

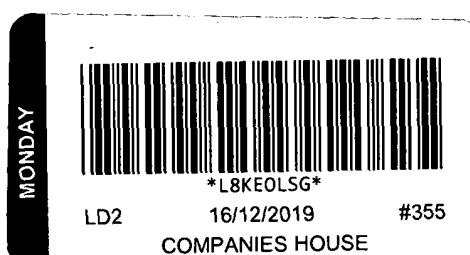
Company Registration No. 07738801 (England and Wales)

HIGHAMS PARK ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2019



HIGHAMS PARK ACADEMY TRUST

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HIGHAMS PARK ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr A Benton
Mr S Carter
Mr R Hutchinson
Mr P Philip
Mr S Riches
Mr M Bunyan

Trustees

Mr A Benton
Mrs C Crossley
Miss C Edward
Mr J Kemp
Mr R Palmer
Mrs T Penfold (Chairman)
Mr A Sikora
Mr P Grundy (Principal and Accounting Officer)
Mr N Whitehead (Resigned 23 September 2019)
Mrs G Hogan
Mrs S Boyack

Senior management team

- Principal	Mr P Grundy
- Deputy Principal	Mr N Hyde
- Deputy Principal	Mr T Capewell
- Vice Principal	Mr J Davisson
- Vice Principal	Ms C Halkes
- Vice Principal	Dr T Morris
- Vice Principal	Mr B Hughes (Retired 31 August 2019)
- Vice Principal	Mr N Armsby
- Chief Financial Officer	Mrs S Aziz
- Assistant Vice Principal	Mrs V Payne
- Assistant Vice Principal	Mrs A Richards

Company secretary

Dr Tim Morris

Company registration number

07738801 (England and Wales)

Principal and registered office

Highams Park School
Handsworth Avenue
London
E4 9PJ

HIGHAMS PARK ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

UHY Hacker Young
Quadrant House
4 Thomas More Square
London
E1W 1YW

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of the Highams Park Academy Trust (the Charitable Company, the Academy or the Trust) for the year 1 September 2018 to 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under Company Law.

Constitution

The Academy Trust is a Company limited by guarantee and an exempt charity incorporated by a Memorandum of Association on 12 August 2011. That Memorandum and the Trust's Articles of Association are its primary governing documents.

The object of the Trust is to operate the Academy known as Highams Park School ("the School") under a Funding Agreement with the Secretary of State for Education.

The School is an independent state funded school for students aged 11-18. It admits annually 240 students aged 11. It has a sixth form of some 320 students, the majority having been students at the School from the age of 11. For the year 2018/19 the total number of students was 1,509.

Structure, Governance and Management

The Trust is a Company limited by guarantee and an exempt charity. Its Memorandum and Articles of Association are the primary governing documents. The Trustees are also the Directors of the Charitable Company for the purposes of Company Law.

Members' liability

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

Trustees' indemnities

The Trust's insurance includes provision for Trustees' third party indemnity.

Method of recruitment and appointment or election of trustees

The Trustees are also the Directors of the Trust as a Limited Company and are the Trustees of the Academy. They are appointed as follows:

- Up to seven Foundation Trustees appointed by the Members;
- Two Trustees elected by the parents of pupils registered at the School;
- Two Trustees elected by the staff of the School;
- The Principal ex officio;
- Up to three Trustees co-opted by the Trust;

Each Foundation and co-opted Trustee is appointed for a term of four years and may be reappointed. Each Trustee elected by the parents or the staff is elected for a period of four years and, if eligible, may be re-elected.

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Policies and procedures adopted for the induction and training of trustees

New Trustees are provided with a range of bespoke training after establishing, via a skills and knowledge audit, their individual needs and requirements.

All Trustees are provided with the latest Department for Education ("DfE") Governance Handbook and guidance documents from the Charity Commission on their roles and responsibilities as well as the Academies Financial Handbook.

All Trustees participate in a continuing development training and development programme and have access to a secure online library of guidance, information and advice provided by the DfE, the Education and Skills Funding Agency and the Charity Commission. The library also contains other important reference documents for their ease of use.

In April 2019 Trustees received training on Exclusion procedures from S Riches. In July 2019 the Trustees received training from T James (School Effectiveness Adviser Waltham Forest Traded Services). Individual trustees have also attended various training courses offered by London Borough of Waltham Forest governor services.

Organisational structure

Responsibilities - the Trustees

Under the Articles of Association, the business of the Trust is managed by the Trustees who may delegate the exercise of their functions; subject to limitations set out in the Articles, the Trust's Funding Agreement with the Secretary of State for Education and the Regulations of the Education and Skills Funding Agency ("ESFA").

To this end the Trustees have adopted and developed a Scheme of Delegation under which they have established standing and Task Committees of Trustees to whom the Principal reports and through whom the performance of the School is monitored and evaluated.

The Policy and Scheme of Delegation including the updated Committee Remits was approved at a Full Trustees Meeting in September 2018.

Responsibilities - the Principal

The Principal, as the Trust's Accounting Officer, has specific responsibilities set out by the ESFA. Other responsibilities for the management and operation of the Trust are exercised by the Principal under the Trust's Scheme of Delegation.

