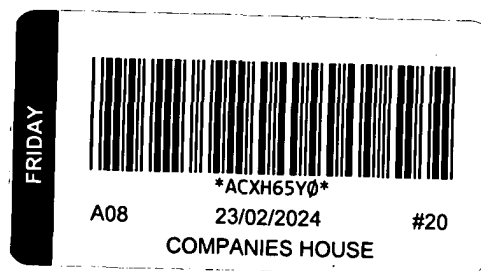


Company Registration Number: 07348116 (England & Wales)

Highsted Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2023



Highsted Academy Trust
(A Company Limited by Guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2023

Members	Major. R.T. Jepson Mr. P. Statham Hon. Ald. Lewin Mr. M. Butchard
Trustees	Mr. P. Statham, Chair of Trustees (stepped down as Chair with effect from 04/10/23) ¹ Miss. A. Kelly, Headteacher and Accounting Officer ¹ Hon. Ald. G. Lewin ¹ Mrs. S. R. Drury Mrs D. Adeyinka (Chair of Trustees since 04/10/23) ¹ Miss L. Umbers Miss M. Black Mr. T. Barker (resigned 05/07/23) Ms B Luna ¹ members of the Finance & Resources Committee
Company registered number	07348116
Company name	Highsted Academy Trust
Principal and registered office	Highsted Road Sittingbourne Kent ME10 4PT
Company secretary	Mr M.H.C. Hydes
Senior leadership team	Miss. A. Kelly, Headteacher Miss T Cornish, Deputy Headteacher Ms. F. Tiernan-Powell, Deputy Headteacher Miss. S. Appleton, Assistant Headteacher Mrs. G Evans Assistant Headteacher Ms J Cutler Associate Assistant Headteacher Miss S. Papana (MAAT), Senior Financial Officer
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc Sittingbourne Kent ME10 4BD
Solicitors	Jarmans Solicitors Bell House Bell Road Sittingbourne Kent ME10 4DH

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Trustees' Report

For the Year Ended 31 August 2023

The trustees present their annual report together with the financial statements and auditor's report of the academy trust for the year ended 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 18. It has a pupil capacity of 840 and had a roll of 895 in the school census on October 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust was incorporated on 17 August 2010 as a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the academy trust.

In addition to acting as trustees for the charitable activities of Highested Academy Trust, the trustees are also the directors of the academy trust for the purposes of company law. The academy trust operates under the name of Highested Grammar School.

Details of the trustees and governors who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' indemnities

The Academy maintains trustees, governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its governors or officers. The Academy has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 13 to the financial statements.

Method of recruitment and appointment or election of trustees

The number of trustees shall be not less than three but, (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. In addition to any other governors that the members may choose to appoint, the governors should include a minimum of two parent governors and the Headteacher.

The members may appoint up to ten trustees; there shall be no more than the Headteacher as an employee of the Academy Trust, appointed as trustees. The parent trustees shall be elected by the parents of registered pupils at the Academy. A parent trustee must be a parent of a pupil at the Academy at the time he or she is elected.

A trustees' term of office is four years (excluding the Headteacher) but a trustee is eligible for re-election at the meeting at which they retire.

The trustees shall each school year, at their first meeting in that year, elect a chairman and a vice-chairman from among their number.

The trustees who were in office at 31 August 2023 and served throughout the year, except where shown, are listed on page 1.

Policies and procedures adopted for the induction and training of trustees

During the year under review the governors held five full trustees' meetings and three trustees' committee meetings. The training and induction provided for new trustees depends on their existing experience and, in accordance with identified need, includes training on charity and educational legal and financial matters. All new trustees are given a tour of the Academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only one or two new governors a year, induction is undertaken informally by existing trustees and the Senior Leadership Group, and is tailored specifically to the individual. Where specific training needs are identified or requested by governors (for example, the recruitment and appointment of a new Headteacher), bespoke professional consultancy is engaged.

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Trustees' Report

For the Year Ended 31 August 2023

Organisational structure

From the outset a unified management structure was introduced to ensure the effective and efficient running of the Academy. This structure is reviewed annually and routinely each time a vacancy occurs through promotion or resignation. It has been modified over time and throughout the year under review consists of four levels: the members, the governors, the Senior Leadership Team and the Middle Leadership Team. The aim of the management structure is to devolve responsibility and accountability, thereby encouraging involvement in decision making at all levels.

