

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

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HARLOW INSPIRATIONAL LEARNING TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Rev Richard Attew Dr. William Cairns Mrs Clare Hobbs Mr Michael Rowe Mrs Ann Bard
Trustees	Mrs Mary Evans, Chief Executive Officer and Accounting Officer Mrs Sue Cook (resigned 17 October 2019) Mr David Ives Mrs Lorraine Perry (resigned 4 February 2019) Mr Robert Warner Mr Simon Plumb (appointed 14 September 2018) Dr William Cairns, Chair of Trustees Mr Brian Tarran Mr Paul Carter
Company Registered Number	09791050
Company name	Harlow Inspirational Learning Trust
Registered and Principal Office	The Henry Moore Primary School Kiln Lane Church Langley Harlow Essex CM17 9LW
Company Secretary	Carole Toms (resigned 17/10/2019) Nicola Jay (appointed 17/11/2019)
Chief Executive Officer	Mary Evans
Senior Leadership Team	Mrs Mary Evans, Executive Headteacher / CEO Mrs Sarah Cowley, Assistant Headteacher Mrs Christine Lee, Assistant Headteacher Mr Michael Doughty, Assistant Headteacher Mrs Linda Chesworth, Headteacher
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

HARLOW INSPIRATIONAL LEARNING TRUST
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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 Harlow Inspirational Learning Trust (the Trust or the Charitable Company) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under Company Law.

The Trust is constituted as a two school Multi Academy Trust, The Henry Moore Primary School and Milwards Primary School and Nursery. (The Schools)

- The Henry Moore Primary School for pupils aged 4 to 11 serving a catchment area in Harlow, Essex has a pupil capacity of 570 pupils and had a roll of 570 in the summer 2018 school census.
- Milwards Primary School and Nursery for pupils aged 3 to 11 serving a catchment in Harlow, Essex has a capacity of 210 (years R to 6) and a roll of 242 (including Nursery) in the summer 2018 census.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governance documents. The Trustees of The Charitable Company are also the Directors for the purposes of Company Law. The terms Trustee and Director are interchangeable. The term Governor refers to a member of the Local Governing Body (LGB). The Charitable Company is known as Harlow Inspirational Learning Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

Each Member of the Trust undertakes to contribute to the assets of the Trust 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 and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £1,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The Trustees are recruited by the Members who will determine the recruitment process, ensuring that the skills and experience of potential candidates are matched to the requirements of the Board of Trustees.

The arrangements are as set out in the Articles of Association and Funding Agreement.

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the Board of Trustees. Parent Trustees and the Staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for the following roles:

- 5 Trust Members; and
- 9 Trust Directors (including the Head Teacher)

Policies and Procedures Adopted for the Induction and Training of Trustees

Induction and training for new Trustees is facilitated by the Trustee responsible for Trustee training. All new Trustees are expected to attend relevant training.

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The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme of continued professional development led by School staff and links with a number of local training providers.

All new Trustees and Governors are entitled to an induction to the role, according to their need, which may include introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Chief Executive Officer. All Trustees are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

Organisational Structure

The Board of Trustees assumes full responsibility for overseeing the strategic direction of the Trust. The Trustees will be accountable for its entire business operations. The strategic direction of each individual School will be set by the Board of Trustees, and they will be responsible for all elements of governance at the Schools. This is set out in the scheme of delegation. The Chief Executive Officer assumes the role of Accounting Officer.

Both Schools have Local Governing Boards (LGBs) in place at a local level which meet at least once a term, and which focus primarily on curriculum and performance data matters relevant to the individual Schools.

The Finance, Audit and Strategy (FAS) Committee is a sub-committee of the Board of Trustees.

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department for Education.

The Members meet at least once a year and the Board of Trustees meets on at least three occasions per year. The FAS Committee meets six times a year. The Board of Trustees reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Chief Executive Officer with the School Improvement Partner, and reviews them.

The Chief Executive Officer is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Chief Executive Officer has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Chief Executive Officer manages the Trust on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Chief Executive Officer and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Chief Executive Officer to manage certain aspects of the Trust.

Arrangements for setting pay and remuneration of key management personnel

The Trust has adopted National Pay and Conditions for teaching staff and uses National Teacher and Head Teacher Standards as part of the Performance Management system.

Local Government Pay Scales are used for support staff and the Trust adopts the Local Authority HR Recruitment, Pay and Performance Management Policies, whilst adhering to agreed Financial Regulations.

A Pay Review Committee is responsible for recommending salaries to the Trustees for approval.

Key management personnel include responsibility for Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

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Trade Union

The Trust had no employees who acted as union officials during the year.

Related Parties and other Connected Charities and Organisations

The Trust is a member of the Harlow Education Trust, an organisation which provides services such as payroll, finance support, INSET, and cross-school support and working.

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. Pecuniary Interests are on the agenda and declared, if any, at every meeting.

