

**Harefield
Academy
Trust**

**Annual Report and Financial
Statements**

31 August 2021

Company Limited by Guarantee
Registration Number
5051218 (England and Wales)

Contents

Reports

Reference and administrative information	1
Trustees' report, including strategic report	3
Governance statement	15
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditor's report	22
Independent reporting accountant's report on regularity	28

Financial Statements

Statement of financial activities	30
Balance sheet	31
Statement of cash flows	32
Principal accounting policies	34
Notes to the financial statements	40

Reference and administrative information

Members	Haig Oundjian Wendy Rice-Morley John Wilcox Raj Joshi
Trustees	Ash Aggarwal (appointed 15 July 2021) Denise Arnolin (appointed 19 February 2021, resigned 30 April 2021) Peter Curling (appointed 19 February 2021) Gregory Deer (appointed 19 February 2021) Helen Howley (appointed 19 February 2021) Natasha Hurtado (appointed 19 February) Raj Joshi (resigned 19 February 2021) Susan Lowden (appointed 19 February 2021) Wayne Mangan (appointed 19 February 2021, resigned 16 September 2021) Helen McBain (appointed 19 February 2021, resigned 13 August 2021) Haig Oundjian (resigned 19 February 2021) Wendy Rice-Morley (resigned 19 February 2021) Paul Shipley (appointed 15 July 2021) Alexandra Smith (appointed 19 February 2021, resigned 15 July 2021) John Wilcox (resigned 19 February 2021)
Secretary	Sue Littman
Registered office	Northwood Way Harefield Uxbridge UB9 6ET
Company registration number	05051218 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Clydesdale Bank
46 Oxford Street
High Wycombe
Buckinghamshire
HP11 2XQ

Senior Leadership Team Ms Tash Hurtado (Headteacher)
Ms Fiona Carey (Deputy Headteacher)
Ms Helen Timmins (Deputy Headteacher)
Ms Paula Monaghan (Assistant Headteacher)

Trustees' report Year to 31 August 2021

The trustees of Harefield Academy Trust ('the Academy'), who are also directors of the Academy for the purposes of company law, present their statutory report and the audited financial statements for the year ended 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 34 to 39 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee (Registration Number 5051218) and does not have a share capital. The Academy is an exempt charity.

The Academy's memorandum and articles of association are the primary governing documents of the Academy. In 2020 the Members of the Academy Trust updated the articles of association to enable full separation of Members and Trustees as required by the Academies Financial Handbook. At the point the new articles were adopted, all Members resigned as Trustees and appointed members of the existing local governing body as Trustees, which more accurately reflected those responsible for Academy governance. Under the new articles Members are nominated either by the Secretary of State for Education, or by Members of the Academy. The articles of association permit the Members of the Academy to appoint up to seven trustees to be responsible for the affairs and management of the Academy.

Members' Liability

Pursuant to clause 7 of the Academy's memorandum of association, every member of the Academy has undertaken to contribute such amount as may be required, but not exceeding £10, to the Trust's assets if it should be wound up whilst he or she is a member or within one year after he or she ceases to be a member, for payment of the Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The trustees detailed on page 1 served during the year and up to the date of approval of this report except as shown. Prior to the adoption of new articles of association on 19 February 2021, the Member Trustees appointed a local governing board made up of the following members:

Local Governing Board up to 19 February 2021

Denise Arnolin
Mike Bird (resigned 27 November 2020)
Peter Curling
Gregory Deer
Helen Howley
Louise Humphries (resigned 25 January 2021)
Natasha Hurtado
Susan Lowden
Wayne Mangan
Helen McBain
Paul Shipley
Alexandra Smith

The articles of association adopted on 19 February 2021 require a minimum of three trustees and allow for the following appointments to be made:

- a) Up to seven trustees appointed by members
- b) At least two parent trustees
- c) A Principal trustee
- d) Any co-opted trustees appointed by trustees

The Board of Trustees was supported by Academy Ambassadors to recruit a number of suitably skilled and experienced trustees who are provided with a comprehensive induction programme.

Organisational structure

The Harefield Academy is governed by a Board of Trustees constituted under a memorandum of association and articles of association. The Board of Trustees meets 6 times per year and has two formal sub-committees:

- i) Finance, Audit & Risk, Human Resources and Estates
- ii) Curriculum

which are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The Finance, Audit & Risk, Human Resources and Estates Committee is responsible for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and providing a safe environment for all staff, students and visitors to the Academy. The committee meets at least once every term. Members of the Committee are Ash Aggarwal, Paul Shipley and Natasha Hurtado.

The Committee also reviews the effectiveness of the Academy's internal control systems. The purpose of this is to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic, effective and environmentally preferable manner. Furthermore, the Committee reviews the Academy's risk management system, the risk register and considers the post audit report from the external auditor. The Committee also evaluates and maintains The Harefield Academy Business Continuity Plan.

The Headteacher is directly responsible for the day-to-day running of the Academy and is assisted by the Senior Leadership Team consisting of the Deputy Headteachers and the Assistant Headteacher. The Senior Leadership Team controls the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them and providing evidence, reports and data analysis to the Local Governing Body meetings, enabling Governors to monitor effectively.

Arrangements for setting pay and remuneration of key management personnel

The pay of all staff including the key management personnel employed to work in the Academy is governed by the Pay Policy.

The Academy follows the salary scales for teaching and support staff as set out by their respective councils and the School Teachers' Pay and Conditions Document ('STPCD').

For teaching staff, the STPCD and the Conditions of Service for School Teachers in England and Wales (Burgundy Book) and local conditions have been adopted by The Academy apply. Members of the Senior Leadership team/Key Management Personnel align to the approved Leadership scale.

All teaching staff salaries (including Headteacher, Deputy Headteachers and Assistant Headteachers) and support staff salaries are reviewed annually through Performance Management.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

(continued)

Regulations require that every teacher is given a written statement setting out salary etc. following any review including the Appraisal procedure. A revised pay statement will also be given out where there are any other changes in pay arrangements in the year.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period

Full-time equivalent employee number

None

None

Subsidiary company

The Academy owned 100% of the issued ordinary shares of THA Extended Activities Limited a company incorporated in England (company registration no. 07073362). The company was incorporated on 11 November 2009 and was dissolved on 29 June 2021.

Risk management

The Academy has undertaken a full review of the main areas of risk that face it. This includes all health and safety and child protection policies and procedures, and written policies and practice statements covering these areas. In addition, a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks.

OBJECTIVES AND ACTIVITIES

When setting the objectives of the Academy for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education. The Academy provides free education to all students on roll. Admission to the Academy is in accordance with the published admissions policy.

