

Companies House

**The City Academy,  
Hackney**

**Annual Report and Financial  
Statements**

Year to 31 August 2020

Company Limited by Guarantee  
Registration Number  
06382192 (England and Wales)

THURSDAY



\*A9YLSUBC\*

A10

18/02/2021

#240

COMPANIES HOUSE

## Contents

### Reports

Reference and administrative information	1
Trustees' report	2
Governance statement	16
Statement on regularity, propriety and compliance	21
Statement of Trustees' responsibilities	22
Independent auditor's report	23
Independent reporting accountant's report on regularity	26

### Financial statements

Statement of financial activities	28
Balance sheet	29
Statement of cash flows	30
Principal accounting policies	31
Notes to the financial statements	36

## Reference and administrative information

<b>Members</b>	Dawn Elliott
<b>Directors</b>	Dawn Elliott (Chair) Tijs Broeke Anant Suchak Darren Thompson Rita Krishna Mark Malcolm
<b>Senior Leadership Team</b>	
Principal	Mark Malcolm
Vice Principals	Andy Cottrell (resigned 29 May 2020) James Evans Anna Sarchet Jo Spiller (appointed 1 September 2020) Mhairi Stewart (appointed 7 July 2020)
Assistant Principals	Amy Britton David Brown Kobina Christie (appointed 1 September 2019) Hannah Clarke (appointed 1 September 2020) Kathryn James Olu Ladega (appointed 1 September 2020) Maureen Sims (appointed 1 September 2019) Dawn Woodcock (resigned Jan 2020)
<b>Registered office</b>	The City Academy, Hackney Homerton Row Hackney London E9 6EA
<b>Company registration number</b>	06382192 (England and Wales)
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Natwest Bank plc Finsbury Square Branch PO Box 549 78 Finsbury Pavement London EC2A 1JA

## **Trustees' report (including the strategic report) Year to 31 August 2020**

The Trustees of The City Academy, Hackney ('the Academy') present their statutory report together with the financial statements of the Academy for the year ended 31 August 2020. The annual report serves the purposes of both a Trustees' report for the purposes of charity law and a directors' report for the purposes of company law.

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 35 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).

### **Post year end transfer to City of London Academies Trust**

With effect from 1 September 2020, all activities and members of staff at the Academy, together with all assets and liabilities and reserves of the Academy, were transferred as a going concern to City of London Academies Trust. The statement of financial activities on page 28 represents the activities of the Academy prior to the transfer and the balance sheet on page 29 represents the net assets at the point of transfer. Following the transfer, the Academy remained dormant.

The Trustees of the charitable company also acted as governors of the Academy until 31 August 2020. From 1 September 2020, a number of the Trustees have continued in post in order to fulfil their role as trustees and directors of the dormant charitable company until it is wound up. Reference to Trustees within this report relates to the Trustees who were in post during the year to 31 August 2020 in which the charitable company was fully operational as an Academy. Reference to Directors relates to those individuals who were fulfilling the role of trustees and directors post 1 September 2020.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy is a company limited by guarantee with no share capital (Company Registration No. 06382192) and an exempt charity. The Academy's memorandum and articles of association are the primary governing documents of the Academy. Members of the Academy are nominated either by the Secretary of State for Education or the sponsors of the Academy, KPMG LLP and the City of London Corporation. The articles of association require that there should be at least three Trustees to be responsible for the statutory and constitutional affairs of the Academy and the management of the Academy.

### **Members' liability**

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

## Trustees' report (including the strategic report) Year to 31 August 2020

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Trustees' indemnities

The Academy has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

#### Trustees

The Trustees are directors of the Academy for the purposes of the Companies Act and governors of the school. The following Trustees were in office and served throughout the year, except where shown:

Trustee	Status	Appointed/resigned
Dawn Elliott (appointed as Dawn Brook)	KPMG Governor (Chair from 1 September 2017)	
Oleander Agbetu	Parent Governor	
Cllr Antoinette Bramble	Local Authority Governor	
Tijs Broeke	City of London Corporation Governor	Resigned 17 December 2020
Amanda Brown	KPMG Governor	Resigned 20 April 2020
Anuja Dhir	City of London Corporation Governor	Resigned 8 July 2020
Mark Essex	KPMG Governor	
Anne Fairweather	City of London Corporation Governor	Resigned 31 August 2020
Tamas Kiss*	Non-teaching Staff Governor	
Rita Krishna	Community Governor	
Nina Kuh*	Teaching Staff Governor	Resigned 18 November 2020
Katie Loven (appointed as Katie Dowbiggin)	City of London Corporation Governor	Resigned 31 August 2020
Mark Malcolm*	Principal – Ex-officio	
Sheila Scales	Co-opted Governor	Resigned 20 May 2020
Roisin Starkey	KPMG Governor	Appointed 30 September 2019
Anant Suchak	Co-opted Governor	Resigned 17 December 2020
Darren Thompson	City of London Corporation Governor	Appointed 30 September 2019
Stephen Webster	Parent Governor	

\*Specific Trustees who are remunerated in their capacity as employees of the Academy. Further details are provided in note 10 to the financial statements.

#### Appointment or election of Trustees

The City of London Corporation shall appoint the City of London Corporation governors and KPMG shall appoint the KPMG governors. The Principal shall be treated for all purposes as being an ex-officio governor. The elected parent governors shall be elected by parents and carers of registered pupils at the Academy and elected staff governors shall be elected by Academy staff.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Training and induction of Trustees**

Training and the induction of new Trustees is considered and facilitated depending on the level of their experience. All new Trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role as Trustees. Trustees meet with the staff and students and are given a tour of the Academy. They are also referred to the Academy's Financial Handbook and the Academy's Funding Agreement.

### **Organisational structure**

The organisational structure of the Academy consists of four levels:

- ◆ the full governing body / board of Trustees;
- ◆ the Committees (the Strategy Committee, Audit Committee, Pay Committee, Resources Committee and the Curriculum Committee);
- ◆ under delegated power granted by the full governing body, small groups are appointed to conduct business within the remit given; and
- ◆ the Principal and Senior Leadership Team (SLT).

The governors, who are also the Trustees of the Academy, are responsible for:

- ◆ setting general policy;
- ◆ adopting an annual strategy and development plan and budget;
- ◆ monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy;
- ◆ capital expenditure; and
- ◆ SLT appointments.

Specific responsibilities have been delegated to the Committees by the governors.

The SLT, headed by the Principal, implements the policies as laid out by the governing body and, as authorised, takes day-to-day decisions on all matters that relate to the smooth running of the Academy's operations including set-up of operational systems, staff appointments, budget monitoring and stakeholder engagement. The SLT meets regularly to review strategic relationships between staff, students, parents and the governing body. Particular attention is given to issues of learning and ensuring that the Academy's goals and objectives continue to be achieved.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the Academy comprises the Trustees and the Senior Leadership Team. The majority of the Academy's Trustees are volunteers who give their time and expertise without charge. The Principal, Teaching Staff Governor and the Non-Teaching Staff Governor are all Trustees but remunerated in their capacity as employees of the Academy. The remuneration of the Senior Leadership Team is set in line with the Academy's pay policy. The Academy's pay policy is designed to achieve a fair, equitable and transparent process of determining staff pay and awards. Salary levels of teaching and non-teaching staff are determined in accordance with the nationally agreed Teachers and Local Government Conditions of Service. In addition to that, the Academy has in place an annual performance management system that rewards achievement measured against individual, team and Academy targets.