The Trust does not have a formal sponsor and co-operated with Harlow Educational Trust during the academic year in pursuit of its charitable activities.

Objectives and Activities

Objects and Aims

The principal object and aim of the Trust is the operation of the Schools to provide high quality, free education and care for pupils of different abilities between the ages of 4 and 11 at Henry Moore Primary School and 3 and 11 at Milwards Primary School and Nursery.

Objectives, Strategies and Activities

- To be a healthy, sustainable and high performing Trust that is a leader locally and nationally in the educational world.
- To ensure that all member Schools are at least 'Good' and are examples of excellence and social enterprise.
- To continue to support and transform failing schools into successful academies.
- To look to develop the Trust to a workable size locally in order to be a self-developing/ continually improving organisation.
- To ensure the Trust continues to develop future leaders from within who are able to lead Schools within the Trust and beyond.
- To ensure that the Trust continues to train and develop its own teachers from within who are able to transfer from School to School.
- To develop and strengthen the school improvement team in order to provide effective support to all Schools.
- To ensure that the Trust remains financially viable so that it enables the provision of high quality services to its Schools.

During the year the Trust has worked towards these aims through:

- Recruitment of high calibre staff.
- Developing different levels of leadership across the Trust including senior, middle and subject leadership.
- Presentations to possible new Trust schools.
- Recruiting teacher trainees.
- Supporting teacher trainees.
- Appointment of new finance staff.

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FOR THE YEAR ENDED 31 AUGUST 2019

Our success in fulfilling our aims can be measured by:

- New leaders successfully taking on roles and devolving leadership.
- Teachers in the Schools at different stages of career development engage in an effective staff development programme.
- Finance systems developing.
- 2019 educational results detailed below.

Public Benefit

The Trustees believe that by working towards the objectives and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

2019 Academic Results

2019 Attainment
KS2

Henry Moore		Milwards	
Reading	82%	Reading	69%
Writing	82%	Writing	58%
Maths	93%	Maths	81%
Combined	73%	Combined	58%

KS1

Henry Moore		Milwards	
Reading	82%	Reading	70%
Writing	77%	Writing	63%
Maths	88%	Maths	74%
Combined	73%	Combined	59%

Phonics

Henry Moore	Milwards
90%	76%

GLD

Henry Moore	Milwards
73%	81%

The Trust continued its mission to ensure that students achieve their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left School.

Key Performance Indicators

The Trustees receive regular information for each committee meeting to enable them to monitor the performance of the Schools compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Henry Moore Pupil numbers for 2018 were 567. Milwards pupil numbers for 2018 were 214.

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Another key financial performance indicator is staffing costs as a percentage of total income (excluding conversion income). For 2018-19 this was 80%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures approved by the Board of Trustees.

The Finance, Audit and Strategy Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPIs were within the parameters set by the Board.

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 main sources of income for the Trust are grants from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities incorporating Income and Expenditure Account. The Trust receives grants for capital expenditure from the DfE. These grants are shown in the Statement of Financial Activities incorporating Income and Expenditure Account as 'Restricted Income' in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Trust's accounting policies.

The principal source of funding for the Trust are the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2019 the Trust received £3,722,676 (excluding capital grants). A high percentage of this income is spent on wages and salaries in addition to support costs for delivering the Trust's primary objective of the provision of education. During the year the Trust spent £4,116,590 (excluding depreciation but including fixed assets purchased using restricted general funds). This has resulted in a deficit for the 2018-19 year of £80,837.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £2,255,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees review the reserve levels of the Trust termly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees are aware of the requirement to balance current and future needs of the Trust and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Finance Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £182,572. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2019 was £202,372.

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The cash balance of the Trust has been very healthy all year, ending the year with a balance of £572,578. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Finance Manager reports and attempt to hold a minimum of £100,000 to cover short term cash flow variances.

Investment Policy

The Board of Trustees is responsible for approving the investment policy. The day to day responsibility for managing this function is delegated to the FAS Committee. In the current economic climate investments will be made in separate bank accounts. All remaining funds are held in the Trust's current account.

An Investment Policy was approved by the Board of Trustees in March 2016 and revised in June 2017.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited, applying prudence to ensure there is minimal risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks is monitored on behalf of the Trustees at a termly FAS Committee meeting. The principal risks facing the Trust are outlined below; those facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees Report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that these systems can only provide reasonable but not absolute assurance that major risks have been adequately managed/addressed.