The members are responsible for administering the Academy Trust and ultimately for managing the business of the Academy and exercising all the powers of the Academy. They have the power to expend the funds of the Academy in such manner as they shall consider most beneficial for the achievement of the Academy's objectives, and to enter into contracts on behalf of the Academy.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the strategic direction of the Academy, capital expenditure and most senior staff appointments, in consultation with the Headteacher and specialist external advisers.

The Senior Leadership Team for 2022/2023 was led by the Headteacher and comprised of two Deputy Headteachers, two Assistant Headteachers, one associate Assistant Headteacher and a senior Financial Officer. These senior leaders managed the Academy at an executive level implementing the policies agreed by the members and trustees and reporting back to them on progress. The Headteacher and other key senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the Senior Leadership Team are always led by trustees. Some spending control is devolved to members of the Middle Leadership Team, with limits above which a Senior Manager must countersign.

The wider leadership team includes the Senior Leadership Team, Subject Leaders and Heads of Year. These middle leaders are responsible for the day-to-day operation of the Academy, in particular by organising and managing the teaching and support staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise of the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. The Headteacher is not involved in setting her own remuneration package.

Only the Headteacher is remunerated as the ex-officio trustee, and she only receives remuneration in respect of services she provides under her contract of employment, and not in respect of her role as ex-officio trustee. Specific disclosures concerning staff trustees' remuneration is included in note 12.

The day to day running of the remuneration policy is delegated to the Headteacher and monitored by the Finance and Resources Committee. All details for setting the pay and remuneration of key management personnel are set out in the Pay Policy and Appraisal Policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and the Chair of Governors has taken external professional advice which includes benchmarking when determining the remuneration of the senior leadership team so that it is robustly based on evidence. Senior management salaries are linked to performance outcomes and other factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates and a Benenden Health package is part of all employee remuneration within the academy.

The board are mindful of the charitable status of the academy trust and recognise that the trust receives funding under a funding agreement with the Secretary of State for Education, therefore ensuring that the remuneration paid to senior management personnel never exceeds a reasonable amount in order to provide value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 11d.

Risk Management

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational area (e.g. in relation to teaching, health and safety, cyber security, educational visits, responding in the face of a pandemic (Covid-19) and in relation to the control of finances). They have introduced systems, including rigorous safeguarding procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see

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For the Year Ended 31 August 2023

below) in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in the Governance Statement section of this Annual Report.

Connected organisations, including related parties

The Highsted Grammar School – School Fund, is a separately registered charity, registration number 1099528. The Headteacher, the Deputy Headteachers and one Assistant Headteacher are all ex-officio trustees of this charity.

There is also a Parent-Teacher Association, the Highsted School Association, established as a separately registered charity, registration number 1013822.

The school routinely engages in a partnership for post-16 educational provision with two local schools: Borden Grammar School and Fulston Manor School.

The Headteacher is treasurer of the Kent and Medway Grammar School Association (KMGS) which was established as a separate registered charity. In collaboration with two other trustees, the Headteacher manages this account on behalf of the association.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects and activity of the academy trust is the operation of Highsted Grammar School to provide an appropriate education and enrichment provision for students of selective ability between the ages of 11 and 18. The Academy additionally aims to share its recreation and leisure facilities within the local community. In setting the objectives and planning the activities the trustees have carefully considered the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

Objectives, strategies and activities

The main objectives of the Academy during the year ended 31 August 2023 are summarised below:

- to deliver an outstanding quality of education and care to all students within the Academy;
- to maintain and develop close links with local primary schools, providing a programme of enrichment activities for children in years 4, 5 & 6 in support of secondary school transition;
- to raise further standards and achievement;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review such as to deliver curriculum recovery further to lost learning brought about by the pandemic;
- to develop the physical accommodation so that it supports the delivery of the curriculum;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with higher education, business and the local community; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

The Academy's main strategy is encompassed in its vision statement, which is 'to seek, to learn, today ... to shape, to lead, tomorrow'.

The school produces an annual School Improvement Plan, which details how it intends to achieve the aims and objectives for the year. Priorities for the year to 31 August 2023 included:

- Embedding outstanding learning within a coherently sequenced curriculum;
- Ensuring that every pupil reaches their full potential and feels safe and happy;
- Prioritising the Mental Wealth of all pupils so that they overcome potential barriers to their ambition and future success;
- Prioritising the Recovery Curriculum post pandemic so that no child is left behind;
- Improving relationship development amongst pupils - developing pupil emotional regulation post Covid-19;
- Embedding accurate assessment practice within each Key Stage;
- Enhancing our reputation in the community and supporting local primary feeder schools;
- Embedding quality leadership: role-modelling excellence and professional accountability; improving teams;
- The development of the social, moral, spiritual, cultural education, promoting Character Education as encapsulated by the Highsted Virtues; developing growth mindsets in response to the RSE curriculum, embedding coaching conversations to enhance pastoral care;
- Promoting the learning community: responding to curriculum change and strengthening curriculum coherence
- Revitalising the arts, music and sport post pandemic; and

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For the Year Ended 31 August 2023

- post-16 recruitment and retention: raising aspirations.