The Pay Committee, which is a sub-committee of the full governing body, considers all issues related to staff pay and other conditions of employment or incentives that may impact on remuneration of key management.

**Trade union facility time**

The Academy was represented by one staff member, Lewis Wedgwood, as the Trade Union representative during the period. Lewis Wedgwood received no pay allowance or time quota for duties performed in this capacity.

**Relevant union officials**

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
1	0.35

**Percentage of time spent on facility time**

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

**Percentage of pay bill spent on facility time**

Total cost of facility time	£nil
Total pay bill	£7,166,000
Percentage of the total pay bill spent on facility time	0%

Time spent on paid trade union activities as a percentage of total paid facility time hours	N/A – no specific allowance for facility time.
---	--

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Connected organisations**

The Academy was jointly sponsored by the City of London Corporation and KPMG LLP.

Each sponsor was able to appoint up to five governors to the Board. During the year ended 31 August 2020, Katie Loven, Anne Fairweather, Tijs Broeke, Anuja Dhir and Darren Thompson are appointed by the City of London Corporation. Anne Fairweather and Tijs Broeke are members of the City of London Corporation. Dawn Elliott, Amanda Brown, Mark Essex, and Roisin Starkey were appointed by KPMG LLP. Dawn Elliott and Mark Essex are employees of KPMG LLP, Amanda Brown is a member of KPMG LLP and Anant Suchak is a co-opted governor and former member of KPMG LLP.

The sponsors have provided support to the Academy staff and students by way of their employees volunteering in the Academy; both have hosted visits to their offices for groups of students and between them have provided continued project management and health and safety services to the Academy. There has also been strategic advice and planning for community cohesion and engagement from the Corporate Responsibility team within KPMG LLP.

Since the end of March 2020 students have not been able to visit the offices of sponsors or professional mentors but the Access Project put in place remote learning opportunities so the contract has remained. The Personal Advisors have not been able to visit students on site in the same way as before.

Both sponsors have also provided monetary donations to the Academy during the year. Further details of the transactions with the sponsors and other related parties are provided in note 16 to the financial statements.

The City of London Academies Trust and The City Academy, Hackney, which are both sponsored by the City of London Corporation, have worked very closely particularly in facilities management which is now contracted with the City of London Academies Trust.

On 1 September 2020, the Academy became part of the City of London Academies Trust and from this date, KPMG were no longer sponsors and instead became a strategic partner of the school.



## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The principal object and activity of the Academy is to advance, for the public benefit, education in the UK, in particular, by establishing, maintaining, managing and developing the Academy, to offer a broad curriculum with an emphasis on business and financial services.

The Trustees confirm that they have complied with their duties under section 4 of the Charities Act 2011. They have considered the public benefit guidance published by the Charity Commission and believe that they have followed its guidance in this area. The Trustees' report gives a description of the activities undertaken by the Academy during the period in furtherance of its charitable purposes, and the Trustees are satisfied that such activities provide public benefit.

The Academy has adopted the policies approved by the Secretary of State for Education. These policies specify, among other things, the basis for admitting students to the Academy and that the curriculum should comply with the substance of the national curriculum, with a strong emphasis on, but in no way limited to, business and financial services.

In furthering its principal object the Academy will seek to combine traditional values of good behaviour, attendance and achievement with providing first-class, creative learning opportunities that enable students to reach their full potential.

The main aims of the Academy are identified as follows:

- ◆ To continue improving the Sixth Form progress, attainment, teaching and learning and enrichment provision;
- ◆ To continue to raise students' progress and attainment at GCSE with a focus on targeted intervention, knowledge learning and exam readiness;
- ◆ To recruit more pupils into the Academy by maintaining the outstanding reputation;
- ◆ To instil a culture of belief-led leadership where all adults are certain of, and committed to, students' attainment;
- ◆ To continue the relentless pursuit of the highest expectations driven by Academy sponsors and leadership at all levels;
- ◆ To continue to attract and recruit the highest quality of staff and achieve the 'preferred employer' status within the sector;
- ◆ To continue to develop the Schools Direct teacher training programme and to support existing staff with continued professional development; and
- ◆ To maintain the OFSTED outstanding rating by regular self-evaluation, robust external scrutiny and rigorous implementation of recommendations.

## **Trustees' report** (including the strategic report) Year to 31 August 2020

### **OBJECTIVES AND ACTIVITIES** (continued)

#### **Objects and aims** (continued)

The mission of the Academy is developing highly qualified and skilled young adults who achieve to the best of their ability, display the highest standards of professionalism and are ethical, active citizens fully committed to supporting their local and global community. The core values are:

- ♦ Leading by example.
- ♦ Commitment to communities.
- ♦ Working together.
- ♦ Honesty and openness.
- ♦ Respecting individuals.
- ♦ Fairness.
- ♦ Dedication to learning and achievement.

The strategic plan is broken down into four key objectives which are intended to deliver the following targets:

1. Outstanding achievement.
2. Outstanding teaching.
3. Outstanding behaviour and safety.
4. Outstanding leadership.

### **STRATEGIC REPORT**

#### **Achievements and performance**

The Academy successfully completed its eleventh year of operations on 31 August 2020 with 1,154 pupils on roll. Below are the highlights of the academic results for the year.

In 2020, 73% of pupils achieved English and Mathematics GCSE compared with 65% in 2019. Students' achievements included:

- ♦ 29% three or more 7-9 grades (2019 – 19%)
- ♦ 55% one or more 7-9 grades (2019 – 49%)
- ♦ EBACC 4+ is 43% (2019 – 34%)

## **Trustees' report** (including the strategic report) Year to 31 August 2020

### **STRATEGIC REPORT** (continued)

#### **Achievements and performance** (continued)

Lesson observation data identified 443 lessons graded, 37% outstanding, 52% good and 11% requiring improvement.

23 new teaching staff were appointed and their professional development throughout the year is a continuing factor in the number of good observations.

#### **A Level**

- ♦ 62% A\* – B (2019 – 41%)
- ♦ 89% A\* – C (2019 – 69%)
- ♦ 98% A\* – D (2019 – 87%)
- ♦ 100% A\* – E (2019 – 96%)

The purpose built Sixth Form Centre has accelerated the development of an enriched curriculum and afforded the students the desired independence and space to ensure they can achieve at the highest levels.

#### **Going concern**

With effect from 1 September 2020, the Academy Trust transferred, in accordance with a legal transfer of undertakings, all activities, assets and liabilities of the Trust as a going concern to City of London Academies Trust. For this reason the Trustees do not deem it appropriate to continue to adopt the going concern basis for the preparation of the Academy Trust's financial statements and have therefore prepared the financial statements on a basis other than the going concern basis. The City Academy, Hackney have adopted all the relevant trust wide policies with effect from 1 September 2020. No adjustments have been made to book values as a result of this transfer.

#### **Financial review**

##### ***Financial report for the year***

The DfE has provided funding in the year via the Education and Skills Funding Agency (ESFA). The Academy's total income for the year ended 31 August 2020 amounted to £10,016,000 (2019: £10,078,000).

