

REGISTRAR OF COMPANIES

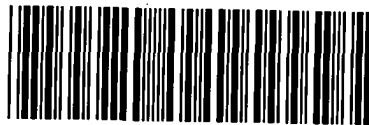
The Howard Partnership Trust

Annual Report and Consolidated Financial Statements

31 August 2018

Company Limited by Guarantee
Registration Number
07597068 (England and Wales)

THURSDAY



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Reference and administrative information

	In office at date of approval of financial statements
Members	S Trundle C Williamson I Wilson L O'Connor appointed 20/10/17 P Baumann appointed 13/12/17
Trustees	R J Barnfield (ex-officio) P Belok J Cunliffe (Deputy Vice Chair) T Crombie (Vice Chair) S Kolbush J Loy M Swyny M Templeman C Williamson (Chair until 06/06/18) I Wilson appointed 14/12/17 (Chair from 06/06/18)
Company Secretary	J Moore
Company registration number	07597068 (England and Wales)
Executive Leadership Team	
Chief Executive Officer	R J Barnfield
Deputy Chief Executive Officer	N Euridge
Director of Primary Education	J Roddick
Director of Business & Finance	J Moore
Director of HR	J Richardson
Director of IT	D Glanville
Secondary Phase Heads	
Howard of Effingham School	H Pennington
Thomas Knyvett College	J Marillat
Oxted School	N Euridge
Three Rivers Academy	AL Payne

Reference and administrative information

Primary Phase Executive Heads	Tanya Dakin Vanessa Wallden
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Primary Phase Heads	
Kenyngton Manor Primary School	K Scott
St Lawrence Primary School	V Wallden
Cuddington Community Primary School	L Herdman
Eastwick Infant School	T Smith
Eastwick Junior School	T Smith

Registered address	Lower Road Effingham Surrey KT24 5JR
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Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Bankers	HSBC 18 North Street Leatherhead Surrey KT22 7AR
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Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR
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The Trustees of The Howard Partnership Trust (THPT) present their statutory report together with the financial statements of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

THPT operates four secondary academies and five primary academies in Surrey. The total pupil number on roll reported in the Trust's census for 4 October 2018 was 6,486.

The financial statements have been prepared in accordance with the accounting policies set out on pages 37 to 42 THPT's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Memorandum and Articles of Association are the primary governing documents of the Trust. The Trust was incorporated on 8 April 2011 and took over the activities of Howard of Effingham School from 1 July 2011. In 2013, the Trust changed its name to The Howard Partnership Trust and became a Multi Academy Trust (MAT). Each academy within the MAT has established a Local Governance Board (LGB) as a Committee of the MAT. LGB members do not act as trustees or directors of the charitable company unless directly appointed to do so.

Howard of Effingham School, Thomas Knyvett College and Kenyngton Manor Primary School became academies within The Howard Partnership Trust in 2013. St Lawrence Primary School became an academy within The Howard Partnership Trust on 1 November 2014.

On 1 September 2015 Oxted School became an academy within THPT and on 1 July 2016, Cuddington Community Primary School, Eastwick Junior School and Eastwick Infant School became academies within THPT. Three Rivers Academy, an existing single academy trust, joined THPT on 1 September 2016.

On 1 December 2018 Meadhurst Primary School changed its name and became an academy within THPT.

The Trust schools also include a planned Free School Special School with a COIN (Communication and Interaction Needs) designation.

Details of the Trustees who served throughout the period are included on page 4.

THPT Services Limited, a wholly owned subsidiary of THPT was incorporated on 3 March 2015 and is also consolidated within these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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.

Principal activities

The Trust's principal activities, in accordance with its objectives for the year ended 31 August 2018, were advancing education in the United Kingdom by establishing, maintaining, managing and developing schools, offering a broad and balanced curriculum with the aim of maximising the life chances of young people. In addition, the Trust promoted the use of recreational facilities and provided educational events for the benefit of local residents and their families.

THPT Services Limited, the trading company subsidiary of THPT, provides nursery education for children from 18 months at a purpose-built nursery facility, The Howard Nursery School, which is located on the site of Howard of Effingham School. This formed its principal activity in accordance with its objectives, for the year ended 31 August 2018.

Trustees

In the year under review Trustees (who are also Directors of the charitable company for the purposes of the Companies Act 2006) were as follows and served throughout the period except where shown:

Trustee	Appointed/Resigned
Mrs R J Barnfield	
Mr P Belok	
Ms J Cunliffe	
Ms T Crombie	New term commenced 1 November 2017
Ms S Kolbush	
Mr J Loy	
Mr M Swyny	New term commenced 12 November 2017
Mr M Templeman	
Mr C Williamson	New term commenced 1 November 2017
Ian Wilson	Appointed 14 December 2017

Details of sub-committees that support the Board of Trustees are set out within the Governance Statement

Method of recruitment and appointment or election of Trustees

For the period under review, the Trust Board comprised of:

- ♦ the CEO
- ♦ 8 Member appointed Trustees up to 01/09/17
- ♦ Additional Member appointed Trustee from 14/12/17

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees (continued)

The CEO is selected by the Trust Board. Member appointed Trustees are appointed in accordance with the Articles of Association.

Policies and procedures adopted for the induction and training of Members, Trustees and Governors

The Trust Board has a structured process for the induction and training of new Members, Trustees and Governors. A tailored Code of Conduct for each level of governance is made available in the first instance and the necessary safeguarding checks and training are also undertaken.

An induction pack and training programme is managed by the Trust's Clerk/Governance Manager and regularly reviewed by the Trust's Standards & Performance Committee, with responsibility for governance. Induction of new Trustees, Members and Governors is delegated to Chairs of Trust Committees with support from the Trust's Clerk. A checklist covering all required elements is reviewed at the end of the first full term and academic year. Trustees and Governors are assigned a mentor to support them and are encouraged to participate in a dedicated Trust Governance Development Programme, including bespoke training available on request. This includes a range of external resources which the Trust has bought in as well as sources of relevant governance information available online.

Organisational structure

The CEO, Deputy CEO, Director of Primary Education, Heads, Director of Business & Finance, Director of Human Resources and Director of IT are appointed by the Trust Board.

The Executive Leadership Team comprises the CEO (who is the Accounting Officer), the Deputy CEO, the Director of Primary Education, the Director of Business and Finance, the Director of Human Resources and the Director of IT. This team meets regularly with the Heads.

Responsibility is delegated from the Trustees to the Executive Leadership Team and individual Local Governance Boards via an appropriate Scheme of Delegation.

The Trustees fulfil a strategic role. They are responsible for the strategic direction of the Trust, setting general policy, reviewing and approving annual Trust development plans and budgets, monitoring the Trust performance, both financial and in terms of student outcomes, and providing oversight of decisions about significant capital expenditure and senior staff appointments.

The LGB committees of each school within THPT have delegated responsibilities according to the degree of autonomy earned by the success of the school they oversee. Governors largely fulfil a monitoring role in holding the school leadership to account on school performance, in terms of student outcomes and school improvement together with financial performance. Governors form part of the selection panel for senior school staff appointments and oversee the monitoring of significant capital projects.

Schools within THPT have a unified structure which provides opportunities for efficiencies and effective ways of working.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

Details of the Head of Primary and Secondary phase schools at 31 August 2018 are included on pages 1 and 2.

Each Head is supported by a Senior Leadership Team (SLT). These professionals lead the school at a senior level implementing the policies ratified by the Trust. As a group, the SLT are responsible for the authorisation of spending within approved budgets and the appointment of staff (having regard to the Executive's advice), although appointment panels for the most senior posts including the SLT are supported by Governors and at least one Trustee.

The school leadership structure consists of two levels: the Senior Leadership Team (SLT) and Middle Leadership within the school. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The LGB monitors and offers challenge with regards to the standards achieved by the students, the quality of teaching and learning in the school and holds the Head and SLT to account on progress towards the School Improvement Plan targets.

The Middle Leadership Team within each secondary school includes the Year Leaders and the Heads of Faculty. Primary Middle Leadership includes Key Stage leaders SENCO and core subject leads. These leaders are responsible for the day to day operation of the school, in particular organising and developing the teaching staff, facilities and students' well-being at the school.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is set in accordance with the Trust's Recruitment and Pay Policies. These managers are appointed to a pay range which is benchmarked with reference to the School Teachers Pay and Conditions Document (STPCD), the local Surrey Pay Scheme for support staff and sector evidence relating to Multi Academy Trust Executive and leadership pay. Movement through the individual's range is not automatic but subject to the criteria for performance management for teaching staff (which includes adherence to the Teachers' Standards, STPCD criteria and performance objectives) and, successful progress towards appraisal objectives and the fulfilment of key job specification accountabilities for support staff. Such processes are in accordance with Trust policies, the strict application of which are monitored by LGBs through Portfolio Holders and ultimately the Trust via the Remuneration Committee.