Additionally, in line with the asset management plan, the school is able to report ongoing site improvements to maintain and develop the quality of the learning environment. The school completed the construction of a four-court sports hall. A continued improvement programme of smartboard up-grades has been carried out in learning spaces in C Block, T Block and E Block. Priorities for internal refurbishment and redecoration have continued on schedule throughout the year incorporating new flooring to C block corridors and stairwells, a carpet and furniture refresh programme within E-Block, upgrading to LED lighting in E Block, C Block and T Block, installation of CCTV by fire break glass points and the installation of a print solution across the site.

Public benefit

Highsted Grammar School is a state funded grammar school and strives to promote and support the advancement of education within the Swale area. The school provides an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas which cover outstanding academic achievement and enrichment through music, the arts and sport. We continue to uphold a strong commitment to our Fair Access Plan (FAP) which seeks to raise aspiration and support for disadvantaged girls and boys in the Swale community.

The vast majority of students from the school enter university and many will seek careers in professions where they are likely to become influential leaders. Our aim is not only to foster academic excellence, but also to broaden horizons, raise aspirations and challenge our students to become responsible and caring global citizens.

During the year ending 31 August 2023, Highsted Grammar School has contributed to community activities for the benefit of the wider public, through the provision of incidental educational and other events. Over the year contributions that benefit the wider community included the following provisions and activities:

- availability of the school on line facilities to hold the Friends of Wisdom Hospice 'Lights for Love' ceremony – with participation from the Highsted choir and orchestra;
- Aim High Club, two meetings weekly for more than 120 primary aged children throughout the year, raising aspirations and supporting transition from primary to secondary school;
- Year 5 Saturday Activity Day, 'Highsted Brings Literature to Life' taster day for around 130 girls in the local community and a 'Mad Science Saturday' for widening participation within the Swale community;
- The school once again has shown its commitment to supporting Holocaust Memorial Day;
- staff outreach work with primary and secondary schools to support, promote and encourage interest and achievement in sport, science and coding; music and Maths development;
- provided an extensive curriculum publication to Year 4 pupils in local feeder primary schools, to raise aspirations, ambition and promote curiosity;
- a partner in the Swale Teaching Alliance, provision of initial teacher training through the Schools Direct Programme and postgraduate teaching placements as well as engaging with TKAT;
- a partner in the South East Science Learning Partnership, leading on training development for teachers and technician support within science;
- a member of the South East Computer Hub (Maidstone) – providing training development for teachers delivering Computer Science as part of the Curriculum
- charitable fundraising for organisations such as Ukraine, Sateda, The Wisdom Hospice, Swale Food Bank, Stonewall Equality Ltd, Mermaids and Chron's & Colitis UK

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Trustees' Report For the Year Ended 31 August 2023

Equal opportunities

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

Disabled persons

Lifts, ramps and inclusive accessible toilets are installed and door widths are adequate to enable wheelchair access to the main teaching block. New buildings constructed since 2008 are fully compliant with all access legislation. Major repairs and ongoing refurbishment of existing buildings is designed to comply with access legislation, wherever possible and in accordance with direction from qualified Health and Safety consultants. The policy of the Academy is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

STRATEGIC REVIEW

Achievement and performance

At GCSE pupil performance indicated that some pupil learning is still affected by the impact of Covid-19. At A-level the school outcomes were in line with the excellence demonstrated in previous examination years.

Once again, at GCSE the overwhelming majority of students gained at least five grade 4 – 9, with 91% of students achieving a standard pass in both English and mathematics (grade 4 or above) and 76% of students securing a good pass (grade 5 or above). Across the total cohort progress in English was +0.24; in Maths -0.83; in EBacc -0.29. The total number of grades 9/8/7 was 31.0%. The Attainment 8 score for 2023 was 5.76; the Progress 8 score for the school was -0.24

At A-level, the school secured 74% A*-B grades; 39% A*/A grades and 12.0% A* grades – whilst significantly strong, all measures reflect the national picture of top-grade deflation despite the excellent performance of the cohort.