The Academy's operational General Annual Grant (GAG) allocation for the year was £8,286,000 (2019: £8,395,000). There was a surplus balance of £234,000 at 31 August 2020 (2019: £27,000), which will be transferred to City of London Academies Trust.

## **Trustees' report** (including the strategic report) Year to 31 August 2020

### **STRATEGIC REPORT** (continued)

#### **Financial review** (continued)

##### ***Financial report for the year*** (continued)

Excluding the movements on the fixed assets fund and the non-cash adjustments made in respect of the local government pension scheme, the Academy achieved an operational surplus of £88,000 (2019: £244,000).

The Academy held total net assets at 31 August 2020 of £25,214,000 (2019: £25,265,000).

##### ***Financial position and reserves policy***

The Trustees continually review the reserves of the Academy. This review encompasses the nature of income and expenditure streams and the need to match them with commitments. The Academy requires reserves to ensure the stability of its operations, and the capability to adjust quickly to unfavourable financial circumstances, planned maintenance expenditure and on-going capital asset replacements and projects. This reserves policy remains a robust mechanism for ensuring that financial constraints are identified early and promptly acted upon.

The policy of the Academy is to aim towards a minimum of accumulated combined (restricted and unrestricted) operational reserves of £500,000. Excluding the fixed assets and pensions reserve, at 31 August 2020, the Academy had operational reserves of £622,000 (2019: £534,000).

At 31 August 2020, the Academy had net current assets of £622,000 and the balance of restricted funds (excluding the fixed assets fund and pension reserve) were in surplus by £234,000 (2019: £277,000). At 31 August 2020 the unrestricted general funds were £388,000 (2019: £257,000).

A rolling five-year plan is being used to model how operational and other life-cycle asset replacements will be funded.

##### ***Investment policy***

The Resources Committee of the governing body monitors the treasury management activities and strategies to ensure maximum returns are derived on Academy cash balances. This is done by ensuring that an appropriate proportion of surplus cash balances, when held, are invested in low-risk investment vehicles. Any amounts held as investment deposits are periodically reviewed by Resources Committee. This is aimed at ensuring that adequate cash resources are available to meet daily business requirements and that major changes to investments held are duly authorised.

## **STRATEGIC REPORT** (continued)

### **Principal risks and uncertainties**

A risk register has been developed and reviewed by the Trustees assessing the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. Systems have been implemented, including operational procedures and internal financial controls to minimise risk. In addition to this, the Senior Leadership Team has been delegated risk management responsibilities by the Trustees to ensure monitoring and the matching of key controls to identified risks. Where significant financial and operational risk still remains, the Academy has opted into the Department for Education's Risk Protection Arrangement (RPA) to protect against unexpected losses. The following are the principal risks and uncertainties facing the Academy:

- ◆ **Funding risk** – Like all schools, the Academy is at risk of reduced funding. The Academy has recognised this risk and is putting in place measures to uplift pupil numbers in its lower school and post-16. The Academy is making concerted efforts to increase pupil numbers in years 7, 8 and 9 to between 190 and 200 from 180. In addition, with the completion of the Sixth Form building, the Key Stage 5 pupil numbers are projected to rise from 209 to 230 in the future.
- ◆ **COVID-19 Health and safety risk** – Providing a safe work environment for students and staff to mitigate the transmission of the disease. The Academy is following government guideline to minimise Covid-19 risk and a separate risk register is maintained for Covid-19 which identifies actions in response to the specific risks of cleanliness, social distancing and transport to the Academy. Actions have included: PPE and bacterial wash and hand gel is provided across the Academy; classrooms are set up to ensure social distancing; signs are in place including floors and the staircase to practice social distancing; and deep cleaning of classrooms is undertaken after use. Furthermore, staff are encouraged to minimise the use of public transport and work from home where possible.
- ◆ **COVID-19 Financial risk** - The key financial risk of the Academy like all schools is the additional unforeseen costs due to the impact of COVID including the investment in ensuring a safe site, investment in PPE and equipment, investment in ICT to support home learning and teaching, and the reduction in lettings income.
- ◆ **COVID - 19 Operational risk** - If the school is put on full lockdown, there is a risk to loss of learning, remote teaching and learning, and the availability of devices for those students most in need. The Academy has provided students in need with laptops and devices to access work from home.
- ◆ **Student Numbers (Sixth Form)** – The Academy fails to attract and retain targeted number of 16+ students leading to loss of income, suboptimal use of resources and adverse implications for budget. A strong medium term strategy is in progress establishing an outstanding sixth form based on high academic achievement and progression of our own students supplemented with external applicants. A BTEC course for students who do not meet the entry requirements will allow the potential for more students.

## **STRATEGIC REPORT** (continued)

### **Financial and risk management objectives and policies**

The Academy seeks to identify risks and take action to reduce the probability of them materialising and/or to limit their impact. While the timing of such events is unpredictable, it is usually possible to identify the probability of them occurring. The Academy continues to review the risk register regularly so as to prevent the chances of surprises adversely affecting the Academy and thereby increase the confidence of its internal and external stakeholders.

Within this framework, the Senior Leadership Team (SLT) recommends and presents the risk register including key risks and related actions to the Trustees for approval as appropriate. Following approval, the systems are implemented and the SLT consistently ensures that the system is functioning effectively. In addition, the risk register is presented to both the Resources and Curriculum Sub-Committees of the Trustees highlighting the significant risks and thus provides them with an opportunity to appreciate the Academy's position and raise queries that relate to individual or collective risks and agree any necessary actions.

### **Fundraising**

The Academy has not undertaken any fundraising activities during the year.

### **Streamlined Energy and Carbon Reporting**

<b><i>UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020</i></b>	
Energy consumption used to calculate emissions (kWh)	<b>1,410,343</b>
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	132.66
Owned transport – mini-buses	0.085
Total scope 1	<b>132.75</b>
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	160.52
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	0
Total gross emissions in metric tonnes CO2e	<b>293.27</b>
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	<b>0.25</b>

**STRATEGIC REPORT** (continued)

**Streamlined Energy and Carbon Reporting** (continued)

<p><b>Quantification and Reporting Methodology</b> We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.</p> <p><b>Intensity measurement</b> The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.</p> <p><b>Measures taken to improve energy efficiency</b> We have underfloor heating boiler switched off when not in use in summer, Theatre roof has PV solar panels generating power and install LED lights across the academy. A smart meter is being installed to monitor energy to further improve energy efficiency.</p>	
--	--

**PLANS FOR FUTURE PERIODS**

With effect from 1 September 2020, all activities and members of staff at the Academy, together with all assets and liabilities and reserves of the Academy, were transferred as a going concern to City of London Academies Trust.

The Trustees considered City of London Academies Trust's capacity to derive school improvement, leverage additional cost benefits, and align the Academy's needs with the risk of being a 'stand-alone' academy. A due diligence exercise which considered the balance of benefits against risks and the quality of the leadership of City of London Academies Trust was carried out. This, together with consultation with stakeholders, ensured that students, parents, staff, governors and sponsors were reassured that it was the best decision for the future. KPMG will continue to support the Academy but not as a sponsor. The Academy has the following key objectives for the future within City of London Academies Trust:

***Improve the quality of education by:***

1. Reviewing curriculum intent, implementation and impact at KS3 - KS5 to create an inspirational curriculum. This includes carefully sequencing the required knowledge and understanding across subjects and phases so that students' experience in every lesson matches the aims of rich, ambitious curriculum.
2. Improving results at KS4 and KS5 over at least a three-year period. Use the well-constructed and taught City Academy curriculum over KS3 - KS5 to secure excellent student success in exams/write and implement an action plan.
3. Creating and developing assessments to link with the new curriculum which support the teaching of all subjects plus ensure student progress.
4. Evaluating and deploying effective in-class intervention and implementation strategies for students including SEND/disadvantaged and the more able.