Responsibilities - the executive leadership - the Senior Leadership and Management Team ("SLMT")

Under the direction of the Principal, the SLMT are collectively responsible for the day-to-day running of the School, in particular recommendation regarding the appointing and managing staff; managing the School's finances and resources; designing, organising the delivery of and monitoring the School's curriculum; evaluating pupils' progress and achievements; and supervising student discipline.

Individually, each SLMT member has designated areas of responsibility which may be varied by the Principal from time to time.

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

No Trustee (other than the Principal and Trustees appointed to the staff of the Academy) was paid or remunerated.

The Trust's policy on and arrangements for teachers' pay and remuneration have due regard to the current School Teachers' Pay and Conditions Document (STPCD) issued by the Department for Education. Under this policy the pay and remuneration of the Principal, the Deputy Principals, four of the posts of Vice Principal, the Assistant Principals and the Trustee appointed by the teaching staff was determined in 2018/19 accordance with the criteria set out in 2018 STPCD.

The pay and remuneration of the Chief Finance Officer is on National Joint Council for Local Government Services (NJC) scales benchmarked by comparison with similar posts in other schools and approved by the Trustees.

Related parties and other connected charities and organisations

The Trust is connected with the Highams Park Charitable Trust and is not connected with, or related to, any other organisations or parties.

Any transaction where a Trustee has registered a pecuniary interest is undertaken in accordance with the procedures outlined in the Academies Financial Handbook.

Objectives and activities

Objects and aims

The Trust's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Objectives, strategies and activities

In pursuance of the 'object' and aims, the Trust expects the School's strategies and activities to meet the following Core Values and to:

- Remain a fully comprehensive mixed 11-18 local School providing a broad and balanced curriculum;
- Ensure high standards of work, behaviour, dress and achievement for all students;
- Develop cheerful, hard-working, honest and well behaved, fit and healthy young adults;
- Ensure a safe learning environment where all are valued;
- Ensure equality of opportunity for all;
- Produce people willing and able to play an active and positive role in a rapidly changing world;
- Develop students' sense of respect for themselves and others;
- Provide opportunities for students to develop their own spiritual and moral capacities;
- Promote students' appreciation of other cultures;
- Encourage students to accept their responsibilities to themselves, the School, and the local and wider communities;
- Demonstrate accountability, transparency and propriety and compliance with the Trust's funding agreement
- Continue to develop as an important part of the local community; and
- Develop continually as an organisation committed to learning for students, staff and the local community.

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The Trustees confirm that through the School's working towards the object as set out in this report they have complied with the Charity Commission's guidance on public benefit.

Strategic report

6th Form Students' Achievements

- A-level pass rate 99.3%.
- A-level passes between A* and B grades 44.6%.
- With 406 A-Level entries sat across 24 different subjects there were only 3 fails, all of which were in the same subject - Design & Technology.
- Over 75% of students progressed onto higher education.

Parents' and pupils' preference for places at the School

The school remains very popular and heavily oversubscribed. 83% of the students admitted had placed Highams Park School as their first choice in the primary to secondary admissions process this year, an increase from previous years.

Key Financial Performance Indicators

The review of the monthly management reports with the Chair ensures variances are reported in a timely manner so that an action plan can be identified where actual activity has deviated from what was planned for in the budget.

Several Key Performance Indicators are identified and monitored through the use of DfE tools and a process of benchmarking with similar schools in order to understand how the school can use resources most efficiently.

Members of the Resources Committee review the Trust's three year Medium Term Financial Plan throughout the year. A working group across finance, management and Trustees ensure it is continuously updated with any new risks associated with the Trust, such as the transition to the National Funding Formula or fluctuations in pupil numbers.

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators (continued)

Performance Measure	2019 Score	2018 Score	Explanation
Attainment 8 score	4.69	4.81	Average GCSE grade for all students in their best 8 subjects, with Maths and best English grade double counted.
Progress 8 overall score	-0.09	-0.07	The average for all educational institutions is zero. The progress 8 score is the overall difference between students' average GCSE grades (as above) and the average grades achieved nationally by students with the same KS2 scores. This is the main national progress measure.
Progress 8 English Element	-0.16	-0.16	Difference between students' best English GCSE grade and the average grades achieved nationally by students with the same KS2 scores.
Progress 8 Maths Element	-0.02	+0.05	Difference between students' Maths GCSE grade and the average grades achieved nationally by students with the same KS2 scores.
Progress 8 EBacc Element	+0.06	+0.29	Difference between students' best three EBacc GCSE grades (Sciences, Computer Science, Geography, History and Languages) and the average grades achieved nationally by students with the same KS2 scores.
Progress 8 Open Element	-0.22	-0.44	Difference between students' remaining KS4 grades not counted so far and the average grades achieved nationally by students with the same KS2 scores.
EBacc point score	4.23	4.48	Average GCSE grade for all students in each student's set of EBacc subject grades (English, Maths, Science, Humanities and Language) – includes a zero grade for each of the five subject areas for those students who didn't take a subject.
English & Maths 'strong' pass (5's)	39%	45%	Percentage of students achieving a grade 5 or better in one of their English GCSEs and their Maths GCSE.
English & Maths 'good' pass (4's)	64%	70%	Percentage of students achieving a grade 4 or better in one of their English GCSEs and their Maths GCSE.
EBacc strong pass (5)	18%	19%	Percentage of students achieving a grade 5 or better in all EBacc subject categories (see EBacc point score).
EBacc good pass (4)	27%	31%	Percentage of students achieving a grade 4 or better in all EBacc subject categories (see EBacc point score).