Details of who is defined as key management personnel and their remuneration are included within note 7e to the financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£2,161
Total pay bill	£23,746,347 pa gross
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time + total pay bill) x 100	0.009%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period + total paid facility time hours) x 100	1.2%
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Connected organisations, including related party relationships

During 2017/18, the Trust has provided leadership solutions for Spelthorne Primary School, Ashford Common, a Local Authority maintained school. Spelthorne Primary School changed its name to Meadhurst Primary School from 1 September 2018 and joined THPT on 1 December 2018.

The Howard of Effingham School Charitable Trust exists to support the students of Howard of Effingham School and Oxted School Trust exists to support those at Oxted School. Both these charitable trusts provide enhancements for students of the school they support which would not otherwise be affordable.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships (continued)

Howard of Effingham School, St Lawrence Primary School and Eastwick Junior School and Eastwick Infants School belong to and work closely with the Effingham Learning Partnership (ELP), a confederation of 11 local schools in the Effingham area.

Cuddington Community Primary School belongs to, and works closely with, the Epsom and Ewell confederation of schools. Thomas Knyvett College, Kenyngton Manor School and Meadhurst Primary School belong to and work closely with Spelthorne Schools Together, a confederation of 26 schools in the Borough of Spelthorne. Oxted School belongs to, and works closely with, Tandridge Education Partnership.

These confederations work for the benefit of local children and young people, including managing the provision of children's services in support of education and promoting collaboration in learning.

THPT Services Limited, incorporated on 3 March 2015, is a wholly owned subsidiary of THPT whose object is to carry on business as a general commercial company to procure funds for the purpose of paying them to THPT or any other charitable body that succeeds it to further its charitable purposes.

OBJECTS AND AIMS

The Trust's objects as a MAT are for the advancement of education for the public benefit in the United Kingdom, and in particular by establishing, maintaining, managing and developing schools offering a broad and balanced curriculum with the aim of maximising the life-chances of young people.

Objectives, strategies and activities

The objectives, strategies and activities of THPT are fully outlined in the Trust's Improvement Plan and individual School Development Plans all of which are renewed annually and monitored on a regular basis, typically termly.

Public benefit

The public benefit provided by the Trust is outlined in the Objects and Aims above. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting appropriate policies for the year.

STRATEGIC REPORT

When considering the strategic report on the achievements and performance of The Howard Partnership Trust (THPT) schools, it is relevant to consider how the Partnership came into being, as that journey has shaped the THPT ethos of collaboration and inclusion that has developed over time.

STRATEGIC REPORT (continued)

THPT grew out of a long-standing federation, the first in Surrey, which was originally formed in 2007 at the request of the DfE and Surrey Local Authority. The federation was between Howard of Effingham, an Ofsted outstanding 11-18 school, which was designated the lead, and Thomas Knyvett College, an 11-16 school in Ashford. Through school-to-school collaboration, both schools benefitted from improved student outcomes, leading to Ofsted judging partnership working in each school as *outstanding* in 2009.

The Multi-Academy Trust was formed in November 2013, again at the request of the DfE and Local Authority, to enable the Partnership's first primary school to join. Kenyngton Manor School, a Surrey 2-form entry primary converted to an academy within THPT in December 2013. Since this, THPT has grown to its current size of 4 secondary phase schools and 5 in the primary phase.

The inclusive ethos of the MAT is further deepened by 4 Special Centres attached to mainstream settings; 3 COIN (Communication and Interaction Needs) Centres – one each at Eastwick Junior and Infant Schools, together with one at Cuddington Community Primary School – for young people with an autistic spectrum condition, and one Visually Impaired Centre at Oxted School. This will be enhanced by the successful Wave 12 Free School Special School bid, together with the addition of another COIN Centre to Howard of Effingham School.

Those involved with THPT are justly proud of the ethos of collaboration and inclusion achieved in each of the Partnership schools. We believe this has been achieved by upholding shared vision and values in which there is a commitment to 'bringing out the best' in young people of all abilities and aptitudes, so increasing their life-chances.

Secondary Phase Achievements and Performance

It is important to recognise the national reforms in public examinations that have taken place at each key stage when considering student outcomes in the secondary phase. The following paragraphs summarise the achievements and performance of THPT schools in the Secondary phase. The references made to school performance outcomes are based on the latest data released by the Department for Education (DfE), but it is to be noted that the data has yet to be finally validated by the DfE and may be subject to some change.

2018 Key Stage 5:

Reforms have included some radical changes to assessment regimes at A-Level. The following comments are a school-by-school basis for the 3 secondary schools with post-16 provision:

STRATEGIC REPORT (continued)

Secondary Phase Achievements and Performance (continued)

Howard of Effingham School (HoE) was judged *Outstanding* by Ofsted in 2009 and as such is exempt from routine inspections. It was one of the two co-founding schools when THPT was formed in 2013. In 2018, the school performed extremely well and the A-Level results judged the full national data set A-Level Performance System (ALPS) awarded the third highest ALPS score. An ALPS score of 3 indicates outcomes are in the top 25% nationally. The Howard's Level 3 Value Added score, provided by the DfE, is also above the national average. These results represent a positive achievement compared to the 2017 results given the 2018 cohort had lower average prior attainment than the students in 2017; yet gained similar results. Post-sixteen students from disadvantaged backgrounds in 2018 achieved an ALPS score of 2 placing their performance in the top 10% nationally.

Oxted School joined THPT in September 2015. In its first post-academy conversion inspection in 2018, Ofsted judged the Sixth Form and Leadership and Management to be good, together with Pupil Development, Behaviour and Welfare. They judged the quality of Teaching, Learning and Assessment as not yet good and still requires improvement. However, the Ofsted team recognised "the headteacher had acted swiftly to improve leadership across the school". In 2018, the school secured good outcomes at A-Level (ALPS score of 5), with an improvement in the ALPS score of 3 achieved for disadvantaged students placing them in the top 25% nationally.

Three Rivers Academy was re-brokered into the Trust in September 2016 as an academy in an Ofsted category (May 2016) and has yet to be inspected following re-brokerage. Having joined THPT two years ago it has, therefore, only had the benefit of collaborative partnership working for a limited period in terms of the length of time required to demonstrate sustainable school improvement. Given that the Year 13 curriculum and student recruitment to two-year A-Level courses were inherited from the predecessor school, the 2018 outcomes maintained the improvement seen in 2017 in terms of value added against aspirational targets and the school's raised ALPs score compared to its performance in the legacy school.

2018 Key Stage 4:

At Key Stage 4, as well as national reforms to public examinations, the Government's key performance indicators have also undergone fundamental changes to assessment including new exam specifications, no coursework and the new 9-1 grading system introduced for English and Maths in 2017 has been extended to the vast majority of subjects. Such radical reforms have led to less predictable or reliable outcomes nationally. Consequently, it is likely to take 2 or 3 further years of results before the turbulence settles down and for reliable trends to be discernible.

In the interests of comparability from year to year, we have provided each school's achievements in the GCSE performance indicators of the percentage of Year 11 students who attained grades 9-5 in combined English and Maths. It is not possible to compare other attainment and progress measures with previous years because of the changes in GCSE assessments.

STRATEGIC REPORT (continued)

Secondary Phase Achievements and Performance (continued)

School-by-school comments on unvalidated results:

Howard of Effingham School achieved a very pleasing combined English and Maths threshold measure of 57% of Year 11 students achieving grades 9-5. The overall attainment measure, once again, is very positive and the DfE's unvalidated progress score is above average.

Oxted School achieved pleasing results in the core subjects. The combined English and Maths threshold measure for grades 9-5 is improved on the same measure in 2017. The attainment in the core subject of Maths improved with a 10% increase in those attaining grades 9-5. Overall, Oxted's School's attainment and progress is improving and the gap between disadvantaged students and their peers is closing.

Thomas Knyvett College was a co-founding school when the MAT was formed in 2013. In its latest inspection in 2018 it was judged to remain overall *Good* with *Outstanding* leadership. In 2018, the school performed exceptionally well. With a small Year 11 cohort (102) of whom only 99 had matched data, to achieve a threshold measure of 33% of Year 11 students achieving grades 9-5 in combined English and Maths from a Key Stage 2 average on entry of -3.1 APS below national (described by Ofsted as significantly below) is outstanding.

This overall attainment exceeded the FFT20 aggregate target. Thus, attainment in 2018 is a strength given that the school's Key Stage 4 curriculum prioritises the needs of TKC students and does not naturally facilitate Ebacc or other attainment and progress measure subjects.

In the early release unvalidated data the progress of the whole cohort is very pleasing. In addition, the ALPS data for disadvantaged students also demonstrates exceptional performance showing there is only a small gap between the performance of disadvantaged students and all others.

Three Rivers Academy, having only joined THPT 2 years ago, achieved some major successes in 2018 GCSE outcomes, in particular, improving on the increase of the combined 9-5 grades in English and Maths threshold measure compared to the 2017 performance. This rapid improvement in the school is reflected in the local community's increased confidence in the quality of education provided. One of the clearest indicators of this public confidence is a significant increase in the number of first and second choice applications for Year 7 places for September 2019, at nearly 300 compared to an in take of 150 in September 2018. This, together with the exciting whole school rebuild project which is already providing state of the art educational accommodation, leads us to believe that the school has a very positive future within the Trust.