**Trustees' report** (including the strategic report) Year to 31 August 2020

**STRATEGIC REPORT** (continued)

**PLANS FOR FUTURE PERIODS** (continued)

***Secure exceptional behaviour and attitudes by:***

1. Introducing new and creative ways to facilitate more student led initiatives and leadership which develop character.
2. Re-focusing accountability for behaviour and attitudes so that there is consistency in the implementation of the behaviour for learning policies. This will include a review of rewards.
3. Continuing to improve parental engagement in terms of attendance persistent absence.

***Further enhance student personal development by:***

1. Expanding the role of restorative dialogue champions and other programmes to ensure students have the skills to know how to fix relationships when something has gone wrong.
2. Improve students' mental health and wellbeing with support from external agencies including the 'WAMHS' (Wellbeing and Mental Health) Project so that it can be fully embedded.
3. To move to a culture where students are actively engaged in their learning and embrace support and strategies from staff.

***Creating Innovative and imaginative Leadership by:***

1. Cascading what works well in the Sixth Form across KS3 and KS4, including leadership across the Academy – Review, write and implement a plan.
2. Improving outcomes for students by creating and developing consistently good and outstanding teaching and learning at all Key Stages.
3. Continuing to develop and embed creative CPD which inspire and further develop teachers, support staff and students.
4. Creating collective efficacy with other local schools and schools within The City of London Academies Trust by devising common teaching and learning plus CPD opportunities which transform.



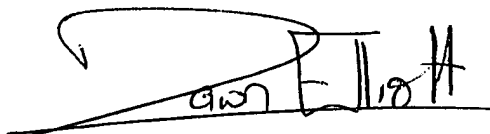
**Trustees' report (including the strategic report) Year to 31 August 2020**

**AUDITOR**

Insofar 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 Directors and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Dawn Elliott', written over a horizontal line.

Dawn Elliott  
Chair of Directors

Approved on: 17 December 2020

## Governance statement Year to 31 August 2020

### Scope of responsibility

As governors, the Trustees acknowledge they have overall responsibility for ensuring that The City Academy, Hackney ('the Academy') 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 Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

### Governance

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. The Trustees have formally met 5 times during the year. Attendance during the year at meetings of the Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dawn Elliott (Chair)	5	5
Oleander Agbetu	3	5
Cllr Antoinette Bramble	2	5
Tijs Broeke	4	5
Amanda Brown (resigned 20 April 2020)	2	3
Anuja Dhir (resigned 8 July 2020)	3	5
Mark Essex	5	5
Anne Fairweather (resigned 31 August 2020)	4	5
Tamas Kiss	2	5
Rita Krishna	5	5
Nina Kuh	4	5
Katie Loven (resigned 31 August 2020)	3	5
Mark Malcolm (Principal)	5	5
Sheila Scales (resigned 20 May 2020)	2	3
Anant Suchak	3	5
Roisin Starkey (appointed 30 September 2019)	5	5
Stephen Webster	4	5
Darren Thompson (appointed 30 September 2019)	3	5

## Governance statement Year to 31 August 2020

### Governance (continued)

The Resources Committee is a sub-committee of the main board of Trustees. Its purpose is to monitor the school budget for the use of resources.

Members' attendance at meetings in the year was as follows:

Trustee/Committee member	Meetings attended	Out of a possible
Dawn Elliott (Chair)	6	6
Oleander Agbetu	3	6
Tijs Broeke	3	6
Amanda Brown (resigned 20 April 2020)	4	4
Anne Fairweather (resigned 31 August 2020)	5	6
Tamas Kiss	3	6
Anant Suchak	5	6

An "Audit Issues" group meets, as part of the Resources Committee, to review the risks to internal financial controls and the findings of the external auditors of the Academy. Members' attendance at meetings in the year was as follows:

Trustee/Committee member	Meetings attended	Out of a possible
Dawn Elliott	2	2
Rita Krishna	1	2
Anant Suchak	2	2

### Review of value for money

As Accounting Officer, the Principal 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 the 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 and improved value for money during the year by:

#### 1) *Maintain exceptional pupil progress*

In the past pupils in The City Academy, Hackney made exceptional progress and continue to make good progress now. Excellent attainment at GCSE and GCE A level must be consistent with a non-compromising high performing teaching and learning environment focussed on achieving high standards of progress for pupils from different backgrounds. This is especially important given that the intake is at or below the national average without any socially selective admission criteria. Low prior attainment students performed significantly above the national average in 2020.

**Review of value for money (continued)**

**2) Review of existing systems, processes and contracts**

The Academy has adopted a strategic approach to redefining its processes for agency staff engagement. With due consultation and consideration for staff loadings, it has become possible to identify an efficient system of utilising internally available resources before engaging external agency cover. In addition, critical success factors have been identified and deployed in developing key performance indicators used to measure and monitor service delivery levels within the Facilities Management and Catering contract. The recent retendering of the Facilities Management contract in conjunction with the City of London Academies Trust delivered some cost efficiencies and noticeable improvement in the quality of service. These interventions continue to ensure that resources deployed are achieving the desired outcomes.

**3) Maximising community engagement**

The Academy continues to work in partnership with local community organisations. These include BADU Sports football club which runs a football development centre for young people in Hackney. This is done through the use of the Academy's sports hall and astro-turf facilities. Young people attend a regular Tuesday football club. On designated days and holiday camps, over 350 young people in Hackney access the facilities and with the excellent football coaching and mentoring prowess of BADU Sports, these young people receive training skills that help them on and off the pitch.

The Academy is working in partnership with other agencies including a tutoring service to support students making further progress in English and Maths.

**4) Impact of COVID-19**

COVID-19 prevented students from accessing Spanish and French trips abroad while significant investment had already taken place, the Academy however was able to claim some of the expenditure through the insurance company. Additional interventions, including residential trips in preparation for GCSE exams were not possible due to exam cancellation. National lockdown with no student onsite in the weeks leading up to school closure affected catering costs significantly, this also required the academy to fulfil the commitment to free school meals. The Academy had also purchased 300 tablets and 30 SIM cards with contracts at an additional cost ensuring all students had learning from home access.

**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 throughout the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

## **Governance statement** Year to 31 August 2020

### **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. The Trustees 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 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by Trustees.

### **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:

- ◆ budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trustees;
- ◆ regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ identification and management of risks.

The Trustees have considered the need for a specific internal audit function and an internal audit service for finance is provided by the City of London Academies Trust on a peer review basis, with the Academy providing a reciprocal service for the City of London Academies Trust.

The internal audit programme along with the due diligence work carried out by The City of London Academies Trust focused on assets, liabilities, and controls. The reports identified some inconsistencies in the processing of supplier BACS payment run due to manual approval of invoices. A new finance system is now in place where approvals are robust and trackable. In addition, invoices must only be paid if a valid purchase order is on the system.