OBJECTIVES AND ACTIVITIES (continued)

The main objectives of the Academy, as set out in its memorandum of association, are:

- ◆ to advance the education of the public in the United Kingdom by establishing, maintaining, operating and developing a school offering a broad curriculum with a strong emphasis on, but not limited to, sports, sports sciences and health: and
- ◆ to provide facilities for recreational and other leisure time occupation for the community at large, in the interests of social welfare and with the object of improving the conditions of the said community.

Strategies and activities

The Academy's main strategy is encompassed in its vision, ethos and strategic intent as published through the website and self-evaluation documentation:

School vision

- ◆ Our purpose is to provide all students with the highest quality education through the delivery of an outstanding, well-balanced and creative curriculum in a supportive, safe and caring environment.
- ◆ Our aspiration is that all children are driven, ambitious and self-motivated; that they are supported in fulfilling their potential in order to enhance future life chances and develop into well-rounded, honest, articulate human beings who make a valued contribution to society.
- ◆ Our ethos is one of mutual respect and kindness within the school community and beyond; it is a school where every child matters and is valued; where diversity is embraced and where high expectations, hard work and exemplary behaviour are the norm.
- ◆ Our aim is to create an Educational Centre of Excellence for the whole community that is successful, innovative, cohesive, energetic, healthy, inclusive and filled with opportunity.

Strategic Intent

1. To have high expectations of all students and to facilitate all in making exceptional progress through outstanding teaching, learning and assessment.
2. To remove barriers to learning, close attainment gaps and provide opportunities for all students to achieve excellence.
3. To develop resilience, integrity, ambition and a "can-do" attitude in all members of the organisation.

OBJECTIVES AND ACTIVITIES (continued)

Strategies and activities (continued)

4. To deliver a challenging and creative curriculum which is inspiring, nurturing and appropriate for all students, underpinned by an effective approach to SMSC development which promotes tolerance and respect for people of other faiths, cultures and lifestyles in modern Britain.
5. To provide an outstanding Sixth Form curriculum which will equip students with the knowledge, skills and outcomes to be successful at higher education or the world of work.
6. To provide world-class resources and facilities which prepare students for life in a technological society.
7. To have a clear moral purpose which supports an environment free from prejudice, bullying or derogatory behaviour, that welcomes and celebrates diversity and encourages kindness and honesty.
8. To ensure students conduct themselves in an exemplary manner at all times and that all members of the school community protect its reputation.
9. To provide a safe, caring and supportive environment which fosters and celebrates achievement and exudes energy, enthusiasm and vitality.
10. To ensure that staff are supported with the highest quality professional development and that shared planning and effective communication are routinely encouraged.
11. To provide outstanding leadership, which ensures effective succession planning, ongoing self-evaluation and improvement and financial sustainability.
12. To collaborate effectively and meaningfully with the Local Governing Body, welcoming continual challenge and support.
13. To work in partnership with parents/carers, local schools, groups and residents to ensure the Academy is a positive focal point bringing the wider community together.

Equal opportunities

The trustees continue to recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

OBJECTIVES AND ACTIVITIES (continued)

Disabled persons

Lifts and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REPORT

Facilities at Harefield Academy

The well-equipped teaching facility that we moved into in September 2008 ensures that the Academy remains unlike any other academy or school within the M25.

The all-weather pitch and the dry training facility continue to be extensively, and advantageously, used by students at the Academy, letting clients and members of the local community. The sports hall and the multi-use hall and the theatre plus the classrooms and public spaces, notably the cafe area, in the main Academy building are increasingly utilised by members of the local community and local groups.

The quality of lessons

Teaching and Learning is good – Ofsted 2021 'Good'

"Teachers have high aspirations for their pupils. They want them to do well at school so they can lead happy and successful lives. Pupils value the opportunities they get to go on trips and to attend extra-curricular activities. Sixth-form students can develop leadership skills as head students, mental health ambassadors or representatives of the Harefield values. Pupils work hard and behave sensibly. They can concentrate in lessons because low level disruption is rare. Teachers know them as individuals. They typically use assessment well to help pupils make progress through the curriculum. Pupils value the support and guidance that teachers give them. In recent years, leaders have improved the quality of the curriculum in most subjects. They have considered the key concepts they want pupils to learn and the best order in which to teach them. Teachers are skilled in checking pupils' prior knowledge before embarking on new learning." Ofsted June 2021

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

STRATEGIC REPORT (continued)

Going concern (continued)

As at 31 August 2021, the Academy's total revenue reserves carried forward were negative £861,000, including an ESFA loan of £928,000 which is included in creditors falling due after one year. This is significantly lower than the required level of reserves as stipulated in the reserves policy and cash flow forecasts suggest that the Academy will require further ESFA financial support during the course of the 2021/22 financial year.

On the basis that discussions regarding DfE and ESFA financial support are ongoing between the trustees and DfE representatives, together with the steps being taken by the trustees, including discussions with three possible MATs with a view to joining a MAT and further restructuring of the Academy's senior staffing, the trustees consider it is appropriate to adopt the going concern basis for the preparation of the financial statements whilst acknowledging the material uncertainties that exist.

Further important areas where we are continuously working to improve strategies and have a positive impact on income and expenditure are:

Curriculum and Student numbers

The Curriculum is broad and provides value for money. Further to Ofsted recommendations the Curriculum has been widened to include the full breadth of arts, music and DT subjects across KS3. The Quality of Education was deemed to be good by Ofsted June 2021. Student numbers continue to be a challenge but this has not hampered the imperative to provide a broad, balanced, well delivered curriculum to students via creative curriculum planning.

Recruitment of Staff

Staff recruitment was a challenge during Covid which increased agency costs. A strong and permanent staff body was established in September 2021. There has been movement across support staff and changes in personnel enabling improved efficiencies.

Contracts with External Parties

We are now working with a new catering company. All other suppliers and in house arrangements have been retained since 2020-21. Compliance and maintenance contracts have been reviewed to maximise efficiency in this area.

Other areas

Regular reporting to the ESFA and the external auditors with regards to financial controls and reporting. Cash flow forecasts and updated budget forecasts being updated satisfactorily and submitted to ESFA.

STRATEGIC REPORT (continued)

Financial review

The financial performance of the Academy has been under continued review by the ESFA with the regular reporting of monthly management accounts. The Trust remains wholly committed to merging with a MAT and has recently welcomed the intervention of a new Chair of Trustees with significant DfE experience and the support of a DfE approved governance support lead. These personnel will be expediting a Trust merger, a restructure (reduction in SLT) and aligned to their review of need, a strengthening of governance. The financial performance of the Academy aligned to published budget, is not of concern, but students numbers are, and it is this which will be improved by the support of a Trust with wider influence.