Primary Phase Achievements and Performance

The THPT primary phase continues to demonstrate a picture of strengthening improvement against both national benchmarks and Ofsted criteria. Each school has shown notable gains since joining THPT with clear strengths against national measures. Equally, there remain different priorities for improving outcomes across each school and these areas are clearly reflected in the individual school priorities.

STRATEGIC REPORT (continued)

Primary Phase Achievements and Performance (continued)

The academic year 2017/18 saw all THPT Primary schools making good progress against their planned priorities. This ongoing progress has again been validated and praised by Ofsted over the last academic year in the THPT primary school inspected in academic year 2017/18. The team praised the quality of leadership and the partnership working of THPT in improving outcomes for pupils.

Developments in teaching and learning have been at the heart of the school improvement plans and have included a wide range of staff training in key areas such as assessment, Singapore approaches to Maths and developing writing. In addition to this, all Primary phase schools have focused closely on developing their curriculum to further extend the breadth and relevance of content in meeting the demands of the National Curriculum.

The following paragraphs summarise the achievements and performance of THPT schools in the Primary phase. The references made to school performance outcomes are based on the latest data released by the Department for Education (DfE), but it is to be noted that the data has yet to be finally validated by the DfE and may be subject to change.

Kenyngton Manor Primary School (KMS). Improving pupil outcomes, combined with a dramatically improved picture across the school in the quality of teaching, enabled the school to secure a *Good* judgement at their post-academy conversion Ofsted inspection. The school had never previously achieved a *Good* judgement since Ofsted started inspecting nearly 25 years ago. Inspectors praised the school for its many evident improvements as a result of work undertaken post-conversion over the three-year period since joining THPT. 2018 outcomes, although below the national average, saw the Year 6 cohort make considerable in-year progress against very low prior attainment and attain close to the threshold score for expected attainment.

The school continues to provide a wide range of support and opportunity for children of all abilities and aptitudes, including those from disadvantaged backgrounds. The quality of this provision was identified by Ofsted as a notable strength of the school. 2018 outcomes in Early Years and Key Stage 1 were notable successes.

St Lawrence Primary School. The 2018 pupil outcomes at St Lawrence continue to improve dramatically. As with KMS, the progress made by the school in improving the quality of teaching and pupil outcomes since joining the Trust, enabled St Lawrence to achieve a *Good* judgement at their post-academy conversion Ofsted inspection in October 2017. The inspectors noted the gains made across all aspects of the school since joining THPT three years before. The judgement of *Good* represents the first positive inspection outcome for nearly 15 years for the school. 2018 outcomes at Key Stage 2 saw significant gains on previous years including 71% of pupils achieving the combined English and maths attainment measure.

STRATEGIC REPORT (continued)

St Lawrence Primary School (continued)

Pupil outcomes in 2018 were the strongest achieved by the school for a number of years. Early Years outcomes considerably improved on 2017 with an above national average percentage of pupils achieving a Good Level of Development. Year 1 phonics and Key Stage 1 outcomes also increased on 2017 levels. At Key Stage 2, the school achieved well above national attainment in reading and pupils are now making improved rates of progress with a significant gain made in the percentage of pupils securing good levels of attainment in reading, writing and maths.

Following a period of considerable change and improvement, St Lawrence has made extensive and sustained gains against all measurable outcomes. The school is inclusive, highly supportive of pupils with SEND and works closely with members of the community to secure good access to education for all children in the locality.

THPT Support for **Cuddington Community Primary School (CCPS)** began in Autumn 2014. The school was in a position of vulnerability following two consecutive *Requires Improvement* judgements and subsequent monitoring from Ofsted, indicating that school improvement was not moving rapidly enough. Consequently, CCPS converted to academy status and joined the Trust in July 2016. Since that time, with a combination of THPT partnership working and the appointment of a substantive Head, the school has made dramatic improvements, resulting in the school's 2018 outcomes improving significantly on previous years. Successes in Early Years, phonics and Key Stage 1 were also notable this year. 2018 outcomes represent the strongest outcomes the school has achieved in recent years with 70% of mainstream pupils achieving the combined English and maths attainment measure.

At their Ofsted inspection prior to joining THPT, Leadership, Early Years and Pupils' personal development and wellbeing were all judged to be *Good*. The school awaits a post-conversion Ofsted inspection.

The school was awarded the Prestigious Inclusion Quality Mark 'Flagship Status' in 2018. This is an award only attained by 100 schools nationally.

Eastwick Infant and Junior Schools joined THPT in July 2016. Both schools were established, successful schools at the time of joining the Partnership, with *Good* inspection judgements from Ofsted. Currently, they are led by an experienced Head who joined the schools in September 2017. The schools work inclusively with Centre provision for SEND pupils with an increasingly wide range of needs. 2018 outcomes again revealed high levels of attainment at Key Stage 2 and a notable improvement in the amount of progress pupils make in reading across the school. 2018 outcomes continue to demonstrate high levels of attainment with 72% of mainstream pupils achieving the combined English and maths measure.

The quality of teaching and pupils' outcomes are notable strengths of the school. An established CPD and coaching programme has developed both classroom practice and leadership across the schools. The schools await a post-conversion Ofsted inspection.

STRATEGIC REPORT (continued)

Going Concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trust 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

Financial report for the year

Most of the schools' income is obtained from the Education Skills and Funding Agency (ESFA) in the form of the General Annual Grant (GAG), the use of which is restricted for education purposes. The grants received from the ESFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

The schools also received grant funding for capital investment and maintenance from the ESFA. In accordance with the Statement of Recommended Practice (SORP 2015), Accounting and Reporting by Charities, such a grant is shown in the statement of financial activities if spent during the period as restricted income within the fixed assets funds. The balance sheet restricted fixed assets fund is reduced by expenditure equivalent to any depreciation charges over the expected useful life of the assets concerned.

The total income for the year was £37,911,000 (2017 - £78,348,000). This included transfer adjustments including a reduction of £2,000,000 in 2017/18 (2017 - transfer to the Trust of £38,405,000) upon schools joining the trust. Also included within this balance was the General Annual Grant of £30,874,000 (2017 - £31,309,000) (see note 3).

The operational surplus for the year after transfers between funds, excluding the fixed assets fund, the pension reserve and the transfers into the Trust was £197,000 (2017 - £2,104,000).

At 31 August 2018, the Trust had total funds of £109,256,000 (2017 - £111,709,000). This was comprised of £104,262,000 (2017 - £107,425,000) of restricted funds and £4,994,000 (2017 - £4,284,000) of unrestricted general fund balances. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £10,342,000 at 31 August 2018 (2017 - £11,312,000).

The results for the period are shown on page 34.

Reserves policy

THPT is dependent on the flow of grants from the Education & Skills Funding Agency, which allows it to spend on today's students in addition to holding a level of reserves. THPT policy is to hold levels of reserves of between 3-5% of total annual revenue income. This equates to between £1,200,000 and £2,000,00 at 31 August 2018. This recognises the responsibility of the Trust to support the education of current students, but also allows the Trust to remain financially sustainable and to implement future strategies.

STRATEGIC REPORT (continued)

Reserves policy (continued)

The Trustees recognise therefore that the level of reserves held will be varied within acceptable parameters to reflect the Trust's activities, plans for growth, and the operating environment.

The Trust's current level of free reserves (comprising of the unrestricted general fund balance and GAG fund carry forward balance) was £4,994,000 at 31 August 2018 (2017 - £5,595,000). Excess reserves have been identified for use in accordance with the Board policy whereby the Trustees agree to set aside funds to support the growth of the MAT and to deliver school improvement in the following areas:

- Provision of dedicated school improvement resource to support pupil progress in the Primary phase in the next financial year and some overstaffing in the core subjects in the Secondary phase.
- Investment in Trust infrastructure to provide integrated management information systems. This project is planned over a 24-month period.

Expenditure on the activities outlined above will bring the Trust reserves into line with the level identified by the Board as being appropriate.

The Trust had a consolidated pension scheme liability of £10,342,000 as at 31 August 2018 which forms part of restricted reserves (2017 - £11,312,000). The disclosure does not mean that liability is already committed and is no longer available to the Trustees to further the Trust's objectives. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase in order to reduce the liability.

Investment policy

The Trust does not have any material investments.

Risk management

The Trustees and Governors have assessed the major risks to which the Trust and each school is exposed, in particular those areas relating to maximising young people's outcomes; the specific teaching, provision of facilities and other operational areas of the schools, and the Trust finances. The Trustees have monitored the effectiveness of Trust and school strategies and procedures implemented to mitigate risks that the schools face, especially in the operational areas; recruitment, health and safety (including safeguarding) and financial controls. Where significant financial risk still remains, they have ensured, where possible, that they have adequate insurance cover.

A dedicated Audit Committee has responsibility for internal control; this is delegated by the Board of Trustees. The Audit Committee comprises four Trustees and the CEO, with the Director of Business and Finance in attendance at meetings.