As a Multi Academy Trust, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

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The Trustees assess additional principal risks and uncertainties facing the Trust as follows:

- The Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational - the continuing success of the Trust is dependent on continuing to attract staff in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed.
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Trust is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds - The Trust has appointed Essex Local Authority and an independent financial consultant to carry out independent and external checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and continually develop their skills in this area.
- Financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low.
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

Fundraising

The Trust only held small fundraising events during the year. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

- To ensure that leadership across the Trust at all levels is consistently good or better and makes a positive impact on the quality of provision and outcomes for all pupils.
- To ensure that all pupils make at least good progress so that all Schools continue to improve and are judged good or better.
- To ensure that each School curriculum is of a high standard, inspirational and engaging.
- To ensure that the quality of teaching is consistently good or above.
- To ensure that governance at all levels provides the appropriate challenge and support to enable the School and teacher training to thrive.
- To ensure that the Trust meets all of the requirements of the Academies Financial Handbook and is financially viable.
- To ensure that a complete set of all required policies and procedures is in place across the Trust and, where required and appropriate, on the website.
- To maximize the potential of each School, the School premises and assets of the Trust.
- To continue to develop/expand the Trust.
- To formalise partnerships and collaborations with other organisations that allow the Trust to develop its strategic objectives.
- To ensure that all the necessary legal structures and insurance are in place to protect and develop the Trust.

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Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Trust's Auditor is unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

Price Bailey were re-appointed as Auditors on 15th November 2018 and will continue to act in this capacity until advised otherwise by the Board of Directors.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees, on 16/12/19 and signed on its behalf by:



Dr William Cairns
Chair of Trustees

HARLOW INSPIRATIONAL LEARNING TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Harlow Inspirational Learning 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Harlow Inspirational Learning 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 has formally met 3 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Mary Evans, Chief Executive Officer and Accounting Officer	3	3
Mrs Sue Cook	2	3
Mr David Ives	3	3
Mrs Lorraine Perry	0	1
Mr Robert Warner	2	3
Mr Simon Plumb	3	3
Dr William Cairns, Chair of Trustees	2	3
Mr Brian Tarran	3	3
Mr Paul Carter	1	3

During 2018-19, Mr Robert Warner and Mr Simon Plumb joined the Board of Trustees, whilst Mrs Lorraine Perry and Mrs Sue Cook resigned. As of 30 November 2019, the Board has two vacancies. The new Chair of Henry Moore LGB will be invited to join the Board of Trustees and the second vacancy filled through advertising and School governance channels.

The Board of Trustees undertook and oversaw a number of significant actions in 2018-19, including:

- A re-structure of non-teaching staff at Milwards, in order to address the school's deficit situation.
- The appointment of a new headteacher at Milwards Primary School and Nursery, to drive and sustain improvements in teaching and learning.
- A successful CIF application for Milwards to improve health and safety across the school site – including the installation of new fire safety doors that enable effective lockdown procedures to secure the school building, pupils and staff.
- A review and audit of policies across the Schools, to bring policies into alignment wherever possible and practical.
- A review of the Trust risk register, to incorporate risks related to the General Data Protection Regulation.
- A review of the Trust's HR support provision to ensure best value and effective HR management and support.
- A review of the Trust's governance training and information resources, to ensure best value and effective training, information and advice for all levels of governance within the Trust.
- Through school LGBs, collaborating with Trust staff to review and set new values-based curriculum "drivers" as part of an overhaul of the curriculum delivered across the Trust.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Although 2018-19 marked a year of substantial progress for the Harlow Inspirational Learning Trust, it was punctuated by concern and uncertainty over the funding crisis facing the education sector. As a Trust, our GAG funding increased by less than 2% year-on-year, and yet staff costs – teaching and non-teaching – increased by more than that amount, creating further pressure on overall operating budgets. Looking ahead for the next three years, the Board is concerned that without action by Government to adequately fund increases in staff costs and other expenditure, the Trust will be forced to make drastic reductions in staffing which will impact the quality of its education provision in order to continue to set balanced budgets. This will be a disappointing course of action to have to embark on, particular at a time when staff within our Schools are investing time and resource in creating an exciting and inspirational new curriculum for our pupils.

As a Board, we feel confident that we have the skills and expertise necessary to meet our responsibilities and that suitable training is available to help Trustees develop their knowledge of aspects of education that they may be less familiar with. Working with the Trust's finance staff and Accounting Officer, the quality of management accounts and information provided is improving, while action plans are being developed to ensure finance systems are able to provide appropriate and accurate visibility on the performance of the Trust.

The Trust's last internal review of governance took place at the end of the 2017-18 academic year. Owing to a change in School Improvement Partner and the Trust's governance training and support provider during the 2018-19 financial year, a formal review of governance is planned for the 2019-20 financial year. This review will involve both a self-evaluation component and an external review of governance.

The Finance, Audit and Strategy (FAS) Committee is a Committee that meets six times a year (at least twice a term). This Committee prepares and recommends to the Trust Board procedures to ensure that the Schools comply with relevant statutes and regulations, the Trust's Scheme of Delegation and the decisions of the Board of Trustees. FAS reviews and monitors all Trust financial and audit matters in detail and recommends decisions for approval by the Board of Trustees. The FAS committee advises the Board of Trustees and Members on the adequacy and effectiveness of the Trust's governance, risk management, internal control and financial framework.