The impact of the pandemic has been broadly four-fold:

- 1) Loss of lettings income during lockdowns.
- 2) Inability to market effectively in the absence of face-to-face transition events, thereby limiting growth of student numbers.
- 3) Delay of Ofsted inspection meaning the 'good' achieved which will impact student numbers was broadly a year later than anticipated.
- 4) Significantly increased staff absence detrimentally impacting on unplanned supply costs.

The financial statements have been prepared in accordance with current statutory requirements and the Academy's governing documents.

The grants received during the year and the associated expenditure are shown as restricted funds in the statement of financial activities. The Academy remains dependent on the provision of grants from the ESFA.

The reduction in funds of £1,689,000 (2020: £1,199,000) relates to the combined revenue and capital funds and includes 'non-cash' adjustments made to comply with FRS 102 to reflect the estimated cost of pensions. Once these items are excluded, the operational deficit is £141,000 (2019/20: £61,000 surplus).

Principal risks and uncertainties

The trustees have determined that the following major risks impact the Academy:

1) Failure to join a MAT

Impact: there would be no material increase in student numbers.

Mitigating actions include contact with three MATs to progress discussions with proposals due in early 2022.

2) Uncertainty as to the future of the school, whether as part of a MAT or as a SAT

Impact: poor staff morale and falling student numbers. Difficulties in retaining and recruiting teachers and further pressure on financial status.

Mitigating actions include executing against a communications plan to brief staff, students, parents and all concerned stakeholders.

3) Infection due to Covid-19

Impact: widespread infection would disrupt school activities and impact the wellbeing of staff and students and study activity.

Mitigating actions include a clear statement of school policies and procedures to minimise risk and a detailed risk register produced to detail additional controls.

Financial and risk management objectives and policies

The financial and risk management objectives have been set out in the respective policies which are reviewed and updated on an annual basis.

Financial risks

The Academy has exposure to a number of financial risks including credit, cash flow and liquidity risks. However, given the nature of the Academy, the 'financial instruments' that they deal with are largely bank balances, cash and trade creditors, with limited trade (and other) debtors. Consequently, trustees and governors are of the opinion that the financial risks will not be material to the assessment of the Academy's assets, liabilities, financial position and its results.

STRATEGIC REPORT (continued)

Financial risks (continued)

One of the risks facing the Academy is in relation to the Local Government Pension Scheme ('LGPS'), the costs of which are largely outside the control of the Academy. Hymans Robertson LLP were instructed by London Borough of Hillingdon, the Administering Authority to the London Borough of Hillingdon Pension Fund, to undertake pension expense calculations in respect of pension benefits provided by the LGPS to employees of the Academy as at 31 August 2021. The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2007/08, as amended. It is contracted out of the State Second Pension. There is a risk that additional contributions or lump sum payments will be required to fund the pension deficit. The year end results from the calculations reported on the LGPS report are set out in the table below.

	31 August 2021 £'000	31 August 2020 £'000
Fair Value of Employer Assets	5,461	4,552
Present Value of Funded Liabilities	(9,964)	(8,041)
Net liability	(4,503)	(3,489)

Reserves policy

The trustees have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the trustees.

Excluding the pension scheme liability and capital funds, the Academy funds carried forward as at 31 August 2021 are in deficit by £861,000 (2020 - £720,000). The Academy is working closely with the ESFA to implement a financial plan that will enable the Academy to build a stable level of funds over the next several years.

The capital funds are mainly represented by fixed assets with a carrying value of £25,902,000 (2020 - £26,436,000).

The Academy has a pension scheme liability of £4,503,000 as at 31 August 2021 (2020 - £3,489,000) which is included in the restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the trustees to further the Academy's objectives. Parliament has agreed, at the request of the Secretary of State for Education, 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. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions increase to reduce the liability.

Fundraising

The Academy does not currently undertake any fundraising activities.

STRATEGIC REPORT (continued)

Future plans

Curriculum

The curriculum has been enhanced to include a broader range of subjects without detrimentally impacting on overall teaching costs. Quality of Curriculum was adjudged good by Ofsted in June 2021. Gaps in the curriculum at this point were highlighted and addressed by September 2021.

Behaviour and attitudes and personal development

Behaviour and attitudes as well as personal development have been deemed to be good in each of the last two Section 5 inspections. The quality of safeguarding was further endorsed via an independent report yielding an action plan from which further enhancements and improvements were made. Work continues to improve attendance but the impact of Covid-19 has damaged the continuity of progress in this area.

Leadership and management

Leadership and management is strong and despite reductions from six to four staff members during the Covid period, the team were successfully able to lead the Academy through the pandemic crisis and to an Ofsted Good. The challenges for 2022 and beyond are to ensure the SLT restructure enables continued capacity for school improvement without impact on standards. To support this an independent review has been commissioned and the support of a MAT for executive leadership support is proactively being sought.

Sixth form

Standards in sixth form remain strong (as adjudged in the two most recent Section 5 inspections). We have successfully developed a partnership with Wealdstone FC. This has increased student numbers. The challenge is to grow this partnership to further increase student numbers and to ensure that the wider breadth of subjects and students arriving from a wider range of schools, does not detrimentally impact the high valued added success thus far achieved year on year.

AUDITOR

In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the trustees and signed on their behalf by:



Trustee

Gregory Deer

Date: 31 December 2021

Scope of responsibility

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

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

Governance

The global pandemic has continued to impact schools, however, the Board of Trustees has maintained oversight of the Covid risk management strategy, with the safeguarding of student well-being and education at the forefront.

The Board has received regular updates from the pastoral lead on student behaviour and welfare and is assured of the extensive support provided to an increased number of students experiencing mental health issues as a result of the challenges of the pandemic. The Board has also been updated regularly by the SENDCo on the range of internal and external interventions engaged to support those with identified needs and disadvantaged students. The Board recognises the significant efforts made by the school to ensure continued access to education for all students throughout enforced closures and periods of remote learning, which is not without challenge for staff. As such, the Board seeks continued assurance on staff well-being and has sought to ensure sufficient resource is in place to support this.

Despite the continued challenges of Covid-19, the Board has continued on its journey to join a MAT and made significant progress during the 2020/21 academic year to partner with a medium-sized Midlands-based MAT, which was identified by the Board as a good fit with the aims and ethos of the school. The school benefitted from support from the MAT in several areas during the course of the year including finance, HR, curriculum, site management, IT and marketing. Unfortunately the DfE preferred the school to join a more local MAT and the Board continues its efforts to find the best fit for its students, staff and future.