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

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

Financial review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). Excluding capital income, the Trust received £9,442k of GAG and other income during the year ended 31 August 2019 (2018: £9,543k). A high proportion of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £9,280k before depreciation and LGPS pension costs (2018: £9,594k) leaving a surplus of £162k (2018: deficit £51k).

The Trust brought forward from 2017/18, £253k and £993k split between restricted and unrestricted funds after considering prior period adjustments (see note 25 to the financial statements). The carry forward on these reserves in 18/19 is £256k and £1,122k.

Reserves policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £1,379k. These funds are required to comply with the Trust's funding agreement to set a balanced budget.

It is forecast that a balanced budget can be achieved up to the period covered in the Trust's medium term financial plan with contributions from reserves each year.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £1,722k (2018: £1,393k).

Due to the accounting rules for Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £3,042k. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Investment policy

The Trust seeks to gain the best financial return within the level of risk considered to be acceptable by the Board and in compliance with the Charities Commission guidance on Investments.

Currently there are no planned investments.

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

The Trustees' financial and internal controls continue to conform to guidelines issued by the Education and Skills Funding Agency (ESFA).

The Trust maintains a risk register identifying the major risks to which it is exposed, and has identified actions and procedures to mitigate these risks. This register was monitored by the Resources Committee. The risks facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

The Trust appoints an external company to provide Internal Audit services. They visit once per term and issue a report on the performance of internal controls and compliance with the funding agreement as per the Academies Financial handbook and other DfE guidance. As a standing item on the Resources Committee a tracking document which measures progress against the recommendations made is presented. Trustees are able to challenge any items that are not being actioned and gain assurance over the integrity of the internal controls in place.

The Resources Committee holds the function of the Trust's Audit committee.

The Trustees have assessed the principal risks and uncertainties facing the Trust as follows:

- Impact on Schools funding as the result of the National Funding Formula. This is an ongoing risk as the Government continue to signal that public spending will remain very tight.
- Impact of Pay awards that are not fully funded.
- Impact of increased Employer pensions contributions
- A falling pupil roll. This is highly unlikely in respect of Year 7 admissions. The School continues to be a popular choice amongst parents. However, there have been some fluctuations in year groups 8 to 11 leading the school to forecast slightly less students than 240 across these year groups.
- 6th Form admissions are much more volatile and difficult to predict as there are growing numbers of alternative 6th form providers in the vicinity.
- Other staff recruitment and retention. In some areas vacancies attract a reasonably healthy level of interest and applications, however in other areas, notably Geography, Maths, and Science, recruitment has been more difficult.
- Bank balances & investments. There is no significant risk other than the bank ceasing to trade.
- Debtors. Other than HMRC reclaimed VAT, there are no material debtors.

Fundraising

The Academy Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The Trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

Plans for future periods

The School has a Development Plan, reviewed and updated annually, prepared by the Principal and SLMT and submitted to the Trustees for consideration, approval and monitoring.

HIGHAMS PARK ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Trade union facilities

The academy has outsourced its trade union facility to a third party. The total cost of the service for the year was £3,230.

Auditor

Each of the persons who are Trustees at the time this Report was approved has confirmed that:

- So far as the Trustees are aware, there is no relevant audit information of which the Trust's Auditors are unaware, and;
- that the Trustees have taken all the steps that ought to have been taken as Trustees in order to be aware of any information needed by the Trust's Auditors in connection with preparing their Report and to establish that the Trust's Auditors are aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 09 December 2019 and signed on its behalf by:



Mrs T Penfold
Chair of Trustees

HIGHAMS PARK ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Highams Park Academy Trust 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Highams Park Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees and Resources Committee both meet 4 times during the year and the Academy Effectiveness Committee meets 3 times a year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr A Benton	4	4
Mrs C Crossley	4	4
Miss C Edward	3	4
Mr J Kemp	3	4
Mr R Palmer	3	4
Mrs T Penfold (Chairman)	4	4
Mr A Sikora	4	4
Mr P Grundy (Principal and Accounting Officer)	4	4
Mr N Whitehead (Resigned 23 September 2019)	1	4
Mrs G Hogan	4	4
Mrs S Boyack	4	4

No new appointments onto the Board of Trustees were made last year. The Chair of the Board of Trustees was reappointed and re-elected as Chair of the Academy Effectiveness Committee. The Chair of the Resources Committee was also re-elected.

The Trustees carried out a self-evaluation of Governance during the spring term. As a result, a more detailed skills audit was carried in the Autumn term. This may result in a further co-option to the Board of Trustees. The Board of Trustees will also address the need for a longer term plan for the School.

HIGHAMS PARK ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Resources Committee

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to carry out the function of the Audit Committee and to discuss financial matters.

The Committee meet regularly to monitor budget performance holding the Principal and Chief Finance Officer to account for all aspects of the Trust's governance policies and its financial management.

The Committee report accordingly to the Board of Trustees J. Kemp is the chair of the resources committee.

The Committee also review the Principal's budget planning and draft forward budget, making recommendations for its approval to the Board of Trustees.