The impact on achievement by students for whom the pupil premium provided support reflects that the school is committed to closing the achievement gap for these learners. The Progress 8 score for disadvantaged overall was – 0.37 comprising of +0.51 for English, -1.21 for Maths and -0.4 for the EBacc measure. The Attainment 8 score for disadvantaged was 5.47.

To ensure that standards are continually raised the Academy operates a systematic programme of lesson observations and work scrutiny involving senior and middle leaders; engages in discussions with students to establish student voice; engages in regular work scrutiny and acts on the advice given by whole school and externally validated subject inspections. The Academy also undertakes a comparison of results from entry to GCSE and from GCSE to A-level in order to support the school's own self-evaluation and thereby sustain school improvement.

For many years Highsted Grammar School has worked in partnership with two other local schools in order to offer a wide and flexible curriculum post-16. The three schools enjoy joint curriculum planning, mutual staff development and the sharing of resources with the primary aim of driving up standards. The partnership also works collaboratively with other members of the Swale Teaching Alliance and TKAT to support new entrants to the profession through both salaried and unsalaried routes.

Going concern

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

Key financial performance indicators

To secure sufficient funding to retain the breadth of curriculum offered, the school has successfully achieved its aim of ensuring all year groups of compulsory schooling are recruited to at least the planned admission number.

To compensate for loss of formula/transitional protection funding (currently 15.6% of post-16 budget) it is necessary to recruit or retain the post-16 cohort at 90%+ of the school's published admission number.

Revenue budgets have been managed to secure general financial stability by ensuring an in-year surplus of income over expenditure and keeping salary costs (including agency staff) within desired levels:

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	2023	2022
Salary costs as % of total expenditure ¹	78.5%	81.6
Salary costs ¹ as % of revenue income	67.7%	69.7
Salary costs ¹ as % of total income	67.5%	67.8
¹ FRS 102 LGPS defined benefit costs of £26k which are included within staff costs note 11 (2022: £160k) are excluded from both salary costs and total expenditure since these are a non-cash accounting adjustment for the purposes of the statutory accounts. Total expenditure is also stated before depreciation.		

Ratio of staff costs have been monitored and benchmarked against similar schools both locally and nationally to secure best value whilst maintaining academic and pastoral standards.

Financial review

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SOFA"). Core grant income has been supplemented by capital funding, and also other income such as donations and hire of the facilities.

Total income for the year was £5.46m, up from £5.08m in the previous year. Of this total £5.41m (2022: £4.93m) related to core funding for the trust's educational operations, as detailed in note 4.

With total expenditure for the year of £5.19m, the SOFA therefore shows net income for the year of £273k (2022: £317k). The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £470k (2022: increase of £1.67m).

This overall result includes movements through the fixed asset capital fund and also the pension fund that do not relate to day-to-day running of the academy. The table below reconciles from the overall movement in funds per the SOFA to the reduction in revenue funds for the year of £225k (2022: reduction of £1.06m). The reduction in revenue funds across both years has occurred as a result of the conscious decision by the trustees to invest £971k (2021: £1.79m) of its revenue funds into capital works at the school. This decision to increase the revenue contribution to capital was due to a need to provide appropriate accommodation to meet the demands of the PE curriculum and in support of enhancing the health and wellbeing of our pupils.

The trust's operational surplus on revenue funds prior to the significant revenue to capital transfer is therefore also shown:

	2023 (£000s)	2022 (£000s)
Overall net movement in funds for the year per SoFA	470	1,677
<u>Adjust for non-revenue items:</u>		
(Increase) / decrease attributable to fixed asset fund	(524)	(1,541)
LGPS actuarial gain	(197)	(1,350)
LGPS service and interest costs	26	160
Increase in revenue funds during the year	(225)	(1,064)
Add: Transfer from revenue to capital to fund fixed asset additions	971	1,785
Operational surplus on revenue funds before transfers to capital	746	721

At 31 August 2023, the net book value of fixed assets was £13m and movements in tangible fixed assets are shown in note 14 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academy, the only exceptions to this being limited letting of the premises to local community groups.

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For the Year Ended 31 August 2023

Financial position

The academy trust held fund balances at 31 August 2023 of £15.30m (2022: £14.84m). These funds comprise restricted fixed asset funds of £13.03m and restricted revenue funds of £2.28m.