Financial and risk management objectives and policies

The principal risk management objective of the Trust as stated in the risk management policy is to minimise all identified risks as outlined in the risk register, undertaking frequent review of identified risks and adopting mitigating actions where possible.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

LGBs review their individual school risk registers and mitigating actions on a termly basis to ensure the management of key risks is regular and ongoing. Residual risk registers are reviewed to ensure mitigation results in the reduction of the raw risk to an acceptable level within the Trust's risk appetite. Each Trust committee receives and reviews the risk register appropriate to its Terms of Reference. THPT Audit Committee receives and reviews the composite Trust risk register. Reviews are carried out on a termly basis using the same methodology to identify the scope of the identified risks, and any other mitigating actions that may be necessary. In this way, the Trust ensures that its strategic decision-making is fully informed by the risk management protocols that are in place.

The major risks to which the Trust is exposed are: -

♦ **Developing and implementing Trust wide IT strategy**

The Trust has developed a 3-year IT strategy for implementation over the current and subsequent financial years. The Director of IT leads on the strategy implementation and a key IT supplier has been appointed as the Trust's IT Business Partner to support in this implementation. In this way opportunities to harness additional resource and expertise on a short-term basis are provided as well as delivering a programme to refresh and enhance the Trust IT capability.

♦ **Developing and ensuring GDPR compliance**

The Trust commissioned a working group of colleagues from all shared service and education departments to develop a timely and effective response to new legislative requirements. This included:

- a Trust-wide GDPR audit of readiness
- an implementation plan for actions resulting from the GDPR audit, including a GDPR Policy
- the appointment of a DPO (Interim) and GDPR leads in all schools/divisions of the Trust
- regular reports to Audit & Risk Committee for scrutiny and challenge

Smooth introduction of GDPR compliant policy and practice was introduced by the statutory deadline of 25 May 2018.

♦ **Recruitment challenges posed by the increasingly difficult national teacher shortage situation**

The Trust has a dedicated HR Recruitment team and under the leadership of the HR Director, a range of strategies to mitigate the teacher recruitment risk are in place.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- ◆ Turbulence in national attainment and progress measures which affect the public representation of the Trust schools' outcomes

The curriculum offer in each secondary school has been annually revised to adapt the curriculum model to take account of new performance measures while still ensuring students' needs and progression routes are the primary consideration. Therefore, students' needs have been prioritised over league table success. There is a continual monitoring of the national educational climate to ensure THPT secondary schools demonstrate the best possible outcomes to meet the needs of their students.

- ◆ Risk profile of potential schools joining the Trust

The THPT vision document demonstrates the Trust's agility to respond to expansion opportunities and threats appropriately. In mitigating these risks, Trustees are appraised of the risk profile of all potential schools, including geographical location and demographics, financial viability and the size of the school as well as a full analysis of existing school improvement capability. This helps to inform the resource requirements that will be necessary to support planned Trust expansion in terms of human resource capacity, access to appropriately skilled leaders, technical staff, and financial resources.

- ◆ Demographic changes in the communities served by THPT schools

Situated in Surrey in the South of England and in close proximity to London Boroughs and Local Authorities in neighbouring shire counties, the range of communities served by THPT schools is wide and diverse. Constant horizon scanning in terms of demographic trends and data is a key mitigation strategy in managing this risk, as is maintaining an open dialogue and a working relationship with the Local Authority on demographic matters.

FUNDRAISING

THPT does not employ fundraising agencies, street fundraisers, or undertake telephone fundraising campaigns.

THPT benefits from 2 charitable funds; Oxted School Trust and Howard of Effingham School Trust. In addition, some Trust schools also benefit from donations made via the School Fund. We utilise the income from these funds to provide school equipment and other items to support the curriculum which would otherwise be unaffordable. Charity law covers the rules relating to the setting up and operation of charities and we ensure compliance with the legislation for both the Oxted School and Howard of Effingham School Charitable Trusts, as well as for THPT. We recognise the Code of Fundraising Practice and we also comply with laws that apply to data protection, health and safety and the environment.

STRATEGIC REPORT (continued)

FUNDRAISING (continued)

The Trust charitable objects are clear and we are transparent in our core purpose and how donations are used. We respect the rights, dignities and privacy of our supporters and beneficiaries; we do not put undue pressure on donors to make a gift. THPT has not received any complaints regarding its fundraising practices in the year.

PLANS FOR FUTURE PERIODS

The vision of THPT is to support the continuous improvement of THPT schools and partners through collaborative working, in order to enhance the life chances for our students and benefit our local communities. The Trust's priority is to continue to improve the performance of its young people in all partnership schools as reflected in the mission statement "bringing out the best" and through activities in the MAT Improvement Plan and each school's Improvement Plan. Increased membership of the Trust will be managed in such a way as to ensure the realisation of the values and ethos of the Trust at all stages of development. Measured growth will ensure capacity and appropriate time scales for the induction of new schools to avoid risks associated with too rapid expansion.

Key challenges for the year ahead include:

- ◆ Progressing the whole school rebuild at Howard of Effingham School for which planning permission has been granted. The Trust is continuing to work in partnership with Berkeley Homes to rebuild and expand Howard of Effingham School on a significantly larger site opposite the existing school. Funding for the project should be provided through enabling residential development.
- ◆ Progressing a successful application for a special free school to provide cross phase education for high functioning students who have an autistic spectrum condition, who are 7-19 years old. These students have communication and interaction needs which mean they are unable to be educated in mainstream settings.

In addition, Howard of Effingham School, the lead school in THPT, is supported by a National Leader of Education (NLE) and so is a designated National Support School, and a registered academy sponsor. Members of the Leadership Team across the Partnership are regularly requested by Surrey County Council and the Department for Education to undertake local improvement support for schools in challenging circumstances in the Surrey and the surrounding area.

Trustees' report 31 August 2018

STRATEGIC REPORT (continued)

AUDITOR

In so far as the Trustees are aware: -

- ♦ relevant audit information has been disclosed to The Trust's auditors; and
- ♦ the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the members of the

Board of Trustees on *14th December 2018* and signed on its behalf by:

I Wilson
Chair of Trustees



Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The CEO is responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Trust Board met 5 times from 1 September 2017 to 31 August 2018. Attendance at these meetings was as follows:

Trustee	Number of meetings attended	Out of a possible
Mrs R J Barnfield	4	5
Ms T Crombie	5	5
Mr M Swyny	5	5
Mr C Williamson	5	5
Mr P Belok	5	5
Mr M Templeman	3	5
Ms J Cunliffe	3	5
Ms S Kolbush	4	5
Mr J Loy	4	5
Mr I Wilson	4	4

During 2017-18 the Trust Board carried out a self-evaluation review of its performance and effectiveness, and that of its committees, and noted the following:

Action Plans have been developed to be taken forward in 2018-19 by each tier of Governance as a result of the issues that emerged through the self-evaluation process. All Action Plans will be subject to scrutiny and challenge by the Standards and Performance Committee in line with their Terms of Reference which give them accountability for the effectiveness of Governance across the Trust.

The Trust Board has responsibility for long-term planning, resourcing and monitoring to ensure the delivery of the overall strategic plan for the Trust.

The Business & Finance Committee and the Audit & Risk Committee are sub-committees of the main Trust Board, as is the Standards & Performance Committee which has oversight of student progress/outcomes and effective governance across the Trust.

Governance (continued)

The Standards & Performance Committee met 6 times during the year.

Trustee	Number of meetings attended	Out of a possible
Mrs R Barnfield	5	6
Ms T Crombie	6	6
Ms S Kolbush	4	6
Mr M Templeman	1	6
Mr I Wilson	4	4

The Audit & Risk Committee is responsible for the review of the management of internal financial controls, risk management and corporate governance within The Howard Partnership Trust. The Audit & Risk Committee comprises four Trustees and the CEO, with Director of Business & Finance in attendance. Monitoring the implementation and effectiveness of all matters relating to school health and safety also falls within the terms of reference of the main Audit & Risk Committee.

The Audit & Risk Committee met 3 times during the year.

Trustee	Number of meetings attended	Out of a possible
Mrs R Barnfield	2	3
Mr P Belok	3	3
Mr M Swyny	3	3
Mr M Templeman	3	3
Mr J Loy	2	3

The purpose of the Business & Finance Committee is to provide oversight of the THPT financial position ensuring sufficient levels of resourcing to deliver the Trust's main purpose whilst having due regard to the financial viability of the Trust. It also monitors and challenges the major HR policies and practice.

The Business & Finance Committee met 6 times during the year.

Trustee	Number of meetings attended	Out of a possible
Mrs R J Barnfield	6	6
Mr P Belok	6	6
Ms J Cunliffe	6	6
Mr M Swyny	6	6

Governance reviews

Since THPT was established as a MAT in 2013, it has experienced significant growth with an increase in the range and complexity of Trust Board activities. In recognition of the need to further review and develop proposals for an expansion of The Trust's Committee structure, Trustees also agreed to hold six Board meetings per year. In response to the latest government guidance, the Trust reviewed the constitution of all tiers of governance within THPT during 2016-17. The outcome of this review was implemented in 2017-18 and the number of Members is reduced from ten to five all of whom are skills-based appointments. Similarly, the commission of a successful pilot in 2016-17 led to the full adoption of the model of a single Local Governance Board (LGB) in each school without sub-Committees by the end of the academic year 2017-18. Appointments to the Trust Board of Trustees are made to ensure an appropriate range of skills are incorporated across the Trust Board.