The Board itself has experienced a number of personnel changes as a number of Trustees were experiencing additional demands on their time due to the challenges of the pandemic, often with children at home during school closures or periods of self-isolation, home working themselves and some with increased workload or new roles and responsibilities. Despite this, the Board continues to work with Academy Ambassadors to ensure there is appropriate skill and experience to ensure robust challenge and strategic oversight.

Governance statement Year to 31 August 2021

Governance (continued)

At the end of what has undoubtedly been a challenging year for all, the Board were delighted to receive the news that, following inspection at the end of the summer term, the school has been rated Good by Ofsted. A reflection of the determination and dedication of the staff, this result will support the school in its planned growth of student numbers and enhanced curriculum offer.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Information relating to the change in structure of the Board of Trustees is provided on page 4 of the Trustees' Report. The trustees formally met three times since the new governance structure was established on 19 February 2021 and prior to that the local governing board met three times. Attendance at trustee meetings since 19 February 2021 was as follows:

Trustee	Number of meetings attended	Out of a possible
Ash Aggarwal (appointed 15 July 2021)	1	1
Denise Arnolin (appointed 19 February 2021, resigned 30 April 2021)	3	3
Peter Curling (appointed 19 February 2021)	2	3
Gregory Deer (appointed 19 February 2021)	3	3
Helen Howley (appointed 19 February 2021)	3	3
Natasha Hurtado (appointed 19 February)	3	3
Susan Lowden (appointed 19 February 2021)	3	3
Wayne Mangan (appointed 19 February 2021, resigned 16 September 2021)	3	3
Helen McBain (appointed 19 February 2021, resigned 13 August 2021)	1	3
Paul Shipley (appointed 15 July 2021)	1	1
Alexandra Smith (appointed 19 February 2021, resigned 15 July 2021)	3	3

Finance, Audit and Risk, Human Resources and Estates Committee

For the year ended 31 August 2021, the Academy's Finance Committee Chair, Mike Bird and subsequently Wayne Mangan, visited the Finance Manager on a regular basis to discuss financial and resource management and internal and external financial reporting.

The Finance, Audit and Risk, HR and Estates Committee met six times during the year.

Governance statement Year to 31 August 2021

Finance, Audit and Risk, Human Resources and Estates Committee (continued)

The membership and attendance of the Finance, Audit and Risk, HR and Estates Committee was as follows:

Trustee/Local Governor	Number of meetings attended	Out of a possible
Denise Arnolin	2	3
Mike Bird	1	1
Louise Humphries	2	2
Natasha Hurtado	4	5
Wayne Mangan	4	4
Alexandra Smith	5	5

Review of value for money

A stringent and robust response to the Covid crisis was swiftly put in place both in terms of the safe reopening of the Academy and in response to loss of income.

Provision for key worker and vulnerable students was supported throughout the pandemic. The initial lockdown resulted in closure of the boarding provision four months earlier than planned resulting in loss of fees. This was countered through early termination of staff temporary contracts. The loss of income through lettings was mitigated through robust contracts in place which enabled us to clawback losses from the two main agents.

Losses through cancelled school trips were clawed back through the RPA and insurance companies/service providers as required.

Additional fees accrued in ensuring the site was made Covid safe were managed through the government grant.

Catch up sessions have been put on using government funding.

The impact of Covid has therefore been minimised as far as possible both financially and in terms of the quality of education, notwithstanding the limitations that have negatively impacted on the financial picture as outlined on page 11.

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy has delivered improved value for money for the year ended 31 August 2021 by working with the Education and Skills Funding Agency (ESFA) with respect to the below points:

- ◆ IFCP and benchmarking of support staff to streamline staff recruitment and retention.
- ◆ Realignment of the curriculum has reduced the need for full replacement of departing teaching staff leading to savings in full time equivalent staffing

Review of value for money (continued)

- ◆ SLT are to be reduced from four to two members, completing all recommendations of the SRMA report and fulfilling alignment to benchmarks.

The purpose of the system of internal control

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

Capacity to handle risk

The trustees have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. They are of the view that there is an ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

The risk and control framework

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

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

The trustees have appointed Macintyre Hudson as an internal auditor for the 2020/21 financial year. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

Governance statement Year to 31 August 2021

The risk and control framework (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included assurance over the management of the following areas of key financial controls. There were no material matters of concern identified from the reviews undertaken in the year.

- ◆ Bank and cash
- ◆ Purchases
- ◆ Payroll
- ◆ Nominal ledger
- ◆ Financial reporting.

Review of effectiveness

As Accounting Officer, the Headteacher 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 auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the trustees and signed on their behalf by:



Gregory Deer
Trustee



Tash Hurtado
Headteacher and Accounting Officer

Date: 31 December 2021

Statement on regularity, propriety and compliance 31 August 2021

As Accounting Officer of Harefield Academy Trust, I have considered my responsibility to notify the Academy's trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy's trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2020.

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



Accounting Officer: Tash Hurtado

Date: 31 December 2021

Statement of Trustees' responsibilities 31 August 2021

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP FRS 102 and the Academies Accounts Direction 2020 to 2021;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA have been applied for the purposes intended.

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

Approved by order of the trustees and signed on their behalf by:



Trustee

Date: 31 December 2021

Independent auditor's report on the financial statements to the trustees of Harefield Academy Trust

Opinion

We have audited the financial statements of Harefield Academy Trust (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland FRS 102 and the Academies Accounts Direction 2020 to 2021.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Material uncertainty related to going concern

There is a material uncertainty relating to going concern for Harefield Academy Trust. The financial statements for the year ended 31 August 2021 have been prepared by the Trustees on a going concern basis. In light of the total negative revenue reserve balance of (£861,000) which existed at 31 August 2021 we have considered the adequacy of the disclosures made by the Trustees pertaining to the application of the going concern assumption in the preparation of these financial statements and their assessment of the associated uncertainties.