Mr Simon Plumb was appointed as a member of the FAS Committee during the 2018-19 financial year. Mrs Debby Boulter was appointed as Finance Officer and joined the Committee as an associated member. Ms Linda Chesworth, Headteacher of Milwards, also joined the Committee as an associated member.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Mary Evans	6	6
Mrs Sue Cook	5	6
Mr Simon Plumb	4	6
Dr William Cairns	3	6
Mr Brian Tarran	6	6

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Chief Executive Officer 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. The Accounting Officer has delivered improved value for money during the year by:

- The re-structure of non-teaching staff at Milwards to align with critical needs and ensure value added & impact.
- Reviewing finances of school clubs and increasing charges to cover costs previously carried by the Trust.
- Introducing holiday clubs to generate new income for School budget.
- Ensuring that the cheapest resources are not always purchased since in the past this has been false economy – e.g. ensuring adequate insurance cover.
- Undertaking shared staff training either on site or via HET to reduce costs incurred.
- Always considering new/more efficient/effective ways of working when a member of staff leaves.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Harlow Inspirational Learning 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.

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 FAS Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Juniper Education, trading as EES for Schools 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:

Trust audit

- Financial oversight, including authorised signatories, finance governance and terms of reference; financial planning and monitoring; transparency, including Get Information About School Register and Register of Persons with Significant Control; gifts and hospitality received; expenses; risk management, including contingency and business continuity plan; internal scrutiny; data protection; VAT; internal control; cash management, including bank reconciliations; payroll processing; and mileage and subsistence payments.
- Budget monitoring, including academy budgets and approved budget changes; reporting to Trustees, including financial reports and reporting responsibilities; internal control, including financial control account reconciliations; and internal scrutiny.
- Internal scrutiny, including review of Dear Accounting Officer letters; internal controls; internal procedure, including purchase cards expenditure sample; proper and regular use of public funds, including value for money procedures; internal control, including expenditure sample; tax implications; related parties; contract and independent review; mileage and subsistence payments; payroll processing; and special payments.

Henry Moore and Milwards

- Receipt of payments from students and parents, including income processing policy and procedures; generated income, including income policy and procedures for generated income; internal control, including completeness of income, audit trail, financial monitoring of activities and segregation of duties; fixed assets and inventory, including register of insurable items and fixed asset disposals; contract and independent review; mileage and subsistence payments; payments for additional hours worked; payroll processing, including sample of staff contracts and payments.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the FAS Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned. Areas for improvement that were identified and addressed as a result of these reviews include:

- Ensuring timely updates of Get Information About Schools register.
- Errors in approved academy budgets, budget reconciliation with financial accounting system, and financial reporting.
 - o Appointment of new Finance Officer was instrumental in addressing the above issues.
- Ensuring orders are raised on the financial accounting system.
 - o Action plan under development for approval by FAS Committee.
- Approval of purchase card expenditure in line with Financial Regulations.
 - o Now a standing item at FAS Committee meetings.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- 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 Finance, Audit and Strategy Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 16/12/19 and signed on their behalf by:



Dr William Cairns
Chair of Trustees



Mrs Mary Evans
Accounting Officer

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Harlow Inspirational Learning Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the 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 Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 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.



Mrs Mary Evans
Accounting Officer
Date: 16/12/19.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction 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 financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on

and signed on its behalf by:



Dr William Cairns
Chair of Trustees

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARLOW INSPIRATIONAL LEARNING TRUST**

Opinion

We have audited the financial statements of Harlow Inspirational Learning Trust (the '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 related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 financial statements are authorised for issue.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARLOW INSPIRATIONAL LEARNING TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARLOW INSPIRATIONAL LEARNING TRUST (CONTINUED)**

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

17 December 2019

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HARLOW
INSPIRATIONAL LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 17 September 2018 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 Harlow Inspirational Learning Trust during the year 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 Harlow Inspirational Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Harlow Inspirational Learning 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 Harlow Inspirational Learning Trust and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Harlow Inspirational Learning Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Harlow Inspirational Learning Trust's funding agreement with the Secretary of State for Education dated 29 October 2015 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 year 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 Trust's income and expenditure.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HARLOW
INSPIRATIONAL LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Academy Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 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.