The Committee recommend the appointment of the Trust's Independent Auditors to the Board of Trustees for onward recommendation and to the members at AGM.

Trustees	Meetings attended	Out of possible
Mr A Benton	4	4
Mr J Kemp	4	4
Mr R Palmer	3	4
Mrs T Penfold (Chairman)	4	4
Mr A Sikora	4	4
Mr P Grundy (Principal and Accounting Officer)	4	4
Mr N Whitehead (Resigned 23 September 2019)	1	4

Academy Effectiveness Committee

The AEC is a sub-committee of the main Board of Trustees. Its purpose is to address non-financial matters, attendance, behaviour, discipline, health, inclusion, safeguarding and welfare of all students. The committee also address students' progress and achievements.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Mrs C Crossley	3	3
Miss C Edward	1	3
Mr J Kemp	0	3
Mrs T Penfold (Chairman)	3	3
Mr P Grundy (Principal and Accounting Officer)	3	3
Mrs G Hogan	3	3
Mrs S Boyack	3	3

Mrs T Penfold was re-elected as chair on 24 September 2018.

HIGHAMS PARK ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the 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 each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate.

Over the last financial period, the Trust has taken a wide range of steps to ensure that the education standards and levels of attainment for all pupils have continued to improve. The Trust has focused on targeted improvement linked to the School's Development Plan to ensure maximum impact on outcomes for pupils in these key areas; and on improving the quality of teaching across the School.

Professional development for staff has been tailored to priorities. A programme for the early identification of Key Stage 4 pupils who would benefit from additional support was continued coupled with a management focus on the drive to reduce the attainment gaps of pupils, i.e. "narrowing the gap" for vulnerable pupils.

The Trust keeps a constant review of its staffing structure. The Trust's pay policy for teachers, links performance and lesson observations and enables individual teachers and management to focus on specific areas for development.

Financial procedures are constantly under review and are regularly adapted so that there is greater accountability, adequate segregation of duties and adherence to the regulations laid down in Company Law, Charity Law and best practice reported by the Education and Skills Funding Agency (ESFA).

The executive leadership receives regular budget reports which are analysed to identify areas of overspend and underspend. Regular monitoring ensures the best use of resources and prevents waste and bank balances are very carefully monitored.

The Trust joined the Risk Protection Arrangement as of 1 September 2017 to manage risks.

During the past year, the Trust has secured Capital Grant funding to focus on improving the fabric of its buildings.

All contracts and services for the Trust were appraised and approved in accordance with the Trust's scheme of delegation to ensure value for money.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Highams Park Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

HIGHAMS PARK ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Capacity to handle risk

The Board of Trustees has 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 Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Resources Committee of reports which indicate financial performance against the Forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties;
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint The Essex County Council Academy Internal Controls Evaluation Service as internal auditor.

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

- Review of governance and financial management;
- Review of banking;
- Review of payroll & expenses;
- Review of income;
- Review of assets.

On a quarterly basis, the auditor reports to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned. There were no material control issues that arose as a result of the Internal Auditor's work.

HIGHAMS PARK ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of effectiveness

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

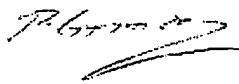
- The work of the internal auditor;
- The work of the external auditors;
- The financial management and governance self-assessment process;
- The work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 09 December 2019 and signed on its behalf by:



Mrs T Penfold
Chair of Trustees



Mr P Grundy
Accounting officer

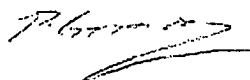
HIGHAMS PARK ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As Accounting Officer of Highams Park Academy Trust I have considered my responsibility to notify the Academy Trust's Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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.



Mr P Grundy
Accounting Officer

09 December 2019

HIGHAMS PARK ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of Highams Park Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, 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 Academies Accounts Direction 2018 to 2019;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 09 December 2019 and signed on its behalf by:



Mrs T Penfold
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAMS PARK
ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2019**

Opinion

We have audited the accounts of Highams Park Academy Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust'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 accounts are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAMS PARK
ACADEMY TRUST (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAMS PARK
ACADEMY TRUST (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

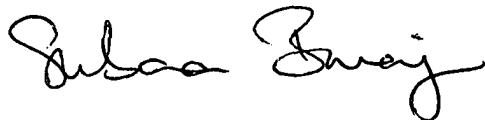
A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAMS PARK
ACADEMY TRUST (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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



Subarna Banerjee (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

13/12/19

**Chartered Accountants
Statutory Auditor**

Quadrant House
4 Thomas More Square
London
E1W 1YW

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HIGHAMS PARK ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 24 July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Highams Park Academy Trust during the period 1 September 2018 to 31 August 2019 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 Highams Park Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Highams Park Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Highams Park Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Highams Park Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Highams Park Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO HIGHAMS PARK ACADEMY TRUST AND THE EDUCATION &
SKILLS FUNDING AGENCY (CONTINUED)**

FOR THE YEAR ENDED 31 AUGUST 2019

The work undertaken to draw to our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- Further substantive testing for a sample of payments to confirm that each item has been appropriately authorised in accordance with the School's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement;
- Formal representations have obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

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 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Hacker Young