The role and responsibilities of the LGBs as committees of the Trust within each school reflect partnership working and focus on the critical monitoring of standards, teaching/learning and progress of the School Improvement Plan as well as ensuring safeguarding monitoring at a local level.

The Trust regularly reviews its Governance Scheme of Delegation which currently encompasses governance and operational accountability and, supports the governance structure developments above.

Review of Value for Money

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

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

♦ Educational Strategies

Over the last year, the Trust has increased resources provided in central school improvement teams including the appointment of THPT lead professionals for:

- Core subjects
- Data and Performance
- Teaching & Learning
- Behaviour & Attendance
- Mental Health
- Inclusion
- Safeguarding

Review of Value for Money (continued)

◆ **Educational Strategies (continued)**

These leads co-ordinate and align the sharing of good practice across all THPT schools, primary and secondary. The value for money achieved in these part-time appointments is demonstrable, leading to improvements in educational outcomes (see below) and wider achievements associated with removing barriers to learning.

This approach together with planned and costed interventions led by the school improvement teams, have brought about quantifiable improvements and hence value for money in:

- Standards of teaching and learning across the schools
- Pupil attendance
- Addressing safeguarding incidents
- Coping strategies for mental health and wellbeing issues

There has also been a well-planned first phase implementation of a Trust-wide IT Strategy. The opportunity to improve teaching and learning through latest technology (cloud storage and Office 365 connectivity) has demonstrated outstanding value for money given that in stand-alone academies such comprehensive IT upgrades are rarely affordable.

◆ **Educational Outcomes**

THPT primaries have continued to demonstrate a picture of strengthening performance in line with national expectations and Ofsted criteria. 2017-18 saw all THPT primaries make good progress against their planned priorities. The value for money aspect of this performance has been validated and praised by Ofsted in routine inspections. For example, in the only THPT primary school inspected in AY17-18, the inspection team praised the quality of leadership and partnership working involved in improving outcomes for pupils.

In the secondary phase, value for money is demonstrated by the fact that THPT schools all showed improvements in headline performance measures for 2018 over those achieved in 2017. This is despite the turbulence widely recognised to have been caused by the national reforms in public examinations at each Key Stage in the secondary phase.

◆ **THPT HR Strategy & Shared Service Team**

A review of our HR service provision shows that value for money has been delivered by reducing costs and increased efficiency. Examples include:

- Lower service contract costs per head/per site versus an individualised school approach e.g. recruitment service providers, payroll services, consultancy services and occupational health due to increased buying power and economies of scale
- Lower costs per advert, per selection process and per vacancy filled versus local recruitment

Review of Value for Money (continued)

- ◆ THPT HR Strategy & Shared Service Team (continued)
 - Savings on overall headcount within the total THPT HR Team as a consequence of more aligned ways of working, increased process efficiencies and opportunity to attract and retain a greater level of individual expertise
 - Reduced use of consultancy and legal services due to increased individual expertise with the Shared Service HR Team
- ◆ A review of THPT individual School procurement and identification of activities that can be tendered on a Trust wide basis. Value for money has been delivered by reducing costs, improving service levels and freeing up resources to be directed back into teaching and learning. Examples include a THPT wide Business Partnering contract with a credible and experienced IT provider, a renewed contract with Trust Auditors following a competitive tendering process and the Trust-wide purchase of a dedicated software package to collate and analyse pupil progress data.
- ◆ A restructuring of the finance business support function into a more centralised model, resulting in sharing expertise across sites and streamlining roles to maximise the impact of financial management support. Value for money can be measured by a reduction in headcount and more efficient ways of working which delivers a more cost-effective provision of financial and business support to schools.

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 THPT's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

The risk and control framework (continued)

In particular, it includes:

- ♦ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- ♦ regular reviews by the main Trust Board 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 educational performance;
- ♦ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ♦ delegation of authority and segregation of duties; and
- ♦ identification and management of risks.

The Trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor during the period under review. However, the Trust Board has engaged its external auditors Buzzacott, to perform a range of checks on the Trust's financial systems. On a yearly basis, the external auditor reports to the trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Buzzacott's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. In particular, the checks carried out in the current period include:

- ♦ Payroll
- ♦ Accounting System
- ♦ Income
- ♦ Purchases

The checks carried out in the current period related to the internal assurance testing as set out in the Academies Financial Handbook for a selected number of schools.

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has taken account of:

- ♦ the work of the external auditors;
- ♦ the financial management and governance self-assessment process;

Review of effectiveness (continued)

- ♦ the strategic financial leadership and management by the Trust's Executive Leadership Team; and
- ♦ the work of the Senior Leadership Team within each school who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Trust Board of the implications of the result of their review of the system of internal control and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees and signed on their behalf by:



I Wilson
Chair of Trustees
Approved on:

16th December 2018



R J Barnfield
CEO and Accounting Officer

16.12.18

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of The Howard Partnership Trust, I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

RJ Barnfield
Accounting Officer



Date:

14.12.18

Statement of Trustees' responsibilities 31 August 2018

The Trustees (who are also the Directors of the Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the ESFA;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust'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 Board of Trustees on 14th December 2018 and signed on its behalf by:

I Wilson

Chair of Trustees



Independent auditor's report on the financial statements 31 August 2018

Independent auditor's report on the financial statements to the members of The Howard Partnership Trust

Opinion

We have audited the financial statements of The Howard Partnership Trust (the parent 'charitable company') and its subsidiary (the 'group') for the year ended 31 August 2018 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ♦ give a true and fair view of the state of the parent charitable company and the group's affairs as at 31 August 2018 and of the group's income and expenditure for the year then ended;
- ♦ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ♦ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ♦ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ♦ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

- ♦ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or charitable parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Independent auditor's report on the financial statements 31 August 2018

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

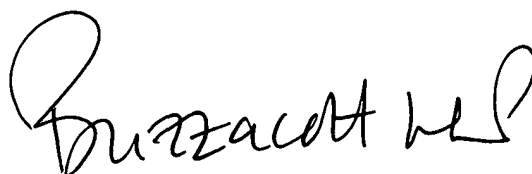
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Buzzacott LLP 14 December 2018

Shachi Blakemore (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting accountant's assurance report on regularity to The Howard Partnership Trust and the Education and Skills Funding Agency

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

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

Respective responsibilities of The Howard Partnership Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Howard Partnership Trust's funding agreement with the Secretary of State for Education dated 27 June 2011 and the Academies Financial Handbook 2017, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Approach (continued)

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

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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

Buzzacott LLP 14 December 2018

Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 August 2018
(Including income and expenditure account and statement of recognised gains and losses)

	Notes	Unrestricted general fund £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Income from:						
Donations and capital grants	1	201	3,087	—	3,288	3,065
. Transfer of surplus from existing schools	25b	—	—	—	—	35
. Transfer of existing academy into the Trust	25a	—	—	(2,000)	(2,000)	38,370
Charitable activities						
. Funding for the Trust's educational operations	3	536	34,332	—	34,868	34,916
Other trading activities	2	1,755	—	—	1,755	1,961
Investments		—	—	—	—	1
Total income		2,492	37,419	(2,000)	37,911	78,348
Expenditure on:						
Raising funds	4	222	—	—	222	123
Charitable activities						
. Trust's educational operations	5	1,530	38,215	2,837	42,582	40,377
Total expenditure	4	1,752	38,215	2,837	42,804	40,500
Net income (expenditure)		740	(796)	(4,837)	(4,893)	37,848
Transfers between funds	15	(30)	(1,187)	1,217	—	—
Other recognised gains and losses						
Actuarial gains on defined benefit pension scheme	21	—	2,440	—	2,440	2,274
Net movement in funds		710	457	(3,620)	(2,453)	40,122
Reconciliation of funds						
Fund balances brought forward at 1 September		4,284	(8,189)	115,614	111,709	71,587
Fund balances carried forward at 31 August		4,994	(7,732)	111,994	109,256	111,709

All of the Trust's activities derive from continuing operations during the above financial periods.