Reporting Accountant

Price Bailey LLP

Date: 17 December 2019

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	815	47,127	476,835	524,777	75,366
Charitable activities	4	59,045	3,421,893	-	3,480,938	3,461,388
Other trading activities	5	193,590	-	-	193,590	194,969
Investments	6	206	-	-	206	227
Total income		253,656	3,469,020	476,835	4,199,511	3,731,950
Expenditure on:						
Charitable activities		217,848	3,637,097	425,403	4,280,348	4,032,537
Total expenditure	7	217,848	3,637,097	425,403	4,280,348	4,032,537
Net income/ (expenditure)		35,808	(168,077)	51,432	(80,837)	(300,587)
Transfers between funds	17	-	(16,923)	16,923	-	-
Net movement in funds before other recognised gains/(losses)		35,808	(185,000)	68,355	(80,837)	(300,587)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(328,000)	-	(328,000)	396,000
Net movement in funds		35,808	(513,000)	68,355	(408,837)	95,413
Reconciliation of funds:						
Total funds brought forward		146,764	(1,722,000)	12,818,648	11,243,412	11,147,999
Net movement in funds		35,808	(513,000)	68,355	(408,837)	95,413
Total funds carried forward		182,572	(2,235,000)	12,887,003	10,834,575	11,243,412

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

The notes on pages 25 to 48 form part of these financial statements.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09791050

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	12,712,934	12,818,648
		<u>12,712,934</u>	<u>12,818,648</u>
Current assets			
Debtors	15	312,747	258,730
Cash at bank and in hand	21	572,578	206,370
		<u>885,325</u>	<u>465,100</u>
Creditors: amounts falling due within one year	16	(508,684)	(318,336)
Net current assets		<u>376,641</u>	<u>146,764</u>
Net assets excluding pension liability		<u>13,089,575</u>	<u>12,965,412</u>
Defined benefit pension scheme liability	22	(2,255,000)	(1,722,000)
Total net assets		<u><u>10,834,575</u></u>	<u><u>11,243,412</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	17	12,887,003	12,818,648
Restricted income funds	17	20,000	-
		<u>12,907,003</u>	<u>12,818,648</u>
Restricted funds excluding pension liability	17	12,907,003	12,818,648
Pension reserve	17	(2,255,000)	(1,722,000)
Total restricted funds	17	<u>10,652,003</u>	<u>11,096,648</u>
Unrestricted income funds	17	<u>182,572</u>	<u>146,764</u>
Total funds		<u><u>10,834,575</u></u>	<u><u>11,243,412</u></u>

The financial statements on pages 22 to 48 were approved by the Trustees, and authorised for issue on 16/12/19 and are signed on their behalf, by:



Mrs Mary Evans

The notes on pages 25 to 48 form part of these financial statements.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	134,460	(294,202)
Cash flows from investing activities	20	231,748	(84,071)
Change in cash and cash equivalents in the year		366,208	(378,273)
Cash and cash equivalents at the beginning of the year		206,370	584,643
Cash and cash equivalents at the end of the year	21	<u>572,578</u>	<u>206,370</u>

The notes on pages 25 to 48 from part of these financial statements

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

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 of financial statements

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

Harlow Inspirational Learning 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

• **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 year it is receivable and to the extent the Trust has provided the goods or services.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Tangible fixed assets

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

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

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

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 50 years straight line
Furniture and equipment	- 10 years straight line
Computer equipment	- 10 years straight line

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.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. 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.

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.12 Pensions

The Trust operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Trust to the fund in respect of the year.

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

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

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

1.13 Fund accounting

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

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

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

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

HARLOW INSPIRATIONAL LEARNING TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	815	47,127	-	47,942	58,448
Capital grants	-	-	476,835	476,835	16,918
	<u>815</u>	<u>47,127</u>	<u>476,835</u>	<u>524,777</u>	<u>75,366</u>
Total 2018	<u>1,759</u>	<u>56,689</u>	<u>16,918</u>	<u>75,366</u>	

In 2018, income from donations was £58,448 of which £1,759 was unrestricted and £56,689 restricted.

In 2019, capital grants of £476,835 (2018 - £16,918) were in relation to restricted fixed assets.

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4. Funding for the Trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,747,424	2,747,424	2,700,708
Other DfE / ESFA grants	-	351,064	351,064	311,199
	-	3,098,488	3,098,488	3,011,907
Other government grants				
Local Authority grants	-	323,405	323,405	388,300
	-	323,405	323,405	388,300
Other funding				
Catering income	59,045	-	59,045	61,181
	59,045	-	59,045	61,181
	59,045	3,421,893	3,480,938	3,461,388
Total 2018	61,181	3,400,207	3,461,388	

In 2018, income from DfE/ESFA grants was £3,011,907 of which all was restricted.

In 2018, income from other government grants was £388,300 of which all was restricted.

In 2018, income from catering was £61,181 of which all was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rental income	3,005	3,005	4,117
Other income	190,585	190,585	190,852
	193,590	193,590	194,969

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5. Income from other trading activities (continued)

In 2018, rental income was £4,117 of which all was unrestricted.

In 2018, other income was £190,852 of which all was unrestricted.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	206	206	227

In 2018, all investment income was in relation to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	2,484,326	-	159,522	2,643,848	2,664,093
Allocated support costs	705,825	606,105	324,570	1,636,500	1,368,444
	<u>3,190,151</u>	<u>606,105</u>	<u>484,092</u>	<u>4,280,348</u>	<u>4,032,537</u>
Total 2018	<u>3,184,938</u>	<u>155,292</u>	<u>692,307</u>	<u>4,032,537</u>	

In 2019, of the total expenditure, £217,848 (2018 - £291,025) was from unrestricted funds, £3,862,385 (2018 - £3,607,703) was from restricted funds and £425,403 (2018 - £133,809) was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £2,473,593 staff costs and £190,500 other costs.