**UHY Hacker Young
Chartered Accountants
Statutory Auditors
Reporting Accountant**

Dated: 13/12/19

HIGHAMS PARK ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted funds: General Fixed asset		Total 2019	Total 2018 (restated)
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	3	1,050	163,148	820,414	984,612	475,558
Charitable activities:						
- Funding for educational operations	4	304,127	8,863,490	-	9,167,617	9,240,293
Other trading activities	5	101,060	5,331	-	106,391	113,223
Investments	6	3,902	-	-	3,902	1,814
Total		<u>410,139</u>	<u>9,031,969</u>	<u>820,414</u>	<u>10,262,522</u>	<u>9,830,888</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	252,169	9,337,416	490,087	10,079,672	10,213,969
Total	7	<u>252,169</u>	<u>9,337,416</u>	<u>490,087</u>	<u>10,079,672</u>	<u>10,213,969</u>
Net income/(expenditure)		157,970	(305,447)	330,327	182,850	(383,081)
Transfers between funds	18	(28,649)	-	28,649	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(879,000)	-	(879,000)	490,000
Net movement in funds		<u>129,321</u>	<u>(1,184,447)</u>	<u>358,976</u>	<u>(696,150)</u>	<u>106,919</u>
Reconciliation of funds						
Total funds brought forward		993,018	(1,601,367)	16,353,312	15,744,963	15,638,044
Total funds carried forward		<u>1,122,339</u>	<u>(2,785,814)</u>	<u>16,712,288</u>	<u>15,048,813</u>	<u>15,744,963</u>

HIGHAMS PARK ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018 As restated	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
Income and endowments from:					
Donations and capital grants	3	-	187,504	288,054	475,558
Charitable activities:					
- Funding for educational operations	4	272,673	8,967,620	-	9,240,293
Other trading activities	5	99,034	14,189	-	113,223
Investments	6	1,814	-	-	1,814
Total		373,521	9,169,313	288,054	9,830,888
Expenditure on:					
Charitable activities:					
- Educational operations	8	341,089	9,472,469	400,411	10,213,969
Total	7	341,089	9,472,469	400,411	10,213,969
Net income/(expenditure)		32,432	(303,156)	(112,357)	(383,081)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	490,000	-	490,000
Net movement in funds		32,432	186,844	(112,357)	106,919
Reconciliation of funds					
Total funds brought forward		960,586	(1,788,211)	16,465,669	15,638,044
Total funds carried forward		993,018	(1,601,367)	16,353,312	15,744,963

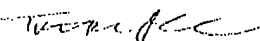
HIGHAMS PARK ACADEMY TRUST

BALANCE SHEET FOR THE YEAR ENDED 31 AUGUST 2019

			2019	2018 (restated)
	Notes	£	£	£
Fixed assets				
Tangible assets	12		16,835,694	16,289,843
Current assets				
Stocks	14	-	2,006	
Debtors	15	753,002	294,260	
Cash at bank and in hand		1,721,775	1,392,579	
		<u>2,474,777</u>	<u>1,688,845</u>	
Current liabilities				
Creditors: amounts falling due within one year	16	(1,201,123)	(357,483)	
Net current assets			<u>1,273,654</u>	<u>1,331,362</u>
Total assets less current liabilities			<u>18,109,348</u>	<u>17,621,205</u>
Creditors: amounts falling due after more than one year	17		(18,535)	(22,242)
Net assets before defined benefit pension scheme liability			<u>18,090,813</u>	<u>17,598,963</u>
Defined benefit pension scheme liability	20		(3,042,000)	(1,854,000)
Total net assets			<u><u>15,048,813</u></u>	<u><u>15,744,963</u></u>
Funds of the academy trust:				
Restricted funds	18			
- Fixed asset funds			16,712,288	16,353,312
- Restricted income funds			256,186	252,633
- Pension reserve			(3,042,000)	(1,854,000)
Total restricted funds			<u>13,926,474</u>	<u>14,751,945</u>
Unrestricted income funds	18		<u>1,122,339</u>	<u>993,018</u>
Total funds			<u><u>15,048,813</u></u>	<u><u>15,744,963</u></u>

The accounts on pages 24 to 53 were approved by the trustees and authorised for issue on 09 December 2019 and are signed on their behalf by:

Mrs T Penfold
Chair of Trustees



Company Number 07738801

HIGHAMS PARK ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019		2018 (restated)	
	Notes	£	£	£	£
Cash flows from operating activities					
Net cash provided by operating activities	21		352,395		15,285
Cash flows from investing activities					
Dividends, interest and rents from investments		3,902		1,814	
Capital grants from DfE		434,911		288,054	
Purchase of tangible fixed assets		(462,012)		(224,585)	
Net cash (used in)/provided by investing activities			(23,199)		65,283
Net increase in cash and cash equivalents in the reporting period			329,196		80,568
Cash and cash equivalents at beginning of the year			1,392,579		1,312,011
Cash and cash equivalents at end of the year			1,721,775		1,392,579

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 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.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Highams Park Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

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

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

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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 academy trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

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

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

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

Land and buildings	Straight line over 50 years
Fixtures, fittings & equipment	Straight line over 4 years
Motor vehicles	25% reducing balance

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.

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.8 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. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.11 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

1.12 Fund accounting

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

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

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

1.13 Prior period adjustment

Adjustments have been made in respect of previous periods. These are discussed in note 25.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2019. 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.