Balance sheets 31 August 2018

	Notes	2018		2017	
		Group £'000	Trust £'000	Group £'000	Trust £'000
Fixed assets					
Tangible assets	12	112,132	112,086	102,606	102,559
Current assets					
Debtors	13	1,254	1,408	16,644	16,858
Cash at bank and in hand		10,658	10,555	9,556	9,474
		11,912	11,963	26,200	26,332
Liabilities					
Creditors: amounts falling due within one year	14	(4,446)	(4,396)	(5,785)	(5,775)
Net current assets		7,466	7,567	20,415	20,557
Net assets excluding pension scheme liability		119,598	119,653	123,021	123,116
Pension scheme liability	21	(10,342)	(10,342)	(11,312)	(11,312)
Total net assets		109,256	109,311	111,709	111,804
Restricted funds					
Fixed assets fund	15	111,994	111,948	115,614	115,567
Restricted income funds	15	2,610	2,610	3,123	3,123
Pension reserve	15	(10,342)	(10,342)	(11,312)	(11,312)
Total restricted funds		104,262	104,216	107,425	107,378
Unrestricted income funds					
General fund	15	4,994	5,095	4,284	4,426
Total unrestricted funds		4,994	5,095	4,284	4,426
Total funds		109,256	109,311	111,709	111,804

The financial statements on pages 34 to 62 were approved by the Trustees, and authorised for issue on 14th December 2018 and are signed on their behalf by:



I Wilson
Chair of Trustees

The Howard Partnership Trust
Company Limited by Guarantee
Registration Number: 07597068 (England and Wales)

Statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
Net cash inflow from operating activities			
Net cash provided by operating activities	A	10,519	24,061
Cash flows used in investing activities	B	(9,417)	(20,195)
Cash inflow from conversions		—	552
Change in cash and cash equivalents in the year		1,102	4,418
Cash and cash equivalents at 1 September		9,556	5,138
Cash and cash equivalents at 31 August	C	10,658	9,556

A Reconciliation of income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the year (as per the statement of financial activities)	(4,893)	37,848
Adjusted for:		
Depreciation charges (note 12)	2,837	2,318
Capital grants from DfE and other capital income	(2,946)	(2,637)
Cash transferred on conversion	—	(552)
Interest receivable	—	(1)
Defined benefit pension scheme obligation and fixed assets transferred on conversion	—	(2,659)
Defined benefit pension scheme cost less contributions payable (note 21)	1,173	620
Defined benefit pension scheme finance cost (note 21)	297	261
Decrease (increase) in debtors	15,390	(14,725)
(Decrease) increase in creditors	(1,339)	3,588
Net cash used in operating activities	10,519	24,061

B Cash flows from investing activities

	2018 £'000	2017 £'000
Dividends, interest and rents from investments	—	1
Purchase of tangible fixed assets	(12,363)	(22,833)
Capital grants from DfE/ESFA	2,946	2,637
Net cash used in investing activities	(9,417)	(20,195)

C Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	10,658	9,556
Total cash and cash equivalents	10,658	9,556

Statement of accounting policies

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

Basis of preparation

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

The Howard Partnership Trust meets the definition of a public benefit entity under FRS 102.

These financial statements have been rounded to the nearest thousand pounds sterling.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet include the financial results of the Trust and the trading subsidiary, THPT Services Limited, for the year ended 31 August 2018.

No separate statement of financial activities has been presented for The Howard Partnership Trust alone, as permitted by Section 4 of the Companies Act 2006.

Going concern

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

Income

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

Grants

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

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

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

The assets and liabilities of schools joining the Trust have been valued at fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised within *Donations – transfer from existing academy into the Trust* in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 25.

Expenditure

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

Expenditure on raising funds

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

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £5,000 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. 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 such assets is charged to the restricted fixed assets fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

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

Freehold buildings	2% per annum
Fixtures, fittings and equipment	10-20% per annum
Motor vehicles	20% per annum
Computer equipment	33% per annum

Depreciation is charged from the month of acquisition.

Tangible fixed assets (continued)

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

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

Liabilities

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

Leased assets

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

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 basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

Restricted fixed assets funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Surrey County Council.

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

- ♦ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ♦ The net book value of tangible fixed assets is based on the original cost of the asset net of provision for depreciation. The depreciation provision to date is based on the trustees' assessment of the estimated useful economic lives of such assets.
- ♦ The values attributed to properties donated to the Trust are initially recognised based on an independent professional valuation. The property's condition, the nature of educational use, and the geographical location are taken into consideration in estimating the value.

Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 23.

Notes to the financial statements Year to 31 August 2018

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	2,946	—	2,946	2,637
Other donations	201	141	—	342	428
	201	3,087	—	3,288	3,065

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	313	—	313	294
Trip income	877	—	877	1,160
Catering income	7	—	7	12
Nursery services	180	—	180	122
Wraparound Care	213	—	213	212
Miscellaneous income	165	—	165	161
	1,755	—	1,755	1,961

3 Funding for Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE / ESFA grants				
General Annual Grant (GAG)	—	30,874	30,874	31,309
Pupil Premium	—	1,225	1,225	1,181
Other DfE / ESFA	—	496	496	613
	—	32,595	32,595	33,103
Other Government grants				
Children's Centre	—	91	91	178
Local authority grants	—	1,526	1,526	1,234
Nursery	252	—	252	175
	252	1,617	1,869	1,587
Non-Government funding				
Other income from the Trust's educational operations	284	120	404	226
	284	120	404	1,587
	536	34,332	34,868	34,916

Notes to the financial statements Year to 31 August 2018

4 Expenditure

	Staff costs £'000	Non pay expenditure		2018 Total funds £'000	2017 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds					
. Direct costs	101	—	50	151	123
. Support costs	29	31	11	71	—
Trust's educational operations					
. Direct costs	25,981	—	2,832	28,813	28,075
. Allocated support costs	5,504	6,081	2,184	13,769	12,302
	31,615	6,112	5,077	42,804	40,500
				2018 Total funds £'000	2017 Total funds £'000
Net income (expenditure) for the year includes:					
Operating lease rentals				20	32
Depreciation				2,837	2,318
Fees payable to auditor					
. Audit				35	35
. Other services				8	26

5 Charitable activities - academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £	2017 Total funds £
Direct costs	278	28,535	28,813	28,075
Support costs	1,252	12,517	13,769	12,302
	1,530	41,052	42,582	40,377
			2018 Total funds £'000	2017 Total funds £'000
Analysis of support costs				
Support staff costs			5,504	4,530
Depreciation			2,821	2,318
Technology costs			210	299
Premises costs			3,260	3,414
Other support costs			1,890	1,614
Governance costs			84	127
Total support costs			13,769	12,302

Notes to the financial statements Year to 31 August 2018

6 Comparative information

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

	Unrestricted general fund £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2017 Total funds £'000
Income from:				
Donations and capital grants	428	2,637	—	3,065
. Transfer of surplus from existing schools	—	35	—	35
. Transfer of existing academy into the Trust	407	(2,041)	40,004	38,370
Charitable activities				
. Funding for the Trust's educational operations	488	34,428	—	34,916
Other trading activities	1,841	120	—	1,961
Investments	1	—	—	1
Total income	3,165	35,179	40,004	78,348
Expenditure on:				
Raising funds	123	—	—	123
Charitable activities				
. Trust's educational operations	1,809	36,250	2,318	40,377
Total expenditure	1,932	36,250	2,318	40,500
Net income (expenditure)	1,233	(1,071)	37,686	37,848
Transfers between funds	9	(547)	538	—
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	—	2,274	—	2,274
Net movement in funds	1,242	656	38,224	40,122
Reconciliation of funds				
Fund balances brought forward at 1 September	3,042	(8,845)	77,390	71,587
Fund balances carried forward at 31 August	4,284	(8,189)	115,614	111,709

Notes to the financial statements Year to 31 August 2018

7 Staff

a) Staff costs

Staff costs during the period were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	23,746	22,594
Social security costs	2,306	1,974
Pension costs	5,028	4,643
	31,080	29,211
Supply staff costs	483	375
Staff restructuring costs	52	23
	31,615	29,609

	2018 £'000	2017 £'000
Staff restructuring costs comprise		
Redundancy payments	—	—
Severance payments	52	23
	52	23

b) Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £52,000 (2017 - £22,900). Individually the payments were £18,000, £15,000, £13,000, and £6,000 (2017: individual payments were for £3,000, £4,100, £4,800 and £11,000).

c) Staff numbers

The average number of staff (including the senior management team) employed by the Trust during the year was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	435	419
Administration and support	469	442
Management	26	26
	930	887

Notes to the financial statements Year to 31 August 2018

7 Staff (continued)

d) Higher paid staff

The number of employees whose annualised emoluments fell within the following bands was:

	2018 No	2017 No
£60,001 - £70,000	20	16
£70,001 - £80,000	4	3
£80,001 - £90,000	5	5
£90,001 - £100,000	1	—
£110,001 - £120,000	1	1
£180,001 - £190,000	—	1
£200,001 - £210,000	1	—

Apart from one staff member, all of the above employees participated in the Teachers' Pension Scheme or the Local Government Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £361,922 (2017 - £302,243).

e) Key management personnel

The key management personnel of the Trust comprise the Trustees and the Executive Leadership team as listed on page 1. The total amount of employer benefits (including employer pension contributions and employee national insurance contributions) received by key management personnel for their services to the Trust was £800,190 (2017 - £669,307).

8 Trustees' remuneration and expenses

The Chief Executive Officer only receives remuneration in respect of services provided undertaking the role of Chief Executive Officer and not in respect of services as a Trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their roles as Trustees. The value of Trustees' remuneration and other benefits for the year ended 31 August 2018 for their period of office as a Trustee was as follows:

	2018 £'000	2017 £'000
R Barnfield, CEO		
. Remuneration	205-210	185-190
. Employer's pension contributions	5-10	0-5

During the year ended 31 August 2018, Trustees' travel and subsistence expenses totalled £632 for one Trustee (2017 - £196 for one Trustee).