In 2018, support expenditure consisted of £711,345 staff costs, £155,292 premises costs and £501,807 other costs.

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8. Charitable Activities

	2019 £	2018 £
Direct costs	2,643,848	2,664,093
Support costs	1,636,500	1,368,444
Total	<u>4,280,348</u>	<u>4,032,537</u>

	2019 £	2018 £
Analysis of support costs:		
Support staff costs	705,825	711,345
Depreciation	163,758	116,891
Technology costs	5,995	11,840
Premises costs (excluding depreciation)	442,347	155,292
Other support costs	294,078	349,009
Governance costs	24,497	24,067
Total	<u>1,636,500</u>	<u>1,368,444</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	1,615	9,204
Depreciation of tangible fixed assets	163,758	116,891
Fees paid to Auditors for:		
- Audit	6,180	6,000
- Other services	6,145	5,900

10. Staff costs

a. Staff costs

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10. Staff costs (continued)

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,371,978	2,345,554
Social security costs	195,399	184,985
Pension costs	568,082	589,659
	<u>3,135,459</u>	<u>3,120,198</u>
Supply staff costs	54,692	64,740
	<u><u>3,190,151</u></u>	<u><u>3,184,938</u></u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	33	32
Administration and Support	94	105
Management	5	6
	<u>132</u>	<u>143</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £80,001 - £90,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the 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 national insurance) received by key management personnel for their services to the Trust was £396,120 (2018 - £386,037). The number of staff that formed key management personnel was 5 (2018 - 6). Included in this are employer pension contributions of £50,876 (2018 - £55,268) and employer national insurance contributions of £36,532 (2018 - £39,255).

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11. Central services

No central services were provided by the Trust to its Academies during the year and no central charges arose.

12. Trustees' remuneration and expenses

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

		2019	2018
		£	£
Mrs Mary Evans, Chief Executive Officer and Accounting Officer	Remuneration	80,000 -	75,000 -
		85,000	80,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000

During the year ended 31 August 2019, travel and subsistence expenses relating to activities undertaken as a staff member totalling £52.50 were reimbursed or paid directly to 1 Trustee (2018 - £NIL)

Other related party transactions involving the Trustees are set out in note 25.

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 was included in the total insurance cost.

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14. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	12,748,071	208,594	172,954	13,129,619
Additions	35,830	10,130	12,084	58,044
At 31 August 2019	<u>12,783,901</u>	<u>218,724</u>	<u>185,038</u>	<u>13,187,663</u>
Depreciation				
At 1 September 2018	252,551	19,491	38,929	310,971
Charge for the year	109,590	23,810	30,358	163,758
At 31 August 2019	<u>362,141</u>	<u>43,301</u>	<u>69,287</u>	<u>474,729</u>
Net book value				
At 31 August 2019	<u>12,421,760</u>	<u>175,423</u>	<u>115,751</u>	<u>12,712,934</u>
At 31 August 2018	<u>12,495,520</u>	<u>189,103</u>	<u>134,025</u>	<u>12,818,648</u>

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	12,268	12,109
VAT repayable	40,813	32,014
Prepayments and accrued income	259,666	214,607
	<u>312,747</u>	<u>258,730</u>

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16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	138,941	81,145
Other taxation and social security	78,605	74,674
Other creditors	48,920	46,785
Accruals and deferred income	242,218	115,732
	<u>508,684</u>	<u>318,336</u>
	2019 £	2018 £
Deferred income at 1 September 2018	76,963	103,564
Resources deferred during the year	82,485	76,963
Amounts released from previous periods	(76,963)	(103,564)
	<u>82,485</u>	<u>76,963</u>

Deferred income relates to universal infant free school meals and other funding received during the year which relates to the 2019-20 academic year.

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17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	146,764	253,656	(217,848)	-	-	182,572
Restricted general funds						
General Annual Grant (GAG)	-	2,747,424	(2,730,501)	(16,923)	-	-
Pupil premium	-	78,904	(78,904)	-	-	-
Other DfE / ESFA grants	-	272,160	(272,160)	-	-	-
Other Government grants	-	323,405	(303,405)	-	-	20,000
Restricted trip donations	-	41,616	(41,616)	-	-	-
Restricted donations	-	5,511	(5,511)	-	-	-
Pension reserve	(1,722,000)	-	(205,000)	-	(328,000)	(2,255,000)
	<u>(1,722,000)</u>	<u>3,469,020</u>	<u>(3,637,097)</u>	<u>(16,923)</u>	<u>(328,000)</u>	<u>(2,235,000)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	12,818,648	-	(163,758)	58,044	-	12,712,934
Devolved Formula Capital (DFC)	-	48,395	-	(41,121)	-	7,274
CIF grant	-	428,440	(261,645)	-	-	166,795
	<u>12,818,648</u>	<u>476,835</u>	<u>(425,403)</u>	<u>16,923</u>	<u>-</u>	<u>12,887,003</u>
Total Restricted funds	<u>11,096,648</u>	<u>3,945,855</u>	<u>(4,062,500)</u>	<u>-</u>	<u>(328,000)</u>	<u>10,652,003</u>
Total funds	<u>11,243,412</u>	<u>4,199,511</u>	<u>(4,280,348)</u>	<u>-</u>	<u>(328,000)</u>	<u>10,834,575</u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Other DfE and ESFA funding