## Governance statement Year to 31 August 2020

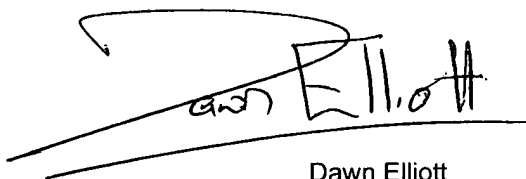
### Review of effectiveness

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

- ♦ the internal audit programme undertaken by the City of London Academies Trust;
- ♦ 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.

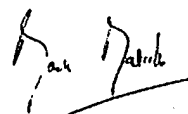
The Accounting Officer has advised the Resources Committee of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



Dawn Elliott

Chair of Directors



Mark Malcolm

Principal and Accounting Officer

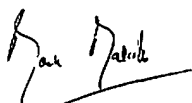
Approved on: 17 December 2020

## **Statement on regularity, propriety and compliance** Year to 31 August 2020

As Accounting Officer of The City Academy Hackney, ('the Academy'), 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 2019.

I confirm that I and the Academy's Trustees are capable of identifying 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 2019.

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 Trustees and the ESFA.



Mark Malcolm  
Principal and Accounting Officer

Date: 17 December 2020

## Statement of Trustees' responsibilities Year to 31 August 2020

The Trustees (who acted as governors of The City Academy, Hackney ('the Academy') and 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 Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

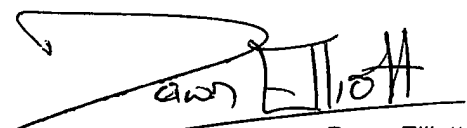
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP FRS 102 and the Academies Accounts Direction 2019 to 2020;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Trustees are responsible for keeping adequate 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/DfE 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 Directors and signed on their behalf by:

  
Chair of Directors Dawn Elliott

17 December  
2020  
Approved on:



## **Independent auditor's report Year to 31 August 2020**

### **Independent auditor's report to the members of The City Academy, Hackney**

#### **Opinion**

We have audited the financial statements of The City Academy, Hackney (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP (FRS 102)) and the Academies Accounts Direction 2019 to 2020.

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 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2019 to 2020.

#### **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.

#### **Conclusions relating to going concern**

We draw attention to the accounting policy on page 31 of these financial statements which states that the Trustees of The City Academy, Hackney have prepared the financial statements on a basis other than a going concern basis. This is due to the legal transfer of all activities, assets and liabilities of the charitable company to City of London Academies Trust on 1 September 2020. We consider that no adjustment to the book value of assets or liabilities is required as a result of this alternative basis of preparation. Our opinion is not modified in respect of this matter.

## **Independent auditor's report Year to 31 August 2020**

### **Other information (covering the reference and administrative details, the report of the Trustees and strategic report, and the governance statement)**

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.

## **Independent auditor's report Year to 31 August 2020**

### **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 the 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.

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](http://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.



18 December 2020

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

## **Independent reporting accountant's report on regularity 31 August 2020**

### **Independent reporting accountant's assurance report on regularity to The City Academy, Hackney and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The City Academy, Hackney ('the Academy') during the period from 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of the Academy's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Academy's funding agreement with the Secretary of State for Education dated 6 March 2008 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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.

## **Independent reporting accountant's report on regularity 31 August 2020**

### **Approach (continued)**

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 to our conclusion includes:

- ◆ 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 suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



18 December 2020

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities** Year to 31 August 2020  
(including Income and Expenditure Account)

			Restricted funds			
	Notes	Unrestricted funds £'000	General funds £'000	Fixed assets fund £'000	2020 Total funds £'000	2019 Total funds £'000
<b>Income from:</b>						
Donations and capital grants	2	37	38	24	99	409
Charitable activities						
· Funding for the Academy's educational operations	3	8	9,823	—	9,831	9,500
Other trading activities	4	84	—	—	84	165
Investments	5	2	—	—	2	4
<b>Total income</b>		131	9,861	24	10,016	10,078
<b>Expenditure on:</b>						
Charitable activities						
· Academy's educational operations	7	—	9,789	1,152	10,941	10,930
<b>Total expenditure</b>	6	—	9,789	1,152	10,941	10,930
<b>Net income (expenditure) before transfers</b>		131	72	(1,128)	(925)	(852)
Transfers between funds	14	—	(495)	495	—	—
<b>Net income (expenditure) after transfers</b>		131	(423)	(633)	(925)	(852)
<b>Other recognised gains and losses</b>						
Actuarial gains (losses) on defined benefit pension scheme	20	—	874	—	874	(1,329)
<b>Net movement in funds</b>		131	451	(633)	(51)	(2,181)
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2019		257	(2,272)	27,280	25,265	27,446
<b>Total funds carried forward at 31 August 2020</b>		388	(1,821)	26,647	25,214	25,265

Immediately after the balance sheet was drawn up on 31 August 2020, the assets and liabilities of the Academy Trust were transferred to City of London Academies Trust.

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

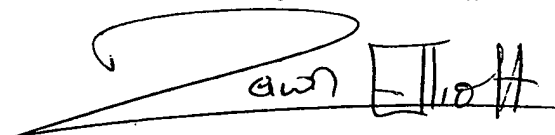
All recognised gains and losses are included in the above statement of financial activities.

# Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible fixed assets	11		26,647		27,280
<b>Current assets</b>					
Debtors	12	282		370	
Cash at bank and in hand		1,526		1,311	
		1,808		1,681	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	(1,186)		(1,147)	
<b>Net current assets</b>			622		534
<b>Net assets excluding pension scheme liability</b>			27,269		27,814
Defined benefit pension scheme liability	20		(2,055)		(2,549)
<b>Total net assets</b>			25,214		25,265
<b>The funds of the Academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund	14		26,647		27,280
ESFA restricted income fund	14		234		277
Pension reserve	14		(2,055)		(2,549)
<b>Total restricted funds</b>			24,826		25,008
<b>Unrestricted income funds</b>					
General fund	14		388		257
<b>Total funds</b>			25,214		25,265

Immediately after the balance sheet was drawn up on 31 August 2020, the assets and liabilities of the Academy Trust were transferred to City of London Academies Trust.

Approved by the Directors of The City Academy, Hackney (Company Registration No. 06382192 (England and Wales)) and signed on their behalf by:



Chair of Directors Dawn Elliott

Approved on: 17 December 2020

# Statement of cash flows Year to 31 August 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	A	708	890
<b>Cash flows from investing activities</b>	B	(493)	(233)
<b>Change in cash and cash equivalents in the year</b>		<b>215</b>	<b>657</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents at 1 September 2019		1,311	654
Cash and cash equivalents at 31 August 2020	D	1,526	1,311

## A Cash flows from operating activities

	2020 £'000	2019 £'000
<b>Net expenditure for the year (as per the statement of financial activities)</b>	<b>(925)</b>	<b>(852)</b>
<b>Adjusted for:</b>		
Depreciation (note 11)	1,152	1,154
Capital grants from DfE and other capital income (note 2)	(24)	(82)
Interest receivable (note 5)	(2)	(4)
Defined benefit pension scheme cost less contributions payable (note 20)	329	232
Defined benefit pension scheme finance cost (note 20)	51	29
Decrease (increase) in debtors	88	(142)
Increase in creditors	39	555
<b>Net cash provided by operating activities</b>	<b>708</b>	<b>890</b>

## B Cash flows from investing activities

	2020 £'000	2019 £'000
Dividends and interest from investments	2	4
Purchase of tangible fixed assets	(519)	(319)
Capital grants from DfE/ESFA	24	82
<b>Net cash used in investing activities</b>	<b>(493)</b>	<b>(233)</b>

## C Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash at bank	1,311	215	1,526
<b>Total</b>	<b>1,311</b>	<b>215</b>	<b>1,526</b>

## D Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	1,526	1,311
<b>Total cash and cash equivalents</b>	<b>1,526</b>	<b>1,311</b>



## **Principal accounting policies 31 August 2020**

### **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 have been prepared under the historical cost convention (unless otherwise stated in the relevant accounting policies below or the notes to the financial statements) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The City Academy, Hackney meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling to the nearest thousand pounds.