Details of the circumstances relating to the Trustees' assessment of the going concern position is disclosed on pages 9 and 10 of the Trustees' report and as part of the principal accounting policies on page 34. We bring these disclosures to the attention of the members in light of the balance sheet position as at 31 August 2021. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements (continued)

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the Academy Trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees; and
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

Use of our report

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



Katharine Patel (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

31 December 2021

Independent reporting accountant's assurance report on regularity to Harefield Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 27 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harefield Academy Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Harefield Academy Trust's funding agreement with the Secretary of State for Education dated 29 March 2017 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

Approach (continued)

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

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

The work undertaken to draw our conclusions includes sample testing of the following:

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

Conclusion

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



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

31 December 2021

Statement of financial activities Year to 31 August 2021
(Including Income and Expenditure Account)

	Notes	Unrestricted funds £'000	Restricted funds		2021 Total £'000	2020 Total £'000
			General £'000	Fixed assets £'000		
Income from:						
Donations and capital grants	2	1	—	200	201	13
Charitable activities						
. Funding for the Academy's educational operations	3	—	2,761	—	2,761	3,085
. Provision of boarding activities	8	—	—	—	—	103
Other trading activities	5	109	—	—	109	224
Investments	4	—	—	—	—	1
Total income		110	2,761	200	3,071	3,426
Expenditure on:						
Charitable activities						
. Academy's educational operations	7	—	3,189	734	3,923	4,134
. Boarding activities		—	—	—	—	192
Total expenditure	6	—	3,189	734	3,923	4,326
Net income (expenditure) before other recognised (losses) and gains		110	(428)	(534)	(852)	(900)
Other recognised (losses) and gains						
Actuarial losses on defined benefit pension scheme	21	—	(837)	—	(837)	(299)
Net movement in funds		110	(1,265)	(534)	(1,689)	(1,199)
Reconciliation of funds						
Fund balances brought forward at 1 September 2020		(150)	(4,059)	26,436	22,227	23,426
Fund balances carried forward at 31 August 2021		(40)	(5,324)	25,902	20,538	22,227

All of the Academy's activities derived from continuing operations during the above two financial periods.

Balance sheet 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	14		25,818		26,389
Current assets					
Debtors	15	111		108	
Cash at bank and in hand		319		328	
		430		436	
Liabilities					
Creditors: amounts falling due within one year	16	(279)		(178)	
Net current assets			151		258
Total assets less current liabilities					
			25,959		26,647
Creditors: amounts falling due after more than one year	17		(928)		(931)
Net assets excluding pension liability			25,041		25,716
Pension scheme liability	21		(4,503)		(3,489)
Total net assets			20,538		22,227
Funds of the Academy:					
Restricted funds					
Fixed assets	18	25,902		26,436	
Restricted income fund	18	(821)		(570)	
Boarding house activities	18	—		—	
Pension reserve	18	(4,503)		(3,489)	
Total restricted funds			20,578		22,377
Unrestricted funds					
General fund	18		(40)		(150)
Total funds			20,538		22,227

Approved by the Trustees and signed on their behalf by:



Trustee Gregory Deer

Approved on: 31 December 2021

Company registration number 5051218

Statement of cash flows Year to 31 August 2021

		2021 £'000	2020 £'000
Net cash flows from operating activities			
Net cash used in operating activities	A	(36)	(24)
Cash flows from investing activities			
	B	28	(11)
Cash flows from financing activities			
	C	—	—
Change in cash and cash equivalents in the year		(9)	(35)
Cash and cash equivalents at 1 September 2020		328	363
Cash and cash equivalents at 31 August 2021	D	319	328
A Reconciliation of net expenditure to net cash flow from operating activities			
		2021 £'000	2020 £'000
Net expenditure for the year (as per the statement of financial activities)			
		(852)	(900)
Adjusted for:			
Depreciation charges		734	697
Capital grants from DfE and other capital income		(200)	(13)
Loss on disposal of fixed assets		10	—
Interest receivable		—	(1)
Defined benefit pension scheme cost less contributions payable		117	220
Defined benefit pension scheme finance cost		60	57
(Increase) decrease in debtors		(3)	171
Increase (decrease) in creditors		98	(255)
Net cash used in operating activities		(36)	(24)
B Cash flows from investing activities			
		2021 £'000	2020 £'000
Interest received		—	1
Purchase of tangible fixed assets		(172)	(25)
Capital grants from DfE/ESFA		200	13
Net cash provided by (used in) investing activities		28	(11)
C Cash flows from financing activities			
		2021 £'000	2020 £'000
Cash inflows from new borrowing		—	—
Net cash provided by financing activities		—	—

Statement of cash flows Year to 31 August 2021

D Analysis of cash and cash equivalents

	2021	2020
	£'000	£'000
Cash in bank and at hand	319	328
Total cash and cash equivalents	319	328

E Analysis of changes in net debt

	At 1 September 2020 £'000	Cash flows £'000	At 31 August 2021 £'000
Cash at bank	328	(9)	319
	328	(9)	319
Loans falling due after more than one year	(931)	3	(928)
Total net debt	(603)	(6)	(609)

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (SORP 2015), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

As at 31 August 2021, the Academy's total revenue reserves carried forward were negative £861,000, including an ESFA loan of £928,000 which is included in creditors falling due after one year. This is significantly lower than the required level of reserves as stipulated in the reserves policy and cash flow forecasts suggest that the Academy will require further ESFA financial support during the course of the 2021/22 financial year.

On the basis that discussions regarding DfE and ESFA financial support are ongoing between the trustees and DfE representatives, together with the steps being taken by the trustees, including discussions with three possible MATs with a view to joining a MAT and further restructuring of the Academy's senior staffing, the trustees consider it is appropriate to adopt the going concern basis for the preparation of the financial statements whilst acknowledging the material uncertainties that exist. Further detail of the steps being taken is provided on page 10 of the Trustees' Report.

Income

All income is recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

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

Donations

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

Other income

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

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.

Expenditure (continued)

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on the Academy's buildings on a straight line basis beginning in the period in which the asset is brought into use at an annual rate of 2%.

Depreciation is charged on all the other assets, on a straight line basis beginning in the period in which the asset is brought into use at an annual rate of 25%.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand.

Leased assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 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, loans 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.

Taxation

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

Pensions benefits

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

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

Pensions benefits (continued)

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

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

Fund accounting

The unrestricted general fund represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability; and
- ◆ The net book value of tangible fixed assets is based on the original cost of the asset net of provision for depreciation. The depreciation provision to date is based on the trustees' assessment of the estimated useful economic lives of such assets.

Critical areas of judgement

The Academy's financial statements have been prepared on a going concern basis following an assessment by the trustees that current and future sources of funding or support will be adequate for the Academy's needs.