This represents funding received from the DfE/ESFA which is restricted in nature.

Other government grants

This represents funding received from other Government bodies, local and national, which are restricted in nature.

Restricted trip donations

This represents contributions made by parents towards the running costs of trips for the pupils of the Schools and their associated costs.

Pension reserve

This reserve represents the Trust's share of the deficit of the Local Government Pension Scheme (LGPS)

Restricted fixed asset fund

Restricted fixed asset fund represents the value of the fixed asset held in line with the charitable objectives of the Trust. The transfer between funds represents additions purchased from the GAG funding.

Devolved Formula Capital (DFC)

This represents funding received from the ESFA especially for the maintenance and improvement of the Trust's building and facilities.

CIF Grant

This represents funding received from the ESFA especially for the maintenance and improvement of the Trust's building and facilities.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Henry Moore Primary School	271,489	210,333
Milwards Primary School	(94,937)	(63,569)
Central services	26,020	-
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	202,572	146,764
Restricted fixed asset fund	12,887,003	12,818,648
Pension reserve	(2,255,000)	(1,722,000)
	<hr/>	<hr/>
Total	10,834,575	11,243,412
	<hr/> <hr/>	<hr/> <hr/>
		Deficit £
Milwards Primary School		(94,937)
		<hr/> <hr/>

- Milwards is in deficit owing to historically high levels of expenditure on support staff to support high needs children, exacerbated by no real-terms increases in funding from central government, and only partial funding by government/local authority of the total costs of SEND provision. Since 2017, HILT has endeavoured to reduce Milwards' support staff costs through restructure and natural wastage. However, reduction in support staff costs has had to be managed carefully to ensure the Trust continues to meet its statutory obligations to SEND pupils, as well as others with additional needs, to provide them with a high-quality education.

- An additional cause of the Milwards deficit is a reduction in pupil numbers in the school's nursery. In 2019/20, the nursery provision has been restructured, and staff costs reduced, in order to better align nursery income with expenditure. These actions are anticipated to generate in-year savings of £21,000 for 2019/20 and annual savings of £54,000 from 2020/21.

- In addition to the above actions, the Trust has looked to reduce the Milwards deficit through income-generation. However, attempts to launch an afterschool club to complement the school's breakfast club have not been successful, owing to a lack of parental demand. The Trust is convening a working group in 2019/20 in order to explore and develop other income-generating activities as part of its continuing efforts to manage and reduce the Milwards deficit.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total cost analysis by Academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Henry Moore Primary School	1,486,055	480,400	110,622	347,225	2,424,302	2,335,168
Milwards Primary School	894,816	167,855	36,144	393,999	1,492,814	1,337,728
Central services	103,455	57,570	-	38,449	199,474	-
Trust	2,484,326	705,825	146,766	779,673	4,116,590	3,672,896

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	182,551	258,136	(291,025)	(2,898)	-	146,764
Restricted general funds						
General Annual Grant (GAG)	-	2,700,708	(2,599,492)	(101,216)	-	-
Pupil premium	-	162,935	(162,935)	-	-	-
Other DfE / ESFA grants	7,389	148,264	(155,653)	-	-	-
Other Government grants	-	388,300	(388,300)	-	-	-
Restricted trip donations	(1,264)	46,484	(48,118)	2,898	-	-
Restricted donations	-	10,205	(10,205)	-	-	-
Pension reserve	(1,875,000)	-	(243,000)	-	396,000	(1,722,000)
	<u>(1,868,875)</u>	<u>3,456,896</u>	<u>(3,607,703)</u>	<u>(98,318)</u>	<u>396,000</u>	<u>(1,722,000)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	12,834,323	-	(116,891)	101,216	-	12,818,648
Devolved Formula Capital (DFC)	-	16,918	(16,918)	-	-	-
	<u>12,834,323</u>	<u>16,918</u>	<u>(133,809)</u>	<u>101,216</u>	<u>-</u>	<u>12,818,648</u>
Total Restricted funds	<u>10,965,448</u>	<u>3,473,814</u>	<u>(3,741,512)</u>	<u>2,898</u>	<u>396,000</u>	<u>11,096,648</u>
Total funds	<u>11,147,999</u>	<u>3,731,950</u>	<u>(4,032,537)</u>	<u>-</u>	<u>396,000</u>	<u>11,243,412</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	12,712,934	12,712,934
Current assets	182,572	528,684	174,069	885,325
Creditors due within one year	-	(508,684)	-	(508,684)
Provisions for liabilities and charges	-	(2,255,000)	-	(2,255,000)
Total	182,572	(2,235,000)	12,887,003	10,834,575