### **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.

With effect from 1 September 2020, the Academy Trust transferred, in accordance with a legal transfer of undertakings, all activities, assets and liabilities of the Trust as a going concern to City of London Academies Trust. For this reason the Trustees do not deem it appropriate to continue to adopt the going concern basis for the preparation of the Academy Trust's financial statements and have therefore prepared the financial statements on a basis other than the going concern basis. No adjustments have been made to book values as a result of this transfer.

### **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.

**Income** (continued)

**Grants** (continued)

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

**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), where the receipt is probable and it can be measured reliably.

**Donations**

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

**Investment income and interest receivable**

Such income is included within the statement of financial activities on a receivable basis.

**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.

**Charitable activities**

These are costs incurred on the Academy's educational 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 £1,000 and with an expected useful life exceeding one year are capitalised. All professional fees and other associated costs incurred as part of the capital development works have been capitalised, irrespective of value.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use, over the following periods:

♦ Leasehold buildings	50 years
♦ Furniture and fittings	10 year
♦ Office equipment	5 years
♦ Computer equipment	3 years

**Tangible fixed assets** (continued)

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets under construction are not depreciated until the works are complete.

**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.

**Provisions**

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Leased assets**

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

**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. Prepayments are not financial instruments.

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

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

### **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. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

### **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.

## **Principal accounting policies 31 August 2020**

### **Investments**

Investments are included on the balance sheet at market value, Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

### **Fund accounting**

The unrestricted general fund represents those monies that 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.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

### **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.

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.

- ◆ 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 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ The net book value of tangible fixed assets is based on the original cost of the asset net of provision for depreciation. The depreciation provision to date is based on the Trustees' assessment of the estimated useful economic lives of such assets.

## Notes to the financial statements 31 August 2020

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, during the year ended 31 August 2020, the Academy was subject to limits 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. These limits were not exceeded during the year ended 31 August 2020.

### 2 Donations and capital grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants	—	—	24	24	82
Other donations	37	38	—	75	327
	37	38	24	99	409

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	—	82	82
Other donations	33	294	—	327
	33	294	82	409

### 3 Funding for the Academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	—	8,286	8,286	8,395
Other DfE/ESFA grants	—	995	995	721
	—	9,281	9,281	9,116
<b>Other Government grants</b>				
Local Authority grants	—	380	380	260
	—	380	380	260
<b>Other income from the Academy's educational operations</b>	8	162	170	124
<b>Total</b>	8	9,823	9,831	9,500

# Notes to the financial statements 31 August 2020

## 3 Funding for the Academy's educational operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	—	8,395	8,395
Other DfE/ESFA grants	—	721	721
	—	9,116	9,116
<b>Other Government grants</b>			
Local Authority grants	—	260	260
	—	260	260
<b>Other income from the Academy's educational operations</b>	15	109	124
<b>Total</b>	15	9,485	9,500

## 4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Hire of facilities	80	—	80	66
Miscellaneous income	4	—	4	99
	84	—	84	165

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Hire of facilities	66	—	66
Miscellaneous income	99	—	99
	165	—	165

## 5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Interest receivable	2	—	2	4

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Interest receivable	4	—	4

## Notes to the financial statements 31 August 2020

### 6 Expenditure

	Staff costs (note 9) £'000	Non pay expenditure		Total 2020 £'000	Total 2019 £'000
		Premises costs £'000	Other costs £'000		
<b>Charitable activities</b>					
Academy's educational operations (note 7)					
. Direct costs	5,498	1,152	802	<b>7,452</b>	7,137
. Support costs	2,086	735	668	<b>3,489</b>	3,793
	<b>7,584</b>	<b>1,887</b>	<b>1,470</b>	<b>10,941</b>	10,930

	Staff costs (note 9) £'000	Non pay expenditure		Total 2019 £'000
		Premises costs £'000	Other costs £'000	
<b>Charitable activities</b>				
Academy's educational operations (note 7)				
. Direct costs	5,200	1,154	783	7,137
. Support costs	1,997	941	855	3,793
	<b>7,197</b>	<b>2,095</b>	<b>1,638</b>	10,930

Net expenditure for the year includes:

	2020 £'000	2019 £'000
Depreciation	<b>1,152</b>	1,154
Auditors' remuneration		
. Audit	<b>17</b>	17
. Other services	<b>3</b>	2
Operating lease rentals - equipment	<b>32</b>	39

### 7 Charitable activities – Educational operations

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	<b>7,452</b>	7,137
Support costs (see below)	<b>3,489</b>	3,793
	<b>10,941</b>	10,930

### 7 Charitable activities – Educational operations (continued)



## Notes to the financial statements 31 August 2020

	2020 Total funds £'000	2019 Total funds £'000
<b>Analysis of support costs</b>		
Support staff costs	2,086	1,997
Technology costs	114	281
Premises costs	735	941
Legal costs- conversion	20	—
Other support costs	512	555
Governance costs	22	19
<b>Total support costs</b>	<b>3,489</b>	<b>3,793</b>

### 8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted funds £'000	Restricted funds		2019 Total funds £'000
		General funds £'000	Fixed assets fund £'000	
<b>Income from:</b>				
Donations and capital grants	33	294	82	409
Charitable activities				
Funding for the Academy's educational operations	15	9,485	—	9,500
Other trading activities	165	—	—	165
Investments	4	—	—	4
<b>Total income</b>	<b>217</b>	<b>9,779</b>	<b>82</b>	<b>10,078</b>
<b>Expenditure on:</b>				
Charitable activities				
Academy's educational operations	—	9,776	1,154	10,930
<b>Total expenditure</b>	<b>—</b>	<b>9,776</b>	<b>1,154</b>	<b>10,930</b>
<b>Net income (expenditure) before transfers</b>	<b>217</b>	<b>3</b>	<b>(1,072)</b>	<b>(852)</b>
Transfers between funds	—	(237)	237	—
<b>Net income (expenditure) after transfers</b>	<b>217</b>	<b>(234)</b>	<b>(835)</b>	<b>(852)</b>
<b>Other recognised gains and losses</b>				
Actuarial (losses) gains on defined benefit pension scheme	—	(1,329)	—	(1,329)
<b>Net movement in funds</b>	<b>217</b>	<b>(1,563)</b>	<b>(835)</b>	<b>(2,181)</b>
<b>Reconciliation of funds</b>				
Total funds brought forward at 1 September 2018	40	(709)	28,115	27,446
<b>Total funds carried forward at 31 August 2019</b>	<b>257</b>	<b>(2,272)</b>	<b>27,280</b>	<b>25,265</b>