Notes to the financial statements 31 August 2021

1 General Annual Grant (GAG)

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

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

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
2021				
Capital grants	—	200	200	13
Other donations	1	—	1	—
	1	200	201	13
		<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2020 Total funds £'000</i>
2020				
Capital grants		—	13	13
Other donations		—	—	—
		—	13	13

3 Funding for the Academy's educational operations and income from boarding activities

2021	Restricted funds £'000	2021 Total funds £'000	2020 Total funds* £'000
DfE/ESFA grants			
General Annual Grant (GAG) (note 1)	2,386	2,386	2,681
Other DfE/ESFA grants			
. Pupil Premium	98	98	106
. Teachers' Pension Grant	81	81	100
. Others	56	56	94
	<u>2,621</u>	<u>2,621</u>	<u>2,981</u>
Other Government grants			
. London Borough of Hillingdon - SEN	65	65	95
. School Sports Partnership programme	—	—	6
	<u>65</u>	<u>65</u>	<u>101</u>
Other income from the Academy Trust's educational operations			
	—	—	3
COVID-19 additional funding (DfE/ESFA)			
Catch-up premium	8	8	—
Other DfE/ESFA COVID-19 funding	67	67	—
	<u>75</u>	<u>75</u>	<u>—</u>
Total funding for the Academy's educational operations			
	<u>2,761</u>	<u>2,761</u>	<u>3,085</u>
Boarding activities			
	—	—	103
Total	<u>2,761</u>	<u>2,761</u>	<u>3,188</u>

The Trust received £24,200 of funding for catch-up premium and costs incurred in respect of this funding totalled £8,130, with the remaining £16,070 to be spent in 2021/22.

*Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the Academy Trust's funding for Pupil Premium and Teachers' Pension Grant is no longer reported under the 'Other DfE Group grants' heading, but as separate lines under the 'Other DfE/ESFA grants' heading. The prior year numbers have been reclassified.

3 Funding for the Academy's educational operations and income from boarding activities (continued)

<i>2020</i>	<i>Restricted funds £'000</i>	<i>2020 Total funds £'000</i>
DfE/ESFA grants		
General Annual Grant (GAG) (note 1)	2,681	2,681
<i>Other DfE/ESFA grants</i>		
. Pupil Premium	106	106
. Teachers Pension Grant	100	100
. Others	94	94
	<u>2,981</u>	<u>2,981</u>
Other Government grants		
. London Borough of Hillingdon - SEN	95	95
. School Sports Partnership programme	6	6
	<u>101</u>	<u>101</u>
<i>Other income from the Academy Trust's educational operations</i>	<u>3</u>	<u>3</u>
<i>Total funding for the Academy's educational operations</i>	<u>3,085</u>	<u>3,085</u>
<i>Boarding activities</i>	<u>103</u>	<u>103</u>
<i>Total</i>	<u>3,188</u>	<u>3,188</u>

4 Investment income

2021	Unrestricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Interest receivable	—	—	1
<hr/>			
<i>2020</i>		<i>Unrestricted funds £'000</i>	<i>2020 Total funds £'000</i>
<i>Interest receivable</i>		<u>1</u>	<u>1</u>

5 Other trading activities

2021	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Hire of facilities and lettings income	55	—	55	162
Trip income	3	—	3	64
Other income	51	—	51	(2)
	<u>109</u>	<u>—</u>	<u>109</u>	<u>224</u>

5 Other trading activities (continued)

<u>2020</u>	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2020 Total funds £'000</i>
Hire of facilities and lettings income	162	—	162
Trip income	—	64	64
Other income	(2)	—	(2)
	<u>160</u>	<u>64</u>	<u>224</u>

6 Expenditure

<u>2021</u>	Staff costs £'000	Non-pay expenditure		2021 £'000	2020 £'000
		Premises £'000	Other costs £'000		
Academy's educational operations:					
. Direct costs	1,792	734	94	2,620	2,814
. Allocated support costs	580	360	363	1,303	1,320
	<u>2,372</u>	<u>1,094</u>	<u>457</u>	3,923	4,134
Boarding activities:					
. Direct costs	—	—	—	—	114
. Allocated support costs	—	—	—	—	78
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	192
Total	<u>2,372</u>	<u>1,094</u>	<u>457</u>	3,923	4,326

<u>2020</u>	Staff costs £'000	Non-pay expenditure		2020 £'000
		Premises £'000	Other costs £'000	
Academy's educational operations:				
. Direct costs		2,019	627	2,814
. Allocated support costs		699	333	1,320
		<u>2,718</u>	<u>960</u>	4,134
Boarding activities:				
. Direct costs		44	70	114
. Allocated support costs		—	56	78
		<u>44</u>	<u>126</u>	192
Total		<u>2,762</u>	<u>1,086</u>	4,326

Net expenditure for the year is stated after charging:	2021 £'000	2020 £'000
Operating leases	59	16
Loss on disposal of fixed assets	10	—
Depreciation	734	697
Fees payable to auditor		
. Audit	12	12
. Other services	8	8

7 Charitable activities

	2021 Total funds £'000	2020 Total funds £'000
Direct costs – educational operations	2,620	2,814
Direct costs – boarding	—	114
Support costs – educational operations (see below)	1,303	1,320
Support costs – boarding (see below)	—	78
	3,923	4,326

Analysis of support costs – 2021	Boarding £'000	Educational operations £'000	2021 Total funds £'000	2020 Total funds £'000
Support staff costs	—	580	580	699
Technology costs	—	92	92	82
Premises costs	—	360	360	389
Other support costs	—	243	243	192
Governance costs	—	83	28	36
Total support costs	—	1,303	1,303	1,398

<i>Analysis of support costs – 2020</i>	<i>Boarding £'000</i>	<i>Educational operations £'000</i>	<i>2020 Total funds £'000</i>
<i>Support staff costs</i>	—	699	699
<i>Technology costs</i>	—	82	82
<i>Premises costs</i>	56	333	389
<i>Other support costs</i>	22	170	192
<i>Governance costs</i>	—	36	36
<i>Total support costs</i>	78	1,320	1,398

Notes to the financial statements 31 August 2021

8 Academy boarding operations

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Income				
Fee income	—		103	
Other income	—		—	
		—		103
Expenditure				
Direct costs				
. Staff costs	—		44	
Total direct costs		—		(44)
Indirect costs				
. Maintenance of premises and equipment	—		13	
. Cleaning	—		6	
. Rent and rates	—		12	
. Heat and light	—		23	
. Transport	—		2	
. Catering	—		9	
. Technology costs	—		—	
. Other support costs	—		13	
Total indirect costs		—		(78)
Total operating costs		—		(122)
Operating deficit on boarding		—		(19)
Surplus brought forward at 1 September 2020		38		57
Surplus carried forward at 31 August 2021		38		38
In addition, the following amounts have been charged to the fixed asset fund in respect of boarding operations:				
Depreciation charge on boarding house		—		70

