resources deferred during the year	10,547	17,183
Amounts released from previous periods	(17,183)	(88,497)
Deferred income at 31 August 2021	<u>10,547</u>	<u>17,183</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance of the 21/22 financial year for;

- School games organiser funding for the 2021/22 academic year
- 3 months rent in advance for the 2021/22 academic year received.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Designated funds						
Capital project fund	2,034,000	-	-	(30,000)	-	2,004,000
Astro pitch reserve	30,000	-	-	30,000	-	60,000
ICT reserve	332,467	-	-	-	-	332,467
	<u>2,396,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,396,467</u>
General funds						
General funds	25,669	239,792	(107,778)	(73,179)	29,200	113,704
Total Unrestricted funds	<u>2,422,136</u>	<u>239,792</u>	<u>(107,778)</u>	<u>(73,179)</u>	<u>29,200</u>	<u>2,510,171</u>
Restricted general funds						
General Annual Grant (GAG)	-	7,888,705	(7,876,480)	17,665	-	29,890
Pupil Premium	-	339,272	(339,272)	-	-	-
Other DfE / ESFA revenue grants	-	661,174	(554,564)	-	-	106,610
Local Authority revenue grants	-	508,293	(508,293)	-	-	-
Other Government revenue grants	-	58,338	(51,468)	-	-	6,870
Other Educational income	-	2,535	(2,535)	-	-	-

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

23. Statement of funds (continued)

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Other activities	21,918	23,702	(23,683)	-	-	21,937
Pension reserve	(5,217,000)	-	(547,000)	-	(801,000)	(6,565,000)
	<u>(5,195,082)</u>	<u>9,482,019</u>	<u>(9,903,295)</u>	<u>17,665</u>	<u>(801,000)</u>	<u>(6,399,693)</u>
Restricted fixed asset funds						
NBV of fixed assets	20,952,959	-	(896,178)	87,805	-	20,144,586
DfE / ESFA capital grants	-	32,291	-	(32,291)	-	-
Restricted investment property fund	664,239	-	-	-	65,760	729,999
	<u>21,617,198</u>	<u>32,291</u>	<u>(896,178)</u>	<u>55,514</u>	<u>65,760</u>	<u>20,874,585</u>
Total Restricted funds	<u>16,422,116</u>	<u>9,514,310</u>	<u>(10,799,473)</u>	<u>73,179</u>	<u>(735,240)</u>	<u>14,474,892</u>
Total funds	<u>18,844,252</u>	<u>9,754,102</u>	<u>(10,907,251)</u>	<u>-</u>	<u>(706,040)</u>	<u>16,985,063</u>

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

The Unrestricted General fund has been created to recognise the income and expenditure in respect of activities undertaken by the Academy Trust which fall outside the scope of its core activities.

The Capital Project fund has been set up for use in the future towards significant building expansion that has been recognised as necessary.

The Astro pitch reserve fund has been created to support the costs of resurfacing the Astro pitch when the occasion arises.

The ICT reserve fund has been created to support the costs of purchasing new ICT equipment and infrastructure when the need arises.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. Statement of funds (continued)

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy Trust via the ESFA by the DfE. The GAG fund has been established because the GAG must be used for the normal running costs of the Academy Trust.

The Pupil Premium fund has been established to recognise the restricted funding received from the Education and Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Other DfE/ESFA Grants fund has been created to recognise the restricted funding received from the DfE/ESFA which fall outside the scope of core funding.

The Local Authority Grants fund has been set up to recognise the income received from Kent County Council to facilitate special projects. Funding received for Special Educational Needs is also recognised within Local Authority Grants. These funds are to assist with the costs incurred providing disadvantaged primary and secondary aged students across the coastal area with the additional educational resources that they require. Pupil premium plus received from Local Authorities for Children's Care is also recognised within this fund.

The Other government revenue grants fund represents the restricted funding received from all other Government bodies which fall outside the scope of core funding.

The Other Education income and other activities funds have been created to recognise the restricted funding received from various other organisations which fall outside the scope of core funding.

The Pension Reserve has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy status, and through which all the pension scheme movements are recognised.

The investment property fixed asset fund has been set up to recognise the fair value of investment properties separately from unrestricted funds. These properties have been restricted by the ESFA against any dispositions of the registered estate without prior written consent signed by the Secretary of State for Education.

The NBV of fixed assets fund has been set up to recognise the tangible assets held by the Academy Trust in this category and is equivalent to the NBV of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund. The transfer reflects capital additions bought using capital grants and unrestricted funds.

The DfE/ESFA Capital Grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of Fixed Asset funds.