For 2018-19 there have been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

The "McCloud/Sargeant judgement"

This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Furthermore, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by 3.5% of annualised pensionable pay over the accounting period ending 31 August 2019. This is reflected as a past service cost, within staff costs, and detailed in note 20 of £145,000.

Guaranteed Minimum Pension ("GMP")

GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

Discount rates

There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

Mortality rates

Details of the changes in mortality assumptions are shown in note 20. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

Critical areas of judgement

There are no further judgements critical to the academy trust's financial statements apart from those disclosed above.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	820,414	820,414	288,054
Other donations	1,050	163,148	164,198	187,504
	<u>1,050</u>	<u>983,562</u>	<u>984,612</u>	<u>475,558</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	8,462,383	8,462,383	8,521,209
Other DfE group grants	-	339,823	339,823	356,924
	-	8,802,206	8,802,206	8,878,133
Other government grants				
Local authority grants	-	61,284	61,284	89,487
Other funding				
Other incoming resources	304,127	-	304,127	272,673
Total funding	304,127	8,863,490	9,167,617	9,240,293

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	1,410	-	1,410	1,905
Other income	99,650	5,331	104,981	111,318
	101,060	5,331	106,391	113,223

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	3,902	-	3,902	1,814

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs	Non Pay Premises	Expenditure Other	Total 2019	Total 2018 (restated)
	£	£	£	£	£
Academy's educational operations					
- Direct costs	6,482,552	-	678,128	7,160,680	7,466,618
- Allocated support costs	1,473,784	853,288	591,920	2,918,992	2,747,351
	<u>7,956,336</u>	<u>853,288</u>	<u>1,270,048</u>	<u>10,079,672</u>	<u>10,213,969</u>

Net income/(expenditure) for the year includes:

	2019	2018 (restated)
	£	£
Fees payable to auditor for audit services	12,760	12,830
Depreciation of tangible fixed assets	490,087	400,411
Net interest on defined benefit pension liability	62,000	59,000
	<u></u>	<u></u>

8 Charitable activities

	Unrestricted funds	Restricted funds	Total 2019	Total 2018 (restated)
	£	£	£	£
Direct costs				
Educational operations	-	7,160,680	7,160,680	7,466,618
Support costs				
Educational operations	252,169	2,666,823	2,918,992	2,747,351
	<u>252,169</u>	<u>9,827,503</u>	<u>10,079,672</u>	<u>10,213,969</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

8 Charitable activities

(Continued)

	2019	2018
		(restated)
	£	£
Analysis of support costs		
Support staff costs	1,473,784	1,364,669
Depreciation	490,087	400,411
Technology costs	18,962	17,799
Premises costs	363,201	367,782
Other support costs	447,411	550,495
Governance costs	125,547	46,195
	<u>2,918,992</u>	<u>2,747,351</u>

9 Staff

Staff costs

Staff costs during the year were:

	2019	2018
		(restated)
	£	£
Wages and salaries	6,054,806	6,099,563
Social security costs	624,921	630,899
Pension costs	1,135,214	1,194,233
	<u>7,814,941</u>	<u>7,924,695</u>
Agency staff costs	141,395	234,716
	<u>7,956,336</u>	<u>8,159,411</u>

There are no employees who received employee benefits (excluding employer pensions costs) of more than £60,000.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Staff numbers

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

	2019 Number	2018 Number
Teachers	94	106
Administration and support	86	92
Management	13	10
	<u>193</u>	<u>208</u>

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

	2019 Number	2018 Number
Teachers	88	98
Administration and support	61	58
Management	10	10
	<u>159</u>	<u>166</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	6	6
£100,001 - £110,000	1	1
	<u></u>	<u></u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £967,495 (2018: £933,317).

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

P Grundy (principal):

- Remuneration £105,000 - £110,000 (2018: £100,000 - £105,000)
- Employer's pension contributions £15,000 - £20,000 (2018: £15,000-£20,000)

R Palmer (staff):

- Remuneration £40,000 - £45,000 (2018: £40,000-£45,000)
- Employer's pension contributions £5,000 - £10,000 (2018: £5,000-£10,000)

A Sikora (staff):

- Remuneration £40,000 - £45,000 (2018: £40,000-£45,000)
- Employer's pension contributions £5,000 - £10,000 (2018: £5,000-£10,000)

During the year, £154 travel and subsistence payments (2018: £1,333) were reimbursed or paid directly to 1 trustee (2018: 1 trustee).

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2018	18,269,285	502,035	7,500	18,778,820
Additions	791,274	244,664	-	1,035,938
At 31 August 2019	19,060,559	746,699	7,500	19,814,758
Depreciation				
As at 1 September 2018 (restated)	2,302,991	179,011	6,975	2,488,977
Charge for the year	366,283	123,592	212	490,087
At 31 August 2019	2,669,274	302,603	7,187	2,979,064
Net book value				
At 31 August 2019	16,391,285	444,096	313	16,835,694
As at 31 August 2018 (restated)	15,966,294	323,024	525	16,289,843

A prior period adjustment has been processed within tangible fixed assets. This is discussed further within note 25.