9 Comparative information

	Notes	Unrestricted funds £'000	Restricted funds		2020 Total £'000
			General £'000	Fixed assets £'000	
Income from:					
Donations and capital grants		—	—	13	13
Charitable activities					
. Funding for the Academy's educational operations	3	—	3,085	—	3,085
. Provision of boarding activities	3	—	103	—	103
Other trading activities	5	160	64	—	224
Investments	4	1	—	—	1
Total income		161	3,252	13	3,426
Expenditure on:					
Charitable activities					
. Academy's educational operations		—	3,507	627	4,134
. Boarding activities		—	122	70	192
Total expenditure	6	—	3,629	697	4,326
Net income (expenditure) before other recognised (losses) and gains		161	(377)	(684)	(900)
Other recognised (losses) and gains					
Actuarial losses on defined benefit pension scheme	21	—	(299)	—	(299)
Net movement in funds		161	(676)	(684)	(1,199)
Reconciliation of funds					
Fund balances brought forward at 1 September 2019		(311)	(3,383)	27,120	23,426
Fund balances carried forward at 31 August 2020		(150)	(4,059)	26,436	22,227

10 Staff

a) Staff costs

Staff costs during the year ended 31 August 2021 were as follows:

	2021 £'000	2020 £'000
Wages and salaries	1,687	1,909
Social security costs	196	195
Pension contributions	439	617
	2,322	2,721
Supply staff costs	38	30
Staff severance payments	12	11
	2,372	2,762

10 Staff (continued)

b) Staff restructuring costs

During the year, non-contractual severance payments totalling £12,000 were made to two members of staff (2020 - £11,000 to one member of staff).

c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2021 was as follows:

	2021 No.	2020 No.
Teachers	20	17
Administration and support	31	7
Management	5	35
	56	59

d) Higher paid staff

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2021 No.	2020 No.
£60,001 - £70,000	2	1
£70,001 - £80,000	1	2
£100,001 - £110,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2021 pension contributions for these employees amounted to £91,823 (2020 - £74,762).

e) Key management personnel

The key management personnel of the Academy comprise the trustees and the Senior Leadership Team as listed on page 1. The number of personnel in the Senior Leadership Team has increased as a result of efforts to improve governance at the Academy. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy was £526,313 (2020 - £620,329).

11 Trustees' remuneration

During the year ended 31 August 2021, there were no expenses reimbursed to trustees (2020 - none).

None of the trustees received any remuneration in respect of their services during the year (2020 - none).

Other related party transactions involving the trustees are set out in note 24.

12 Trustees', governors' and officers' insurance

In accordance with normal commercial practice the Academy has purchased, with effect from January 2007, 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 £2,000,000 on any one claim. The cost of this insurance is included in the total insurance premium.

13 Taxation

The Academy is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

14 Tangible fixed assets

	Long leasehold property £'000	Furniture, fittings and equipment £'000	Computer, equipment & software £'000	Total 2019 £'000
Cost				
At 1 September 2020	34,371	1,768	1,894	38,033
Additions	10	—	162	172
Disposals	(10)	(25)	25	(10)
At 31 August 2021	<u>34,371</u>	<u>1,743</u>	<u>2,081</u>	<u>38,195</u>
Depreciation				
At 1 September 2020	8,009	1,742	1,893	11,644
Charge for year	687	—	47	734
At 31 August 2021	<u>8,696</u>	<u>1,742</u>	<u>1,940</u>	<u>12,378</u>
Net book values				
At 31 August 2021	<u>25,675</u>	<u>1</u>	<u>141</u>	<u>25,817</u>
At 31 August 2020	<u>26,362</u>	<u>26</u>	<u>1</u>	<u>26,389</u>

The Academy holds a 150 year lease for the land at Northwood Road, Harefield which commenced on 1 July 2005. The lease is with the London Borough of Hillingdon and rent is at a peppercorn. The leasehold has not been valued for the purpose of the financial statements due to the restrictive covenants placed on the land.

Notes to the financial statements 31 August 2021

15 Debtors

	2021 £'000	2020 £'000
Trade debtors	20	38
VAT recoverable	20	17
Other debtors	2	—
Prepayments and accrued income	69	53
	111	108

16 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	29	17
Taxation and social security	79	84
Other creditors	1	8
Accruals and deferred income	170	69
	279	178
Deferred income (included above)		
Deferred income at 1 September 2020	40	175
Released during the year	(40)	(175)
Resources deferred in the year	73	40
Deferred income at 31 August 2021	73	40

At the balance sheet date, the Academy was holding grants received in advance for 2021/22.

17 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Loan - ESFA	928	931
	928	931
Analysis of loans		
	2021 £'000	2020 £'000
Wholly repayable within five years	928	931
Amounts included above	928	931

18 Funds

	At 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2021 £'000
Restricted general fund					
General Annual Grant (GAG)	(608)	2,386	(2,637)	—	(859)
Pupil premium	—	98	(98)	—	—
Teachers Pension Grant	—	81	(81)	—	—
Catch-up premium	—	8	(8)	—	—
Other DfE/ESFA COVID-19 funding	—	69	(69)	—	—
Other grants	—	119	(119)	—	—
Pension reserve	(3,489)	—	(177)	(837)	(4,503)
	<u>(4,097)</u>	<u>2,761</u>	<u>(3,189)</u>	<u>(837)</u>	<u>(5,362)</u>
Boarding house					
Start up - boarding	57	—	—	—	57
Provision of boarding activities	(19)	—	—	—	(19)
	<u>38</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>38</u>
Total general restricted funds	<u>(4,059)</u>	<u>2,761</u>	<u>(3,189)</u>	<u>(837)</u>	<u>(5,324)</u>
Restricted fixed asset funds					
Capital fund	26,377	—	(734)	175	25,818
DfE/ESFA capital grants	59	200	—	(175)	84
	<u>26,436</u>	<u>200</u>	<u>(734)</u>	<u>—</u>	<u>25,902</u>
Total restricted funds	<u>22,377</u>	<u>2,961</u>	<u>(3,923)</u>	<u>(837)</u>	<u>20,578</u>
Unrestricted funds					
General funds	(150)	110	—	—	(40)
Total unrestricted funds	<u>(150)</u>	<u>110</u>	<u>—</u>	<u>—</u>	<u>(40)</u>
Total funds	<u>22,227</u>	<u>3,071</u>	<u>(3,923)</u>	<u>(837)</u>	<u>20,538</u>

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

Restricted general fund

This fund represents grants received for the Academy's operational and boarding activities.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2021. Note 1 discloses whether the limit was exceeded.