The pension reserve, relating to the present value of the Local Government Pension Scheme defined benefit liability, shows a £nil balance at 31 August 2023 (2022: deficit of £171k). In accordance with accounting requirements, the academy trust's share of LGPS is carried on the Balance Sheet, with movements each year quantified by the Local Authority's actuary and reflected through the SOFA. The valuation report indicated that a pension accounting surplus existed at 31 August 2023, however accounting standards state that if an employer has an accounting surplus it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. There are differing opinions as to the extent to which a pension surplus represents an "unconditional right" of employers and therefore the extent to which the surplus can be recognised as being of economic value, and to date the ESFA have been unable to give any guidance to academy trusts. The Trustees have therefore taken the view that, since the academy trust is a long-term employer open to new members, there is not a reasonable expectation of ever reaching a point of cessation and therefore being able to access a return of surplus. Accordingly the surplus has not been included, and a break-even £nil position has been reflected on the Balance Sheet. The pension surplus is disclosed in note 2 and the actuarial assumptions and other movements in the year are disclosed in note 24.

It is noteworthy that any pension surplus or deficit is merely an accounting figure calculated under FRS 102 for the purposes of the financial statements, and has no direct effect on the employer contribution rate paid by the academy trust, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the academy trust are fixed until 1 April 2026.

Reserves policy

The members and trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The members and trustees have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition, the members and trustees have set aside reserves to cover the on-going programme of capital investment in buildings' renewal/refurbishment and improvement to curriculum facilities. A proportion of the reserves will contribute to further improvements to the facilities in the main school block in order to address health and safety issues potentially compromised by equipment that requires modernisation and a lack of classroom space sufficient for the numbers of pupils on roll; this would enhance the specialist teaching facilities for science. Within the year, the academy trust has made a significant investment from capital reserves to the building of a four-court sports hall; this important site development will not only serve to address important health and well-being for students as part of their planned curriculum, but will endeavour to provide a suitable space to support the wider community engagement.

Principal risks and uncertainties

The trustees have delegated to the Head Teacher, as Accounting Officer, the day-to-day responsibility for ensuring that financial controls conform to the requirements of both propriety and good financial management. The Head Teacher is also responsible for compliance with the requirements and responsibilities assigned in the funding agreement between the trust and the Secretary of State for Education.

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 trustees regularly assess the key risks to which the academy trust is exposed. These are recorded on the risk register together with the operating, financial and compliance controls that have been implemented to mitigate those risks. In addition to teaching and educational standards and financial matters, consideration is given to ensuring the trust's estate is safe and well maintained and complies with relevant regulations.

The main risks that the academy is exposed to are summarised below:

- *Strategic and Reputational* - This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand, competition from other schools with similar objectives and little scope for differentiation. It also includes the capacity of existing buildings to deliver teaching and learning to students.
- *Operational risks* - These are the risks associated with appointing the right quality staff and trustees to lead the organisation. These also cover day to day operation of the school, and ensuring it is fit for purpose and meet the needs of students and staff.
- *Compliance risk* - The risks in connection with meeting statutory requirements relating to employment, Health & Safety and those set by the DfE.

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- *Finance risk* – the trust has a sound financial position, but a risk remains of the academy not operating within its budget and running an in-year deficit. There are risks linked to income not increasing at the same rate as inflation over the coming years and the ongoing costs of unfunded pay increases (including employer contribution rates) and rising energy costs.

Financial and risk management objectives and policies

The academy trust does not use complex financial instrument. The academy manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from operations.

The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk, and credit risk, as detailed below.

- *Liquidity risk* – the Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested so as to maximise interest income.
- *Interest rate risk* – the Trust earns interest on cash deposits and with interest rates currently low but steadily increasing, the directors take appropriate action to ensure they maximise the income from these deposits.
- *Credit risk* – this is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

FUNDRAISING

Currently, the Academy is not involved in fundraising on behalf of the Trust.

PLANS FOR FUTURE PERIODS

The Academy will continue striving to improve the performance of its students at all levels and will maintain its efforts to ensure that students are appropriately placed in higher education or employment with training when they leave the school. Strategic priorities identified within the five-year plan include:

- Ethos and development of the school as five-form entry girls' selective school, admissions policy decisions and opportunities afforded by Academy status. Enhance the accommodation to meet the needs of an expanding school roll;
- post-16 retention and recruitment – to maintain cost-effective provision and breadth of opportunity against a background of budget reductions;
- the creative and dynamic curriculum, use of technologies and Academy freedoms to match teaching and learning to cohort need;
- raising the bar' – further develop self-evaluation and performance management to equip middle leaders with the skills to adopt more robust and evaluative approaches to school improvement;
- partnership within the Swale Teaching School Alliance/TKAT and the use of continuing professional development to strengthening leadership at all levels;
- maintain ICT systems that are fit for purpose and sufficiently robust/reliable to support extensive usage within the curriculum and further develop the management information systems as effective tools for all staff;
- the student as an individual: promoting autonomous, happy creative and adaptable learners across all identified groupings, particularly the most vulnerable;
- championing Character Education across the school (as set out in the Highsted Virtues) which promote resilience, intellectual curiosity and empathy amongst students and staff;
- prudent budget management to secure ongoing improvements to site and buildings through proactive asset management.