### 9 Staff

#### (a) Staff costs

Staff costs comprise:

## Notes to the financial statements 31 August 2020

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	5,605	5,509
Social security costs	594	569
Operating costs of defined benefit pension schemes	1,332	989
	<b>7,531</b>	<b>7,067</b>
Supply staff costs	53	130
	<b>7,584</b>	<b>7,197</b>

### (b) Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2020 was as follows:

	2020 Number	2019 Number
Teachers	83	81
Administration and support	69	70
Management	12	14
	<b>164</b>	<b>165</b>

	2020 FTE	2019 FTE
Teachers	79	76
Administration and support	50	50
Management	12	14
	<b>141</b>	<b>140</b>

### (c) Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	11	9
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£110,001 - £120,000	—	1
£120,001 - £130,000	1	—
	<b>15</b>	<b>12</b>

## 9 Staff (continued)

### (d) Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the Academy was £1,115,107 (2019 – £1,215,368).

## Notes to the financial statements 31 August 2020

### 10 Trustees' remuneration and expenses

The Principal and Staff Governors only receive remuneration in respect of services they provide undertaking their role as employees of the Academy and not in respect of their services as Trustees. Other Governors did not receive any payments from the Academy in respect of their role as Trustees. The value of Governors' remuneration was as follows:

	2020 £'000	2019 £'000
Mark Malcolm, Principal		
. Remuneration	120 – 125	115 – 120
. Employer's pension contributions	25 – 30	15 – 20
Tamas Kiss, Staff Governor		
. Remuneration	20 – 25	15 – 20
. Employer's pension contributions	0 – 5	0 – 5
Nina Kuh, Staff Governor		
. Remuneration	60 – 65	60 – 65
. Employer's pension contributions	15 – 20	10 – 15
Aleksandra Zembron, Staff Governor		
. Remuneration	N/A	0 – 5
. Employer's pension contributions	N/A	0 – 5
Katy Ryder, Staff Governor		
. Remuneration	N/A	0 – 5
. Employer's pension contributions	N/A	0 – 5

Three Trustees claimed reimbursement of out of pocket expenses incurred in connection with their duties during the year amounting to £523 (2019: none).

The Academy has opted into the Department of Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

Other related party transactions are set out in note 16.

### 10 Taxation

The Academy is an exempt 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 charities.

### 11 Tangible fixed assets

Leasehold buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000

## Notes to the financial statements 31 August 2020

<b>Cost</b>					
At 1 September 2019	30,653	1,456	2,328	5,839	<b>40,276</b>
Additions	—	73	236	210	<b>519</b>
At 31 August 2020	<u>30,653</u>	<u>1,529</u>	<u>2,564</u>	<u>6,049</u>	<b>40,795</b>
<b>Depreciation</b>					
At 1 September 2019	5,948	1,249	2,134	3,665	<b>12,996</b>
Charge for the year	616	39	105	392	<b>1,152</b>
At 31 August 2020	<u>6,564</u>	<u>1,288</u>	<u>2,239</u>	<u>4,057</u>	<b>14,148</b>
<b>Net book values</b>					
At 31 August 2020	<u>24,089</u>	<u>241</u>	<u>325</u>	<u>1,992</u>	<b>26,647</b>
At 31 August 2019	<u>24,705</u>	<u>207</u>	<u>194</u>	<u>2,174</u>	<b>27,280</b>

From 12 March 2008, the Academy had a 125 year long lease granted by the London Borough of Hackney for the land on which the Academy was constructed. This has not been included in these financial statements because the site is designated for educational purposes only and has no open market value.

### 12 Debtors

	2020 £'000	2019 £'000
Trade debtors	1	29
VAT recoverable	83	73
Other debtors	—	4
Prepayments and accrued income	198	264
	<u>282</u>	<u>370</u>

### 13 Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	186	387
Taxation and social security	140	147
Accruals and deferred income	735	608
Other creditors	125	5
	<u>1,186</u>	<u>1,147</u>

### 13 Creditors: Amounts falling due within one year (continued)

	2020 £'000	2019 £'000
<b>Deferred income</b>		
Deferred income at 1 September 2019	40	64
Amounts released from previous years	(40)	(64)
Resources deferred in the year	(166)	40
Deferred income at 31 August 2020	<u>(166)</u>	<u>40</u>

## Notes to the financial statements 31 August 2020

Deferred income in the main relates to cash received specifically for the 2019/20 financial year including deposits for school trips and devolved formula capital funding.

### 14 Restricted funds

The funds of the Academy include restricted funds comprising the following unexpended balances of grants held for specific purposes:

	At 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2020 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	27	8,286	(7,584)	(495)	234
Pupil Premium	—	525	(525)	—	—
Other specific ESFA grants	—	470	(470)	—	—
Local authority grants	—	380	(380)	—	—
Other restricted income	250	200	(450)	—	—
Pension reserve	(2,549)	—	(380)	874	(2,055)
	(2,272)	9,861	(9,789)	379	(1,821)
<b>Restricted fixed asset funds</b>					
ESFA capital grant	23,517	24	(1,152)	495	22,884
Other capital grants	3,763	—	—	—	3,763
	27,280	24	(1,152)	495	26,647
<b>Total restricted funds</b>	25,008	9,885	(10,941)	874	24,826
<b>Unrestricted funds</b>					
General funds	257	131	—	—	388
<b>Total unrestricted funds</b>	257	131	—	—	388
<b>Total funds</b>	25,265	10,016	(10,941)	874	25,214

### 14 Restricted funds (continued)

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

#### **ESFA revenue grant fund and other restricted funds**

These grants relate to the Academy's development and operational 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 2020. Note 1 discloses whether the limit was exceeded.

## Notes to the financial statements 31 August 2020

### Fixed asset funds

These grants relate to capital funding to carry out works of a capital nature. Net transfers to the restricted fixed assets fund represents the utilisation of other restricted and unrestricted funds towards the financing of the Academy's tangible fixed assets.

### Pension reserve

The pension reserve relates to the Academy's share of the deficit of the Local Government Pension Scheme.