18 Funds (continued)

Pension Reserve

The pension reserve forms part of the restricted general fund and relates to the Academy's share of the deficit of the London Borough of Hillingdon Local Government Pension Scheme.

Fixed asset fund

These grants relate to funding received from the ESFA and private sponsors to carry out works of a capital nature prior to the Academy's opening and towards the new boarding house.

Gross transfers between funds

Transfers from the general fund to the fixed asset fund relate to expenditure on fixed assets from the Academy's unrestricted funds.

18 Funds (continued)

Comparative information

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

	At 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2020 £'000
Restricted general fund					
General Annual Grant (GAG)	(527)	2,681	(2,762)	—	(608)
Pupil premium	—	106	(106)	—	—
Teachers Pension Grant	—	100	(100)	—	—
Other grants	—	94	(94)	—	—
Other restricted funds	—	168	(168)	—	—
Pension reserve	(2,913)	—	(277)	(299)	(3,489)
	<u>(3,440)</u>	<u>3,149</u>	<u>(3,507)</u>	<u>(299)</u>	<u>(4,097)</u>
Boarding house					
Start up - boarding	57	—	—	—	57
Provision of boarding activities	—	103	(122)	—	(19)
	<u>57</u>	<u>103</u>	<u>(122)</u>	<u>—</u>	<u>38</u>
Total general restricted funds	<u>(3,383)</u>	<u>3,252</u>	<u>(3,629)</u>	<u>(299)</u>	<u>(4,059)</u>
Restricted fixed asset funds					
Capital fund	27,061	13	(697)	—	26,377
DfE/ESFA capital grants	59	—	—	—	59
	<u>27,120</u>	<u>13</u>	<u>(697)</u>	<u>—</u>	<u>26,436</u>
Total restricted funds	<u>23,737</u>	<u>3,265</u>	<u>(4,326)</u>	<u>(299)</u>	<u>22,377</u>
Unrestricted funds					
General funds	(311)	161	—	—	(150)
Total unrestricted funds	<u>(311)</u>	<u>161</u>	<u>—</u>	<u>—</u>	<u>(150)</u>
Total funds	<u>23,426</u>	<u>3,426</u>	<u>(4,326)</u>	<u>(299)</u>	<u>22,227</u>

19 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds		Total 2021 £'000
		General £'000	Fixed assets £'000	
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	—	—	25,818	25,818
Current assets	(40)	386	84	430
Current liabilities	—	(279)	—	(279)
Non-current liabilities	—	(928)	—	(928)
Pension scheme liability	—	(4,503)	—	(4,503)
Total net assets	(40)	(5,324)	25,902	20,538

	Unrestricted funds £'000	Restricted funds		Total 2020 £'000
		General £'000	Fixed assets £'000	
<i>Fund balances at 31 August 2020 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	26,389	26,389
<i>Current assets</i>	(150)	539	47	436
<i>Current liabilities</i>	—	(178)	—	(178)
<i>Non-current liabilities</i>	—	(931)	—	(931)
<i>Pension scheme liability</i>	—	(3,489)	—	(3,489)
<i>Total net assets</i>	<i>(150)</i>	<i>(4,059)</i>	<i>26,436</i>	<i>22,227</i>

20 Commitments under operating leases

Operating leases

At 31 August 2021, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	2021 £'000	2020 £'000
Amounts due within one year	52	51
Amounts due between two and five years inclusive	37	55
	89	106

21 Pension and similar obligations

The Academy's employees belong to two Headteacher pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Hillingdon Pension Fund. Both are multi-employer defined benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

21 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £228,217 (2020 - £192,968).

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

21 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £159,000 (2020 - £264,000), of which employer's contributions totalled £124,000 (2020 - £204,000) and employees' contributions totalled £35,000 (2020 - £60,000). The agreed contribution rates for future years are 19% for employers and between 5.5% and 12.5% for employees.

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

Headteacher Actuarial Assumptions	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.2%	2.5%
Rate of increase for pensions in payment	2.9%	2.2%
Discount rate for scheme liabilities	1.7%	1.7%
Inflation assumption (CPI)	2.9%	2.2%
Commutation of pensions to lump sums	65%	65%

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

	At 31 August 2021 Years	At 31 August 2020 Years
<i>Longevity at age 65 for current pensioners</i>		
Males	22.3	22.1
Females	24.7	24.3
<i>Longevity at age 65 for future pensioners</i>		
Males	23.3	22.8
Females	26.2	25.5

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Sensitivity analysis	2021 Approximate % increase to defined benefit obligation	2021 Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	1,190
0.5% increase in the Salary Increase Rate	0%	15
0.5% increase in the Pension Increase Rate (CPI)	10%	1,155

<i>Sensitivity analysis</i>	<i>2020</i> <i>Approximate</i> <i>% increase to</i> <i>defined</i> <i>benefit</i> <i>obligation</i>	<i>2020</i> <i>Approximate</i> <i>monetary</i> <i>amount</i> <i>£'000</i>
<i>0.5% decrease in Real Discount Rate</i>	<i>12%</i>	<i>998</i>
<i>0.5% increase in the Salary Increase Rate</i>	<i>0%</i>	<i>13</i>
<i>0.5% increase in the Pension Increase Rate (CPI)</i>	<i>12%</i>	<i>973</i>

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

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	2,567	2,139
Bonds	1,638	1,411
Property	874	683
Cash	382	319
Total market value of assets	5,461	4,552
Present value of scheme liabilities		
Funded	(9,964)	(8,041)
Deficit in the scheme	(4,503)	(3,489)

Amounts recognised in statement of financial activities	2021 £'000	2020 £'000
Current service cost	117	220
Interest income	(78)	(92)
Interest cost	138	149
Total amount recognised in the SOFA	177	277

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value the Academy's share of scheme liabilities:	2021 £'000	2020 £'000
At 1 September 2020	8,041	7,677
Current service cost	241	424
Interest cost	138	149
Employee contributions	35	60
Actuarial loss (gain)	1,593	(137)
Benefits paid	(84)	(132)
At 31 August 2021	9,964	8,041

Changes in the fair value of the Academy's share of scheme assets:	2021 £'000	2020 £'000
At 1 September 2020	4,552	4,764
Interest income	78	92
Actuarial gain	756	(436)
Employer contributions	124	204
Employee contributions	35	60
Benefits paid	(84)	(132)
At 31 August 2021	5,461	4,552

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

23 Contingent liability

Funding agreement

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

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

24 Related party transactions

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

The Academy Trust did not enter into any related party transactions in the year.