Other related party transactions involving the Trustees are set out in note 22.

Notes to the financial statements Year to 31 August 2018

9 Trustees' and officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and cost for the year ended 31 August 2018 was £845 (2017 - £845).

10 Wholly owned trading subsidiary

The Trust owns 100% of the issued ordinary share capital of THPT Services Limited, a company incorporated in England. The principal activities of the subsidiary are the provision of nursery services.

A summary of the result for the year and position at the year end of THPT Services Limited, which have been included in these consolidated financial statements, is shown below:

	2018 £'000	2017 £'000
Turnover	180	122
Costs of sales	(132)	(109)
Gross profit	48	13
Administration costs	(9)	(13)
Profit on ordinary activities	39	—
Gift aid payment	—	—
Retained in subsidiary	39	—
Balance sheet:		
Assets	153	133
Liabilities	(208)	(228)
	(55)	(95)
Represented by:		
Profit and loss account	(55)	(95)
Shareholders' funds	(55)	(95)

11 Central services

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

- ♦ Strategic leadership support
- ♦ Educational support services
- ♦ Human Resources consultancy and support;
- ♦ Financial, IT and business support services; and
- ♦ Project management services.

The Trust charges for these services on the following basis:

A total fee of up to 5% of budgeted income including a variable portion based on numbers on roll and Ofsted rating.

Notes to the financial statements Year to 31 August 2018

11 Central services (continued)

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Howard of Effingham School	208	211
Thomas Knyvett College	144	138
Kenyngton Manor School	48	38
St Lawrence School	37	38
Oxted School	350	355
Cuddington School	34	34
Eastwick School	87	103
Three Rivers Academy	265	160
	1,173	1,077

12 Tangible fixed assets

Group	Freehold buildings £'000	Leasehold buildings £'000	Assets under construction £'000	Computer equipment, furniture and fittings £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation						
At 1 September 2017	67,747	5,834	26,915	8,673	21	109,190
Additions	36,626	—	(26,915)	2,652	—	12,363
At 31 August 2018	104,373	5,834	—	11,325	21	121,553
Depreciation						
At 1 September 2017	4,262	251	—	2,058	13	6,584
Charge in year	1,726	117	—	991	3	2,837
At 31 August 2018	5,988	368	—	3,049	16	9,421
Net book value						
At 31 August 2018	98,385	5,466	—	8,276	5	112,132
At 31 August 2017	63,485	5,583	26,915	6,615	8	102,606

12 Tangible fixed assets (continued)

Trust	Freehold buildings £'000	Leasehold buildings £'000	Assets under construction £'000	Computer equipment, furniture and fittings £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation						
At 1 September 2017	67,697	5,834	26,915	8,673	21	109,140
Additions	36,626	—	(26,915)	2,652	—	12,363
At 31 August 2018	104,323	5,834	—	11,325	21	121,503
Depreciation						
At 1 September 2017	4,259	251	—	2,058	13	6,581
Charge in year	1,725	117	—	991	3	2,836
At 31 August 2018	5,984	368	—	3,049	16	9,417
Net book value						
At 31 August 2018	98,339	5,466	—	8,276	5	112,086
At 31 August 2017	63,438	5,583	26,915	6,615	8	102,559

The freehold buildings relate to:

- i. The Howard of Effingham School site at Lower Road;
- ii. The Thomas Knyvett College site at Stanwell Road;
- iii. The St Lawrence School site at Effingham Common Road;
- iv. The Oxted School site at Bluehouse Lane;
- v. The Eastwick Schools site at Eastwick Drive;
- vi. The Three Rivers Academy site at Hersham Road;

The leasehold buildings relate to the Kenyngton Manor School site at Bryony Way and the Cuddington Community Primary School site at Salisbury Road.

Assets under construction related to the redevelopment project in relation to Three Rivers Academy. The new school was constructed on freehold land which was transferred from Rydens Enterprise School and Sixth Form College on 1 September 2016.

From a consistent accounting perspective, at 31 August 2018 the sites were designated for educational purposes only. The land has no open market value and hence the value in these financial statements relate to the school buildings only, which are included at a depreciated replacement cost valuation.

The fixed assets fund also includes £Nil (2017 - £13,008,000) of capital funds held as cash at the year end.

Notes to the financial statements Year to 31 August 2018

13 Debtors

	Group 2018 £'000	Trust 2018 £'000	Group 2017 £'000	Trust 2017 £'000
Trade debtors	263	228	37	100
VAT recoverable	398	398	408	408
Amount due from subsidiary	—	192	—	212
Other debtors	1	1	15,665	15,607
Prepayments and accrued income	592	589	534	531
	1,254	1,408	16,644	16,858

Included within the Trust debtors are amounts due within more than one year of £156,592 (2017 - £154,342).

Other debtors at 31 August 2017 included proceeds of £15,578,818 in relation to the disposal of freehold land and buildings at Three Rivers Academy which took place in the 2015/16. This balance has been drawn down over the course of the redevelopment project in 2017/18.

14 Creditors: amounts falling due within one year

	Group 2018 £'000	Trust 2018 £'000	Group 2017 £'000	Trust 2017 £'000
Trade creditors	461	422	2,287	2,283
Taxation and social security	551	550	553	552
Other creditors	126	126	93	93
Accruals and deferred income	3,308	3,298	2,852	2,847
	4,446	4,396	5,785	5,775
	Group 2018 £'000	Trust 2018 £'000	Group 2017 £'000	Trust 2017 £'000
Deferred income				
Deferred Income at 1 September	329	329	310	302
Amounts released from previous years	(329)	(329)	(310)	(302)
Resources deferred in the year	487	481	329	329
Deferred Income at 31 August	487	481	329	329

Deferred income relates to funding received in advance for various educational and sporting activities.

Notes to the financial statements Year to 31 August 2018

15 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	1,311	30,874	(32,113)	(72)	—
. Pupil Premium	—	1,225	(1,225)	—	—
. Other ESFA/DfE grants	84	496	(546)	—	34
. Pension reserve	(11,312)	—	(1,470)	2,440	(10,342)
	(9,917)	32,595	(35,354)	2,368	(10,308)
Fixed assets fund					
. Fixed assets fund	75,610	(2,000)	(2,837)	41,221	111,994
. Transfer on conversion	40,004	—	—	(40,004)	—
	115,614	(2,000)	(2,837)	1,217	111,994
Other funds					
. Local authority grants	—	1,526	(1,526)	—	—
. ESFA capital grants	1,668	2,946	(1,014)	(1,115)	2,485
. Other restricted grants	60	352	(321)	—	91
	1,728	4,824	(2,861)	(1,115)	2,576
Total restricted funds	107,425	35,419	(41,052)	2,470	104,262
Unrestricted funds					
General funds	4,284	2,492	(1,752)	(30)	4,994
Total unrestricted funds	4,284	2,492	(1,752)	(30)	4,994
Total funds	111,709	37,911	(42,804)	2,440	109,256

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

ESFA revenue grant fund and other restricted funds

These grants relate to the Trust's educational operations and development.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2018.

Pension reserve

The pension reserve relates to the Trust's Local Government Pension Scheme liability for support staff.

Fixed asset fund

This fund represents the tangible fixed assets of the Trust including unspent grants received from the ESFA, together with contributions from other funds, in order to carry out work of a capital nature.

Notes to the financial statements Year to 31 August 2018

15 Funds (continued)

Fixed asset fund

The Trust's policy is to review substantial capital and maintenance projects once they are complete to assess whether they are capital or maintenance in nature. Spending on capital projects is then transferred to the fixed assets fund, while spending on maintenance is expensed. Amounts transferred in the year represent capital expenditure funded by School Condition Allocation maintenance grants where the project was completed in the year.