13 Financial instruments

	2019 £	2018 (restated) £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,186,601	1,491,553
Carrying amount of financial liabilities		
Measured at amortised cost	882,772	191,294
Loan commitments measured at cost less impairment	22,242	25,949

14 Stocks

	2019 £	2018 £
Catering stock	-	2,006

HIGHAMS PARK ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 AUGUST 2019

15 Debtors	2019	2018
	£	(restated)
		£
Trade debtors	11,989	24,745
VAT recoverable	128,395	93,953
Other debtors	2,835	5,213
Prepayments and accrued income	609,783	170,349
	<u>753,002</u>	<u>294,260</u>

A prior period adjustment has been processed in respect of other debtors. This is discussed in note 25.

16 Creditors: amounts falling due within one year	2019	2018
	£	£
Other loans	3,707	3,707
Trade creditors	454,869	102,984
Other taxation and social security	152,004	155,533
Other creditors	117,511	14,337
Accruals and deferred income	473,032	80,922
	<u>1,201,123</u>	<u>357,483</u>

17 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Other loans	<u>18,535</u>	<u>22,242</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

		(Continued)
17	Creditors: amounts falling due after more than one year	2019 2018
	Analysis of loans	
	Not wholly repayable within five years by instalments	3,707 7,414
	Wholly repayable within five years	18,535 18,535
		<u>22,242 25,949</u>
	Less: included in current liabilities	<u>(3,707) (3,707)</u>
	Amounts included above	<u>18,535 22,242</u>
	Instalments not due within five years	<u>3,707 7,414</u>
	Loan maturity	
	Debt due in one year or less	3,707 3,707
	Due in more than one year but not more than two years	3,707 3,707
	Due in more than two years but not more than five years	11,121 11,121
	Due in more than five years	3,707 7,414
		<u>22,242 25,949</u>

Loans are comprised of 2 public benefit entity concessionary loans. These loans are charged interest at a rate significantly below market rate.

Current loans do not bear interest and are repaid in biannual instalments in equal tranches over an 8 year period.

As of September 2019 Highams Park Academy Trust entered into a further public benefit entity concessionary loan which bears interest of 2.01% per annum. The amount is repaid over ten equal instalments over a five year period.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

	Balance at 1 September 2018 (restated) £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	252,633	8,462,383	(8,458,830)	-	256,186
Other DfE / ESFA grants	-	339,823	(339,823)	-	-
Other government grants	-	61,284	(61,284)	-	-
Other restricted funds	-	168,479	(168,479)	-	-
Pension reserve	(1,854,000)	-	(309,000)	(879,000)	(3,042,000)
	<u>(1,601,367)</u>	<u>9,031,969</u>	<u>(9,337,416)</u>	<u>(879,000)</u>	<u>(2,785,814)</u>
Restricted fixed asset funds					
Inherited on conversion	13,538,225	-	(314,842)	-	13,223,383
Fixed asset fund	2,815,087	820,414	(175,245)	28,649	3,488,905
	<u>16,353,312</u>	<u>820,414</u>	<u>(490,087)</u>	<u>28,649</u>	<u>16,712,288</u>
Total restricted funds	<u>14,751,945</u>	<u>9,852,383</u>	<u>(9,827,503)</u>	<u>(850,351)</u>	<u>13,926,474</u>
Unrestricted funds					
General funds	<u>993,018</u>	<u>410,139</u>	<u>(252,169)</u>	<u>(28,649)</u>	<u>1,122,339</u>
Total funds	<u>15,744,963</u>	<u>10,262,522</u>	<u>(10,079,672)</u>	<u>(879,000)</u>	<u>15,048,813</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

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

Unrestricted funds

This represents income received that does not have restrictions.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Pupil Premium

The pupil premium funding is to be used to raise achievement and improve outcomes for pupils from low-income families who are eligible for free school meals, looked after children and those from families with parents in the Armed Forces.

Special Educational Needs (SEN)

This represents allocated funding for special educational needs pupils.

Educational visits

This represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the visits.

Other restricted reserves

This represents additional funding received from other sources that is restricted in nature.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS), originally transferred to the Academy on conversion from a state controlled school, and revalued annually since.

Restricted fixed asset funds

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

Devolved Formula Capital (DFC) fund

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

Academy Capital Maintenance Fund (ACMF)

This represents funding received from the ESFA and DfE for specific capital projects.

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

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

	Balance at 1 September 2017 (restated) £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 (restated) £
Restricted general funds					
General Annual Grant (GAG)	203,557	8,521,209	(9,059,741)	-	(334,975)
Other DfE / ESFA grants	132,232	356,924	(33,831)	-	455,325
Other government grants	-	89,487	-	-	89,487
Other restricted funds	-	201,693	(158,897)	-	42,796
Pension reserve	(2,124,000)	-	(220,000)	490,000	(1,854,000)
	<u>(1,788,211)</u>	<u>9,169,313</u>	<u>(9,472,469)</u>	<u>490,000</u>	<u>(1,601,367)</u>
Restricted fixed asset funds					
Transfer on conversion	13,853,067	-	(314,842)	-	13,538,225
Fixed asset fund	2,612,602	288,054	(85,569)	-	2,815,087
	<u>16,465,669</u>	<u>288,054</u>	<u>(400,411)</u>	<u>-</u>	<u>16,353,312</u>
Total restricted funds	<u>14,677,458</u>	<u>9,457,367</u>	<u>(9,872,880)</u>	<u>490,000</u>	<u>14,751,945</u>
Unrestricted funds					
General funds	<u>960,586</u>	<u>373,521</u>	<u>(341,089)</u>	<u>-</u>	<u>993,018</u>
Total funds	<u>15,638,044</u>	<u>9,830,888</u>	<u>(10,213,969)</u>	<u>490,000</u>	<u>15,744,963</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	16,835,694	16,835,694
Current assets	1,124,056	902,872	447,849	2,474,777
Creditors falling due within one year	(1,717)	(628,151)	(571,255)	(1,201,123)
Creditors falling due after one year	-	(18,535)	-	(18,535)
Defined benefit pension liability	-	(3,042,000)	-	(3,042,000)
Total net assets	1,122,339	(2,785,814)	16,712,288	15,048,813