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward as at 31 August 2021. Note 4 discloses whether the limit was exceeded.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. Statement of funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Designated funds						
Capital project fund	2,034,000	-	-	-	-	2,034,000
Astro pitch reserve	30,000	-	-	-	-	30,000
ICT reserve	332,467	-	-	-	-	332,467
	<u>2,396,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,396,467</u>
General funds						
General funds	768,405	465,044	(577,884)	(635,292)	5,396	25,669
Total Unrestricted funds	<u>3,164,872</u>	<u>465,044</u>	<u>(577,884)</u>	<u>(635,292)</u>	<u>5,396</u>	<u>2,422,136</u>
Restricted general funds						
General Annual Grant (GAG)	-	7,274,578	(7,274,578)	-	-	-
Pupil Premium	-	309,919	(309,919)	-	-	-
Other DfE / ESFA revenue grants	-	511,625	(511,625)	-	-	-
Local Authority revenue grants	-	474,898	(474,898)	-	-	-
Other Government revenue grants	-	42,333	(42,333)	-	-	-

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

23. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Other Educational income	-	105,269	(105,269)	-	-	-
Other activities	15,039	6,879	-	-	-	21,918
Pension reserve	(4,435,000)	-	(415,000)	-	(367,000)	(5,217,000)
	<u>(4,419,961)</u>	<u>8,725,501</u>	<u>(9,133,622)</u>	<u>-</u>	<u>(367,000)</u>	<u>(5,195,082)</u>
Restricted fixed asset funds						
NBV of fixed assets	21,810,559	-	(860,474)	2,874	-	20,952,959
DfE / ESFA capital grants	-	31,821	-	(31,821)	-	-
Restricted investment property fund	-	-	-	664,239	-	664,239
	<u>21,810,559</u>	<u>31,821</u>	<u>(860,474)</u>	<u>635,292</u>	<u>-</u>	<u>21,617,198</u>
Total Restricted funds	<u>17,390,598</u>	<u>8,757,322</u>	<u>(9,994,096)</u>	<u>635,292</u>	<u>(367,000)</u>	<u>16,422,116</u>
Total funds	<u><u>20,555,470</u></u>	<u><u>9,222,366</u></u>	<u><u>(10,571,980)</u></u>	<u><u>-</u></u>	<u><u>(361,604)</u></u>	<u><u>18,844,252</u></u>

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted general funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	20,144,586	20,144,586
Fixed asset investments	2,470,710	-	-	2,470,710
Investment property	-	-	729,999	729,999
Current assets	592,813	165,307	-	758,120
Creditors due within one year	(553,352)	-	-	(553,352)
Defined benefit pension scheme liability	-	(6,565,000)	-	(6,565,000)
Total	2,510,171	(6,399,693)	20,874,585	16,985,063

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted general funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	20,952,959	20,952,959
Fixed asset investments	2,438,415	-	-	2,438,415
Investment property	-	-	664,239	664,239
Current assets	444,886	21,918	-	466,804
Creditors due within one year	(461,165)	-	-	(461,165)
Defined benefit pension scheme liability	-	(5,217,000)	-	(5,217,000)
Total	2,422,136	(5,195,082)	21,617,198	18,844,252

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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

	2021 £	2020 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,058,189)	(1,344,218)
Adjustments for:		
Depreciation charges	896,178	860,474
Capital grants from DfE and other capital income	(32,291)	(31,821)
Investment income	(38,490)	(33,778)
Movement on investments and income account	(161)	(596,064)
Defined benefit pension scheme cost less contributions payable	463,000	331,000
Defined benefit pension scheme finance cost	84,000	84,000
Decrease/(increase) in stocks	11,110	(12,682)
Decrease/(increase) in debtors	(32,860)	(18,615)
(Decrease)/increase in creditors	90,077	(2,161)
Loss on the sale of fixed assets	16,148	756
Fair value gain on investment	(94,960)	(5,396)
Net cash provided by/(used in) operating activities	303,562	(768,505)

26. Cash flows from investing activities

	2021 £	2020 £
Investment income	38,490	33,778
Purchase of tangible fixed assets	(103,953)	(72,510)
Purchase of investments	(3,095)	(207,028)
Proceeds from the sale of investments	-	574,025
Capital grants from DfE/ESFA	32,291	31,821
Net cash (used in)/provided by investing activities	(36,267)	360,086

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

27. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	385,626	118,331
Total cash and cash equivalents	385,626	118,331

28. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	118,331	267,295	385,626
Liquid investments	705	161	866
	119,036	267,456	386,492

29. Contingent liabilities

Herne Bay High School have a tribunal claim for £680 from a Maths teacher for pay during self isolation which they are disputing. It will be covered by the RPA.

30. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	71,202	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

31. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £152,233 were payable to the schemes at 31 August 2021 (2020 - £142,671) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

31. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £967,033 (2020 - £931,794).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £418,000 (2020 - £370,000), of which employer's contributions totalled £316,000 (2020 - £281,000) and employees' contributions totalled £ 102,000 (2020 - £89,000). The agreed contribution rates for future years are 21.0 to 22.5 per cent for employers and 5.5 to 12.5 per cent for employees.

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

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

	2021	2020
	%	%
Rate of increase in salaries	3.90	3.25
Rate of increase for pensions in payment/inflation	2.90	2.25
Discount rate for scheme liabilities	1.65	1.60
Inflation assumption (CPI)	2.90	2.25
Inflation assumption (RPI)	3.20	3.25

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

31. Pension commitments (continued)

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

	2021 Years	2020 Years
Retiring today		
Males	21.6	21.8
Females	23.6	23.8
Retiring in 20 years		
Males	22.9	23.2
Females	25.1	25.2

Sensitivity analysis

	2021 £000	2020 £000
Discount rate +0.1%	(335)	(272)
Discount rate -0.1%	344	279
Mortality assumption - 1 year increase	509	379
Mortality assumption - 1 year decrease	(489)	(365)

Share of scheme assets

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

	2021 £	2020 £
Equities	4,099,000	3,363,000
Gilts	35,000	35,000
Corporate bonds	869,000	671,000
Property	644,000	571,000
Cash	179,000	158,000
Absolute return fund	436,000	395,000
Total market value of assets	6,262,000	5,193,000

The actual return on scheme assets was £768,000 (2020 - £365,000).

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

31. Pension commitments (continued)

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

	2021 £	2020 £
Current service cost	(779,000)	(612,000)
Interest income	82,000	90,000
Interest cost	(166,000)	(174,000)
Total amount recognised in the Statement of Financial Activities	(863,000)	(696,000)

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

	2021 £	2020 £
At 1 September	10,410,000	9,178,000
Current service cost	779,000	612,000
Interest cost	166,000	174,000
Employee contributions	102,000	89,000
Actuarial losses	1,483,000	437,000
Benefits paid	(113,000)	(80,000)
At 31 August	12,827,000	10,410,000

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

	2021 £	2020 £
At 1 September	5,193,000	4,743,000
Interest income	82,000	90,000
Actuarial gains	682,000	70,000
Employer contributions	316,000	281,000
Employee contributions	102,000	89,000
Benefits paid	(113,000)	(80,000)
At 31 August	6,262,000	5,193,000

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

Reconciliation of opening to closing Defined Benefit Pension Scheme liability

The amounts recognised in the Balance Sheet are as follows:

	2021 £	2020 £
Present value of the defined benefit obligation	(12,827,000)	(10,410,000)
Fair value of scheme assets	6,262,000	5,193,000
Total	(6,565,000)	(5,217,000)

32. Operating lease commitments

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Amounts payable:		
Within 1 year	11,339	11,339
Between 1 year and 5 years	20,410	31,749
Total	31,749	43,088

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

33. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

J Boyes, the Principal, is a director of East Kent Learning Alliance Limited, a company who the school partners with to co-ordinate inter-school support, training and professional development. During the year the Academy Trust received £6,536 (2020: £13,230) of income from the company for training teachers and hosting training sessions and purchased £775 (2020: £1,868) of services from the company. An amount of £NIL (2020: £1,068) owed to the Academy by East Kent Learning Alliance Limited was outstanding at the year end and included in debtors.

A salary was paid to the daughter of Trustee amounting to £27,471 and pension contributions of £2,579.

In entering into the above transactions the Academy Trust has complied with the requirements of the ESFA's Academies Financial Handbook.

34. Controlling party

There is no ultimate controlling party.

35. Company limited by guarantee

The Academy Trust is a company limited by guarantee and does not have share capital.

36. Members' liability

Each of the Members 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.

HERNE BAY HIGH SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

37. Agency arrangements

The Academy Trust administers the distributions of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. During the year the Academy Trust received £52,643 (2020 - £42,354) and disbursed £31,938 (2020 - £38,518), £1,775 (2020 - £2,172) was retained to cover administration expenses. A balance of £18,930 (2020 - £1,665) was repayable to the ESFA at the Balance Sheet date.

The Academy Trust acts as an agent on behalf of the students in relation to the school's charitable fundraising activities. During the year the Academy Trust banked amounts totalling £605 (2020 - £9,135) and disbursed £605 (2020 - £9,135) to charitable organisations. The income and expenditure is excluded from the Statement of Financial Activities. A balance of £NIL (2020 - £NIL) is included in Other Creditors as holding the funds at Balance Sheet date.