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	2018 £'000	2017 £'000
Howard of Effingham School	1,255	1,387
Thomas Knyvett College	1,201	1,228
Kenyngton Manor School	898	671
St Lawrence School	134	170
Oxted School	1,006	935
Cuddington School	417	337
Eastwick School	92	108
Three Rivers Academy	89	611
Central services	2,613	2,102
Total before fixed assets and pension reserve	7,705	7,549
Restricted fixed asset fund	111,948	115,567
Pension liability	(10,342)	(11,312)
Total for academy trust	109,311	111,804
THPT Services Ltd:		
Restricted fixed asset	47	48
Other funds	(102)	(143)
Total for the group	109,256	111,709

Analysis of academies by cost

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

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	2018 £'000	2017 £'000
Howard of Effingham School	5,485	969	729	957	8,140	8,037
Thomas Knyvett College	2,952	614	317	679	4,562	4,205
Kenyngton Manor School	1,532	338	154	338	2,362	2,080
St Lawrence School	702	195	86	193	1,176	1,031
Oxted School	7,313	1,183	815	1,382	10,692	10,009
Cuddington School	683	172	48	196	1,099	1,091
Eastwick School	2,628	517	234	557	3,936	3,732
Three Rivers Academy	3,958	764	417	1,241	6,381	5,954
THPT central services	726	781	29	1,116	2,652	3,005
	25,979	5,533	2,829	6,659	41,000	39,144

Notes to the financial statements Year to 31 August 2018

15 Funds (continued)

Comparative information

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	613	31,309	(30,611)	—	1,311
. Pupil Premium	—	1,181	(1,181)	—	—
. Other ESFA/DfE grants	—	613	(529)	—	84
. Pension reserve	(10,664)	(2,041)	(881)	2,274	(11,312)
	(10,051)	31,062	(33,202)	2,274	(9,917)
Fixed assets fund					
. Fixed assets fund	77,390	—	(2,318)	538	75,610
. Transfer on conversion	—	40,004	—	—	40,004
	77,390	40,004	(2,318)	538	115,614
Other funds					
. Local authority grants	—	1,234	(1,234)	—	—
. ESFA capital revenue grants	1,160	2,672	(1,626)	(538)	1,668
. Other restricted grants	46	211	(188)	(9)	60
	1,206	4,117	(3,048)	(547)	1,728
Total restricted funds	68,545	75,183	(38,568)	2,265	107,425
Unrestricted funds					
General funds	3,042	3,165	(1,932)	9	4,284
Total unrestricted funds	3,042	3,165	(1,932)	9	4,284
Total funds	71,587	78,348	(40,500)	2,274	111,709

Notes to the financial statements Year to 31 August 2018

15 Funds (continued)

Comparative information

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	613	62,183	(62,724)	(72)	—
. Pupil Premium	—	2,406	(2,406)	—	—
. Other ESFA/DfE grants	—	1,109	(1,705)	—	34
. Pension reserve	(10,664)	(2,041)	(2,351)	4,714	(10,342)
	<u>(10,051)</u>	<u>63,657</u>	<u>(68,556)</u>	<u>4,642</u>	<u>(10,308)</u>
Fixed assets fund					
. Fixed assets fund	77,390	(2,000)	(5,155)	41,759	111,994
. Transfer on conversion	—	40,004	—	(40,004)	—
	<u>77,390</u>	<u>38,004</u>	<u>(5,155)</u>	<u>1,755</u>	<u>111,994</u>
Other funds					
. Local authority grants	—	2,760	(2,760)	—	—
. ESFA capital revenue grants	1,160	5,618	(2,640)	(1,653)	2,485
. Other restricted grants	46	563	(509)	(9)	91
	<u>1,206</u>	<u>8,941</u>	<u>(5,909)</u>	<u>(1,662)</u>	<u>2,576</u>
Total restricted funds	<u>68,545</u>	<u>110,602</u>	<u>(79,620)</u>	<u>4,735</u>	<u>104,262</u>
Unrestricted funds					
General funds	3,042	5,657	(3,684)	(21)	4,994
Total unrestricted funds	<u>3,042</u>	<u>5,657</u>	<u>(3,684)</u>	<u>(21)</u>	<u>4,994</u>
Total funds	<u>71,587</u>	<u>116,259</u>	<u>(83,304)</u>	<u>4,714</u>	<u>109,256</u>

Notes to the financial statements Year to 31 August 2018

16 Analysis of net assets between funds

Group	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	112,132	112,132
Current assets	4,994	7,055	(138)	11,912
Current liabilities	—	(4,446)	—	(4,446)
Pension scheme liability	—	(10,342)	—	(10,342)
Total net assets	4,994	(7,733)	111,994	109,256

Trust	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	112,086	112,086
Current assets	5,095	7,006	(138)	11,963
Current liabilities	—	(4,396)	—	(4,396)
Pension scheme liability	—	(10,342)	—	(10,342)
Total net assets	5,095	(7,732)	111,948	109,311

Comparative information in report of the proceeding period is as follows:

Group	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	102,606	102,606
Current assets	4,284	8,908	13,008	26,200
Current liabilities	—	(5,785)	—	(5,785)
Pension scheme liability	—	(11,312)	—	(11,312)
Total net assets	4,284	(8,189)	115,614	111,709

Trust	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	102,559	102,559
Current assets	4,426	8,898	13,008	26,332
Current liabilities	—	(5,775)	—	(5,775)
Pension scheme liability	—	(11,312)	—	(11,312)
Total net assets	4,426	(8,189)	115,567	111,804

Notes to the financial statements Year to 31 August 2018

17 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	650	1,016

18 Commitments under operating leases

Operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	—	6
Amounts due between two and five years inclusive	—	—
	—	6

19 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreements, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20 Members' liability

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

21 Pension and similar obligations

The 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 Surrey County Council. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

21 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £3,252,187 (2017 - £3,302,975).

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Introduction (continued)

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

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

Local Government Pension Scheme (LGPS)

Valuation of the Teachers' Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,319,000 (2017 - £1,506,000), of which employer's contributions totalled £1,017,000 (2017 - £1,214,000) and employees' contributions totalled £302,000 (2017 - £292,000). The agreed contribution rates for future years are unknown pending valuation information.

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.

	At 31 August 2018	At 31 August 2017
Principal Actuarial Assumptions		
Rate of increase in salaries	2.7%	2.7%
Rate of increase for pensions in payment / inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.4%	2.4%
The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:		
	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.4	26.4
	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	639	609
Mortality assumption – 1 year increase	1,020	952
CPI rate +0.1%	(520)	(481)

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	10,826	9,534
Corporate bonds	2,307	1,933
Property	1,033	902
Cash and other liquid assets	590	515
Total market value of assets	14,756	12,884
Present value of scheme liabilities		
Funded	(25,098)	(24,196)
Deficit in the scheme	(10,342)	(11,312)
	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost	2,190	1,834
Net interest cost	297	261
Total amount recognised in the SOFA	2,487	2,095
	2018 £'000	2017 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September	24,196	20,054
Inherited on transfer of existing academy	—	4,280
Current service cost	2,190	1,834
Interest cost	634	491
Employee contributions	302	292
Actuarial gain	(2,058)	(2,626)
Benefits paid	(166)	(129)
At 31 August	25,098	24,196
	2018 £'000	2017 £'000
Changes in the fair value of the Trust's share of scheme assets:		
At 1 September	12,884	9,390
Inherited on transfer of existing academy	—	2,239
Interest income	337	230
Actuarial gain (loss)	382	(352)
Employer contributions	1,017	1,214
Employee contributions	302	292
Benefits paid	(166)	(129)
At 31 August	14,756	12,884

22 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The Trust has granted loans totalling £150,000 (2017: £150,000) to its wholly owned subsidiary, THPT Services Limited. The loans are secured on the assets of THPT Services Limited and is repayable over five years. Interest is being charged on the loan at 1.5% and £2,250 (2017: £2,250) was charge in the year. At the year end, the full balance of the interest of £6,592 (2017: £4,342) was also outstanding and is included within debtors (note 13).

In addition, THPT Services Limited owed the Trust £35,191 (2017: £58,821) and this is included in THPT Services Limited creditors.

During the year the Trust recharged expenditure totalling £10,632 (2017: £11,634).

During the year, the Trust procured alternative educational provision on behalf of a student with The Surrey Care Trust, totalling £3,510. At 31 August 2018, £1,725 was still outstanding. A related party relationship has been established and a statement of assurance requested that this has been provided at no more than cost.

No further related party transactions took place in the period of account.

23 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2018 the Trust received £45,133 (2017 - £47,336) and disbursed £51,840 (2017 - £37,799) from the fund. An amount of £7,082 is included in creditors relating to undistributed funds that are repayable to the ESFA (2017 - £9,537).

24 Events after the balance sheet date

On 1 December 2018, Meadhurst Primary School, Ashford, Surrey, converted to Academy status and joined The Howard Partnership Trust.

25a Transfer of existing Academy to the Trust

In the prior year, on September 2016, Three Rivers Academy (formerly known as Rydens Enterprise School and Sixth Form College), an existing academy, joined the Trust for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as Donations- transfer from existing Academy.

25a Transfer of existing Academy to the Trust

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

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2017 Total £'000
Tangible fixed assets				
Freehold land and buildings	—	—	4,620	4,620
Other tangible fixed assets	—	—	81	81
Budget surplus on LA funds	147	—	—	147
Budget surplus on other school funds	260	—	—	260
LGPS pension surplus/(deficit)	—	(2,041)	—	(2,041)
Other identified assets and liabilities	—	—	35,303	35,303
Net assets (liabilities)	407	(2,041)	40,004	38,370

The transfer of funds above included estimated proceeds outstanding at the date of transfer of £35,303,000 in relation to the part sale of its land to a developer. This was regarding the redevelopment project at the Three Rivers Academy.

The redevelopment project was completed during 2017/18, and following the final reconciliation with the developer, the proceeds estimate has been reduced by £2m. This is to reflect the final transfer of access land to the developer as agreed as part of the redevelopment.

25b Transfer of surplus from existing schools

During the prior year £35,000 was transferred from local authorities in relation to schools that joined the Trust in the year ended 31 August 2016.