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Within the next 12 months the specific areas of focus relate to:

- embedding further the Connected Curriculum – Cognition and Compassion to support the development of the whole pupil;
- embedding further the vision and ethos of excellence in teaching and learning (HPL) through a revised school self-review process and *Deep Dives*;
- addressing curriculum implementation – the sequencing of knowledge so that pupils know more and can do more in the cognition and compassion curriculum;
- enhancing assessment and reporting systems to ensure efficacy and reduce workload across teaching teams;
- focusing on pedagogy and practice – embedding Rosenshine's Principles across all classrooms to secure memorable learning for all;
- championing leadership development at all levels across the school to ensure that capacity is built within the school system and beyond; enabling colleagues to enrol on National Professional Qualifications at middle and senior leadership levels;
- as a Girls on Board school, empower pupils to improve relationships and navigate the development of those relationships throughout their time in school;
- building effective partnerships with local stakeholders, including: Swale Teaching Alliance, South East Science Learning Partnership, STEM (science, technology, engineering and mathematics) partners, the Central Sittingbourne Partnership, TKAT, Place to Be, Girls on Board, The Schools Consent Project, the International Coalition of Girls' Schools and Young Enterprise in addition to support for our local feeder primary schools;
- upholding a commitment to deliver a contemporary Careers education programme;
- monitoring a strategic plan for the recruitment and retention of students to the school, taking account of national policy on admissions and the social mobility agenda;
- monitoring the well-being of the whole Highsted community; considering the work of Elizabeth Day's *Failosophy* to build learner resilience;
- developing the adaptability of all learners: ensure that every student reaches their full potential and has the confidence to make ethical, sound decisions that will empower them; utilising VESPA as a strategy for success;

Highsted Grammar School is pleased to report that refurbishment of the school buildings and upgrade to the facilities will continue in 2023-24

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware;
- 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.


AUDITORS

The audit process will be reviewed in detail and re-appointment of the Auditors, UHY Hacker Young, will be considered following the forthcoming Annual General Meeting.


Highsted Academy Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2023

The Trustees' Report, incorporating a Strategic Report, was approved by order of the board of trustees, as the company's directors, and signed on the board's behalf by:

DocuSigned by:

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Mrs. D. Adeyinka
Chair of Trustees

DocuSigned by:

E3D078B28BEB4B5...

Miss. A. Kelly
Accounting Officer

Date: 13 December 2023

Highsted Academy Trust

(A company limited by guarantee)

Governance Statement for the Year Ended 31 August 2023

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, Miss. A. Kelly, 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 Highsted Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. The board of trustees has formally met five times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings attended	Out of a possible
Mr. P. Statham, Chair of Trustees during the year	5	5
Miss. A. Kelly, Headteacher and Accounting Officer	5	5
Mrs. D. Adeyinka	5	5
Mr. T. Barker	4	5
Miss. M. Black	5	5
Mrs. S. Drury	3	5
Hon. Ald. Lewin	5	5
Ms. B Luna	5	5
Miss. L. Umbers	3	5

Governance reviews

Over the course of the 2022-2023 academic year trustees have been closely involved with the work of the school through its programme of link trustee visits which have been through an online platform due to Covid-19 restrictions and face-to-face and Governor Day virtual events.

Trustee training

Trustees have attended governor training activities provided by the school on topics which underpin the whole school focus on High Performance Learning such as meta-cognition, abstraction, big picture thinking and linking ideas. Training on curriculum development, KCSIE legislative updates to safeguarding, the Recovery Curriculum, The Highsted Tutoring Programme, the Ofsted Education Inspection Framework including the concept of Deep Dives as part of internal quality assurance systems to underpin determining a sequenced and robust curriculum. Training on understanding the RSE curriculum was also available to trustees and the introduction of Rosenshine's Principles of Instruction. Individual trustees have also attended training activities provided by Kent County Council and the Southern Educational Leadership Trust.

An important strategic development in 2022-2023 was the continuance of trustee support for the Fair Access Plan (FAP) the aim of which is to strengthen further the objective of widening accessibility to selective education for local girls in the community. The focus this year was especially important due to needing to maintain communication during a pandemic.

Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to plan and monitor the financial and other resources of the school effectively. Its role is to provide and maintain a safe and stimulating educational environment consistent with the ethos of the school and providing value for money through effective use of resources. In addition to routine budget setting and monitoring, particular issues dealt with in the year have included the scrutiny of risk management systems throughout the school which led to the improvement of the underground pipework from the main block to T block to mitigate against the risk of waste water due to deteriorating pipework, upgrades to technology with the implementation of smart boards across the school, the oversight of the construction of a four-court sports hall facility and the management of procurement for cleaning services across the site. The Audit and Risk committee and Buildings Risk Committee feed into the functions of the Finance and Resources Committee as trustees practice an 'eyes on' approach to scrutinising the workings of the academy.

Highsted Academy Trust

(A company limited by guarantee)

Governance Statement for the Year Ended 31 August 2023

Attendance at Finance and Resources Committee meetings in the year was as follows:

	Meetings attended	Out of a possible
Mrs D. Adeyinka, Chair of Finance & Resources Committee during the year	3	3
Mr. P. Statham	3	3
Miss. A. Kelly, Headteacher and Accounting Officer	3	3
Mr T. Barker (Resigned 05/07/23)	2	3
Hon. Ald. G. Lewin	3	3

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Highsted Academy Trust for the year 1 September 2022 to 31 August 2023 up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 01 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The trust has appointed the external auditors Kreston Reeves to perform internal control checks through the mechanism of internal control monitoring visits.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the appointee reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

During the year ended 31 August 2023 it was agreed that the appointee would review the following areas:

- Budget and Financial Monitoring;
- Compliance;
- Month end procedures and asset control.
- Procurement

The appointee has delivered their schedule of work as planned, and no significant issues have been brought to the attention of the trustees.

Highsted Academy Trust

(A company limited by guarantee)

Governance Statement for the Year Ended 31 August 2023

Review of effectiveness

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

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

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

Review of Value for money

As Accounting Officer, the Headteacher, Miss. A. Kelly, has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received and encompasses estate safety and management.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

Improving Educational Results

- At GCSE pupil performance indicated that some pupil learning is still affected by the impact of Covid-19. At A-level the school outcomes were in line with the excellence demonstrated in previous examination years.
- Once again, at GCSE the overwhelming majority of students gained at least five grade 4 – 9, with 91% of students achieving a standard pass in both English and mathematics (grade 4 or above) and 76% of students securing a good pass (grade 5 or above). Across the total cohort progress in English was +0.24; in Maths -0.83; in EBacc -0.29. The total number of grades 9/8/7 was 31.0%. The Attainment 8 score for 2023 was 5.76; the Progress 8 score for the school was -0.24
- At A-level, the school secured 74% A*-B grades; 39% A*/A grades and 12.0% A* grades – whilst significantly strong, all measures reflect the national picture of top-grade deflation despite the excellent performance of the cohort.
- The impact on achievement by students for whom the pupil premium provided support reflects that the school is committed to closing the achievement gap for these learners. The Progress 8 score for disadvantaged overall was – 0.37 comprising of +0.51 for English, -1.21 for Maths and -0.4 for the EBacc measure. The Attainment 8 score for disadvantaged was 5.47.
- To ensure that standards are continually raised the Academy operates a systematic programme of lesson observations and work scrutiny involving senior and middle leaders; engages in discussions with students to establish student voice; engages in regular work scrutiny and acts on the advice given by whole school and externally validated subject inspections. The Academy also undertakes a comparison of results from entry to GCSE and from GCSE to A-level in order to support the school's own self-evaluation and thereby sustain school improvement.
- Whole school attendance has returned to pre-pandemic levels which was on average 96% against a national benchmark of 94.1% all schools.
- The broad curriculum, extra curriculum and extension activities provide students with the opportunity to achieve the highest levels of academic and personal achievement which their abilities allow.
- Our staffing structure and timetable ensure teaching staff are efficiently deployed to maximise outcomes for all students; at post 16 the long-standing partnership across three local secondary schools secures a cost-effective curriculum within a context of budgetary constraints.
- By working collaboratively with two local secondary schools in regard to teacher training.
- By working collaboratively with two local secondary schools, Health and Safety and First Aid training is sourced centrally to achieve financial efficacy across the schools; maximising the number of trainees in attendance has been of benefit to all three schools.