### Comparative information

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

	At 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2019 £'000
<b>Restricted general ESFA funds</b>					
General Annual Grant (GAG)	—	8,395	(8,131)	(237)	27
Pupil Premium	—	503	(503)	—	—
Other specific ESFA grants	—	91	(91)	—	—
Local authority grants	—	260	(260)	—	—
Other restricted income	250	530	(530)	—	250
Pension reserve	(959)	—	(261)	(1,329)	(2,549)
	<u>(709)</u>	<u>9,779</u>	<u>(9,776)</u>	<u>(1,566)</u>	<u>(2,272)</u>
<b>Restricted fixed asset funds</b>					
ESFA capital grant	24,352	82	(1,154)	237	23,517
Other capital grants	3,763	—	—	—	3,763
	<u>28,115</u>	<u>82</u>	<u>(1,154)</u>	<u>237</u>	<u>27,280</u>
<b>Total restricted funds</b>	<u>27,406</u>	<u>9,861</u>	<u>(10,930)</u>	<u>(1,329)</u>	<u>25,008</u>
<b>Unrestricted funds</b>					
General funds	40	217	—	—	257
<b>Total unrestricted funds</b>	<u>40</u>	<u>217</u>	<u>—</u>	<u>—</u>	<u>257</u>
<b>Total funds</b>	<u>27,446</u>	<u>10,078</u>	<u>(10,930)</u>	<u>(1,329)</u>	<u>25,265</u>

## 15 Analysis of net assets between funds

	Restricted funds			
	Unrestricted general funds £'000	General funds £'000	Fixed assets fund £'000	2020 Total funds £'000
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	—	—	26,647	26,647
Current assets	388	1,420	—	1,808
Current liabilities	—	(1,186)	—	(1,186)
Pension scheme liability	—	(2,055)	—	(2,055)
<b>Total net assets</b>	<u>388</u>	<u>(1,821)</u>	<u>26,647</u>	<u>25,214</u>

## Notes to the financial statements 31 August 2020

		<i>Restricted funds</i>		
	<i>Unrestricted general funds £'000</i>	<i>General funds £'000</i>	<i>Fixed assets fund £'000</i>	<i>2019 Total funds £'000</i>
<b>Fund balances at 31 August 2019 are represented by:</b>				
<i>Tangible fixed assets</i>	—	—	27,280	27,280
<i>Current assets</i>	257	1,424	—	1,681
<i>Current liabilities</i>	—	(1,147)	—	(1,147)
<i>Pension scheme liability</i>	—	(2,549)	—	(2,549)
<b>Total net assets</b>	<b>257</b>	<b>(2,272)</b>	<b>27,280</b>	<b>25,265</b>

### 16 Related party transactions

During the year ended 31 August 2020, the City of London Corporation and KPMG LLP were the sponsors of the Academy, and as described in the Trustees' report, each have the right to nominate up to five governors. Details of sponsor appointed governors are set out in the Trustees' report.

The City of London Corporation provides occupational health services to the Academy. In the year ended 31 August 2020, £260 (2019: £925) was spent on such services.

During the year ended 31 August 2020, the City of London Corporation donated £32,000 (2019: £293,150) towards additional teaching and support.

The City of London Corporation is also a sponsor of the City of London Academies Trust. The City Academy, Hackney paid £7,274 (2019: £6,235) for ICT management consultancy and £25,397 (2019: nil) for TES membership during the year ended 31 August 2020.

KPMG LLP, its staff and partners donated £39,000 (2019: £30,200) which was used towards a work related learning coordinator for the Sixth Form and other educational initiatives.

All of the above transactions were undertaken at arm's length and in accordance with the Academy's normal policies and procurement procedures.

### 16 Related party transactions (continued)

The Academy's facilities management is provided through a contract between the City of London Academies Trust and the supplier (Bouygues E&S FM UK Limited). The Academy is invoiced directly by the supplier for services provided.

The Academy conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

## Notes to the financial statements 31 August 2020

### 17 Commitments under operating leases

#### *Operating leases*

At 31 August 2020, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	Office equipment	
	2020 £'000	2019 £'000
Amounts due within one year	24	25
Amounts due between two and five years inclusive	67	86
	91	111

### 18 Members' liability

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

### 19 Contingent liabilities

The Academy has an ongoing funding agreement with the ESFA. This agreement is subject to termination by the Secretary of State or by the Academy by not less than seven years notice.

During the period of the agreement in the event of a sale, or disposal by any other means, of any asset for which a capital grant was received by the Academy, the Academy shall, if it does not reinvest the proceeds, repay to the ESFA the same proportion of the proceeds as equates with the proportion of the original cost funded by the ESFA.

Upon termination of the funding agreement for any reason the Academy would be required to refund to ESFA a capital sum. This sum is determined by the value of the site and premises and any other assets used for the purposes of the Academy together with the proportion of original funding made by ESFA. It is likely however that such sum would be waived if the Academy site and premises were transferred to the Local Authority at nil consideration.

### 20 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Hackney. 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.

No contributions were payable to the schemes at 31 August 2020 (2019: none).

#### *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



## Notes to the financial statements 31 August 2020

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. The 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 £842,870 (2019: £590,923).

## **20 Pension and similar obligations (continued)**

### ***Valuation of the Teachers' Pension Scheme (continued)***

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website. 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 2020 was £222,000 (2019: £247,000), of which employer's contributions totalled £159,000 (2019: £176,000) and employees' contributions totalled £63,000 (2019: £71,000).

## Notes to the financial statements 31 August 2020

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.

	At 31 August 2020	At 31 August 2019
<b>Principal actuarial assumptions</b>		
Rate of increase in salaries	2.5%	3.4%
Rate of increase for pensions	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.2%	2.3%
	At 31 August 2020 Years	At 31 August 2019 Years
<b>Life expectancy assumptions</b>		
<i>Retiring today</i>		
Males	21.2	21.3
Females	23.4	23.3
<i>Retiring in 20 years</i>		
Males	22.4	21.9
Females	25.1	24.3

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	At 31 August 2020 £'000	At 31 August 2019 £'000
<b>Increase on pension liability</b>		
Discount rate +0.1%	(214)	(243)
Discount rate -0.1%	214	243
Mortality assumption - 1 year increase	214	243
Mortality assumption - 1 year decrease	(214)	(243)
CPI rate +0.1%	187	191
CPI rate -0.1%	(187)	(191)

### 20 Pension and similar obligations (continued)

#### **Local Government Pension Scheme (LGPS)** (continued)

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

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	2,163	2,024
Bonds	710	544
Property	291	302
Cash	65	151
<b>Total market value of assets</b>	<b>3,229</b>	<b>3,021</b>

## Notes to the financial statements 31 August 2020

Present value of scheme liabilities funded	(5,284)	(5,570)
<b>Deficit in scheme</b>	<b>(2,055)</b>	<b>(2,549)</b>

<b>Amounts recognised in statement of financial activities</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Current service costs (net of employer contributions)	329	232
Net interest cost	51	29
<b>Total operating charge</b>	<b>380</b>	<b>261</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
At 1 September 2019	5,570	3,576
Current service cost	488	408
Interest cost	111	105
Employee contributions	63	71
Actuarial (gain) loss	(939)	1,421
Benefits paid	(9)	(11)
<b>At 31 August 2020</b>	<b>5,284</b>	<b>5,570</b>

<b>Changes in the fair value of the Academy's share of scheme assets:</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
At 1 September 2019	3,021	2,617
Interest income	60	76
Actuarial (loss) gain	(65)	92
Employer contributions	159	176
Employee contributions	63	71
Benefits paid	(9)	(11)
<b>At 31 August 2020</b>	<b>3,229</b>	<b>3,021</b>

### 21 Agency arrangements

The Academy acts as an agent in distributing bursary funds for 16 to 19 year olds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy does not have control over the charitable application of the funds. The Academy chooses not to allocate any of this funding towards its own administration costs and therefore the income and expenditure is not recognised in the statement of financial activities. In the year ended 31 August 2020 the Academy received and disbursed £21,241 (2019: £23,514) from this fund.

### 22 Post balance sheet events

With effect from 1 September 2020, the activities, assets and liabilities of the Academy were transferred into City of London Academies Trust. This transfer was in accordance with a legal deed of transfer.