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds (restated) £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	16,289,843	16,289,843
Current assets	993,018	632,358	63,469	1,688,845
Creditors falling due within one year	-	(357,483)	-	(357,483)
Creditors falling due after one year	-	(22,242)	-	(22,242)
Defined benefit pension liability	-	(1,854,000)	-	(1,854,000)
Total net assets	993,018	(1,601,367)	16,353,312	15,744,963

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link:

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £612,600 (2018: £697,854).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below.

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.

Total contributions made	2019 £	2018 £
Employer's contributions	199,000	206,000
Employees' contributions	65,000	68,000
Total contributions	264,000	274,000

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations (Continued)

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.2

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

	2019 Years	2018 Years
Retiring today		
- Males	22.6	22.5
- Females	25.7	25.5
Retiring in 20 years		
- Males	24.8	24.7
- Females	28	27.9

Scheme liabilities would have been affected by changes in assumptions as follows:

	2019 £	2018 £
Discount rate + 0.1%	(104,000)	(75,000)
Discount rate - 0.1%	105,000	75,000
Mortality assumption + 1 year	97,000	71,000
Mortality assumption - 1 year	(95,000)	(71,000)
CPI rate + 0.1%	105,000	77,000
CPI rate - 0.1%	(103,000)	(77,000)

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

The academy trust's share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	1,831,000	1,355,000
Other bonds	-	206,000
Cash and other liquid assets	23,000	62,000
Property	235,000	185,000
Other assets	258,000	247,000
Total market value of assets	<u>2,347,000</u>	<u>2,055,000</u>

The actual return on scheme assets was £92,000 (2018: £161,000).

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	301,000	367,000
Past service cost	145,000	-
Interest income	(49,000)	-
Interest cost	111,000	59,000
Total operating charge	<u>508,000</u>	<u>426,000</u>

Changes in the present value of defined benefit obligations	2019 £
At 1 September 2018	3,909,000
Current service cost	301,000
Interest cost	111,000
Employee contributions	65,000
Actuarial loss	922,000
Benefits paid	(64,000)
Past service cost	145,000
At 31 August 2019	<u>5,389,000</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2019 £
At 1 September 2018	2,055,000
Interest income	49,000
Actuarial gain	43,000
Employer contributions	199,000
Employee contributions	65,000
Benefits paid	(64,000)
At 31 August 2019	2,347,000

21 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019 £	2018 (restated) £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	182,850	(383,081)
Capital grants from DfE and other capital income	(434,911)	(288,054)
Investment income receivable	(3,899)	(1,814)
Defined benefit pension costs less contributions payable	247,000	161,000
Defined benefit pension scheme finance cost	62,000	59,000
Depreciation of tangible fixed assets	490,087	400,411
Decrease in stocks	2,006	-
(Increase)/decrease in debtors	(458,742)	38,911
Increase in creditors	266,004	28,912
Net cash provided by operating activities	352,395	15,285

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

22 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	10,768	14,564
Amounts due in two and five years	2,692	13,460
	<u>13,460</u>	<u>28,024</u>

23 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration disclosed in note 10.

24 Members' liability

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

25 Prior period adjustment

Comparative figures have been restated to reflect corrections to two prior period adjustments.

		1 September 2017 £	31 August 2018 £
Reconciliation of funds	Notes		
Funds as previously reported		17,527,098	18,125,070
Adjustments arising:			
Building depreciation	(i)	(1,889,054)	(2,203,896)
Classification of expenditure	(ii)	-	(176,211)
Funds as restated		<u>15,638,044</u>	<u>15,744,963</u>

HIGHAMS PARK ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

25 Prior period adjustment		(Continued)
Reconciliation of net income/(expenditure) for the previous financial period		2018 £
Net income as previously reported		107,972
Adjustments arising:		
Building depreciation	(i)	(314,842)
Classification of expenditure	(ii)	(176,211)
Net expenditure as restated		<u>(383,081)</u>

Notes to restatement

(i) Building depreciation

Prior period expenditure was adjusted to recognise £314,812 of depreciation on academy buildings in order to reflect the Trust's stated accounting policies. Fixed asset reserves were also restated in 2018 to amend brought forward depreciation on academy buildings by £1,889,054. Net assets decreased by £2,203,897 following these adjustments.

(ii) Classification of expenditure

A prior period adjustment was made to correctly expense items which were erroneously recognised in other debtors. The adjustment has reduced Restricted Income Funds and net assets brought forward into 2019 by £176,211.