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,818,648	12,818,648
Current assets	148,810	316,290	-	465,100
Creditors due within one year	(2,046)	(316,290)	-	(318,336)
Provisions for liabilities and charges	-	(1,722,000)	-	(1,722,000)
Total	146,764	(1,722,000)	12,818,648	11,243,412

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(80,837)	(300,587)
Adjustments for:		
Depreciation	163,758	116,891
Capital grants from DfE and other capital income	(289,586)	(16,918)
Interest receivable	(206)	(227)
Increase in debtors	(56,063)	(130,709)
Increase/(decrease) in creditors	192,394	(205,652)
Pension liability movements	205,000	243,000
Net cash provided by/(used in) operating activities	134,460	(294,202)

20. Cash flows from investing activities

	2019 £	2018 £
Interest	206	227
Capital funding	289,586	16,918
Purchase of tangible fixed assets	(58,044)	(101,216)
Net cash provided by/(used in) investing activities	231,748	(84,071)

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	572,578	206,370

22. Pension commitments

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

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

Contributions amounting to £48,029 were payable to the schemes at 31 August 2019 (2018 - £45,899) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. Pension commitments (continued)

Teachers' Pension Scheme

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.

The Teachers' Pension Budgeting and Valuation Account

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 0.8%). 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%.

The employer's pension costs paid to TPS in the year amounted to £212,954 (2018 - £208,469).

A copy of the latest valuation Report can be found by following this link to the [Teachers' Pension Scheme website](#)

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

Scheme Changes

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

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £225,000 (2018 - £236,000), of which employer's contributions totalled £179,000 (2018 - £186,000) and employees' contributions totalled £ 46,000 (2018 - £50,000). The agreed contribution rates for future years are 23.6 per cent for employers and between 5.5% and 12.5% per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.88	2.65
Inflation assumption (CPI)	2.20	2.30
Inflation assumption (RPI)	3.20	3.30

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
<i>Retiring today</i>		
Males	21.3	22.3
Females	23.6	24.8
<i>Retiring in 20 years</i>		
Males	23.0	24.5
Females	25.4	27.1

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

As at 31 August 2019 the Trust had a pension liability of £2,255,000 (2018 - £1,722,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis

	2019	2018
Discount rate +0.1%	(94,000)	(73,000)
Discount rate -0.1%	97,000	74,000
Mortality assumption - 1 year increase	145,000	97,000
Mortality assumption - 1 year decrease	(140,000)	(93,000)
CPI rate +0.1%	84,000	64,000
CPI rate -0.1%	(82,000)	(63,000)
	<u> </u>	<u> </u>

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,004,000	818,000
Gilts	88,000	64,000
Bonds	90,000	76,000
Property	127,000	115,000
Cash and other liquid assets	47,000	38,000
Alternative assets	156,000	115,000
Other managed funds	82,000	51,000
Total market value of assets	<u>1,594,000</u>	<u>1,277,000</u>

The actual return on scheme assets was £114,000 (2018 - £70,000).

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

	2019 £	2018 £
Current service cost	(293,000)	(383,000)
Past service cost	(48,000)	-
Interest income	37,000	29,000
Interest cost	(80,000)	(75,000)
Total amount recognised in the Statement of Financial Activities	<u>(384,000)</u>	<u>(429,000)</u>

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22. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	2,999,000	2,871,000
Current service cost	293,000	383,000
Interest cost	80,000	75,000
Employee contributions	46,000	50,000
Actuarial losses/(gains)	405,000	(355,000)
Benefits paid	(22,000)	(25,000)
Past service costs	48,000	-
At 31 August	<u>3,849,000</u>	<u>2,999,000</u>

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

	2019 £	2018 £
At 1 September	1,277,000	996,000
Interest income	37,000	29,000
Actuarial gains	77,000	41,000
Employer contributions	179,000	186,000
Employee contributions	46,000	50,000
Benefits paid	(22,000)	(25,000)
At 31 August	<u>1,594,000</u>	<u>1,277,000</u>

23. Operating lease commitments

At 31 August 2019 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Amounts payable:		
Within 1 year	1,615	5,628
Between 1 and 5 years	724	2,339
	<u>2,339</u>	<u>7,967</u>

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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/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

25. Related party transactions

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The son of Accounting Officer Mary Evans is employed by the Trust on a contract approved by Trustees. His remuneration is in line with the standard payscales for the role undertaken and his employment contract is subject to normal terms and conditions.