Highsted Academy Trust
(A company limited by guarantee)

Governance Statement for the Year Ended 31 August 2023

- By working as a strategic partner in the South East Science Learning Partnership and a strategic partner with the South East Computing Hub (Maidstone)

Financial Performance

- Financial governance and oversight is robust. The members of the Finance and Resources Committee have financial and business experience
- The trustees receive regular reports and recommendations from the both the external auditor and the Internal control monitoring audits.
- Budget forecasts are circulated and approved by trustees routinely; expenditure is monitored against budget and are reported accordingly
- The annual budget plan is approved by trustees and reviewed on a regular basis throughout the year
- Significant spending proposals are costed and presented to the Senior Leadership Group and the Governing Body for consideration and challenge
- The school renewed the comprehensive insurance cover having considered other providers
- The school works with other local academies and schools to undertake cost comparison and benchmarking
- The school is above PAN for Year 7 entry to the school for six consecutive years
- The school ensures that all surplus funds are invested in low risk interest bearing accounts.


Estate safety and management

- The Academy has a robust service level agreement with Judicium Education Ltd for fire management and Health and Safety compliance across the site;
- The Headteacher and the Site manager are IOSH accredited to oversee the operational aspects of Health and Safety across the site;
- Two RAAC surveys have been commissioned with an appropriate body to determine that no RAAC is present;
- Full Fire Door replacement has been carried out across the site in 2021 in addition to upgrading to all compartmentation;
- Annual Boiler and Gas compliance service is in place;
- Fire Alarm panels are subject to 6 monthly servicing;
- IDH alarms are subject to 6 monthly servicing to uphold site security.


Academy insurance

- Highsted have opted for a five-year Insurance provision with Zurich Municipal based upon Zurich being the leading providers of risk and insurance solutions to the UK education sector, they are a direct dealing insurer and are risk experts.

Approved by order of the members of the board of trustees and signed on its behalf, by:

DocuSigned by:

062251093C0B410...

Mrs. D. Adeyinka
Chair of Trustees

DocuSigned by:

E3D078B288EB4B5...

Miss. A. Kelly
Accounting Officer

Date: 13 December 2023

Highsted Academy Trust
(A Company Limited by Guarantee)

Statement of Regularity, Propriety and Compliance

As accounting officer of Highsted Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, including for estates safety and management, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2022.

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

DocuSigned by:

Anne Kelly

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Miss. A. Kelly
Accounting Officer

Date: 13 December 2023

Highsted Academy Trust
(A Company Limited by Guarantee)

Statement of trustees' responsibilities
For the Year Ended 31 August 2023

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

DocuSigned by:

Damola Adeyinka

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Mrs. D. Adeyinka
(Chair of Trustees)

Date: 13 December 2023

Highsted Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Highsted Academy Trust

Opinion

We have audited the financial statements of Highsted Academy Trust (the 'academy trust') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The trustees are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Highsted Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Highsted Academy Trust (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- we identified the laws and regulations applicable to the academy trust through discussions with management, and from our commercial knowledge and experience of the academy and wider education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the academy trust, including the Academy Trust Handbook, Annual Accounts Direction, Charity SORP and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the academy trust's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

Highsted Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Highsted Academy Trust (continued)

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

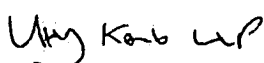
- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Mr Allan Hickie BSc FCA (Senior Statutory Auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 15 December 2023

Highsted Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Highsted Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Highsted Academy Trust during the year 1 September 2022 to 31 August 2023 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 Highsted Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Highsted Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Highsted Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Highsted Academy Trust's funding agreement with the Secretary of State for Education dated 28 September 2010 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Highsted Academy Trust for the year ended 31 August 2023 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

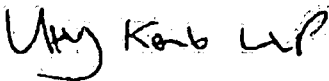
In line with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued April 2023, we have not performed any additional procedures regarding the academy trust's compliance with safeguarding, health and safety and estates management.

Highsted Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Highsted Academy Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 15 December 2023

Highsted Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	942	-	21,139	22,081	139,090
Other trading activities	5	7,397	-	-	7,397	11,944
Investments	6	21,187	-	-	21,187	1,599
Funding for educational operations	4	30,095	5,383,170	-	5,413,265	4,926,138
Total income		59,621	5,383,170	21,139	5,463,930	5,078,771
Expenditure on:						
Raising funds		-	1,915	-	1,915	2,841
Charitable activities	8	58,213	4,662,582	468,135	5,188,930	4,758,748
Total expenditure		58,213	4,664,497	468,135	5,190,845	4,761,589
Net income/(expenditure)		1,408	718,673	(446,996)	273,085	317,182
Transfers between funds	17	(923,403)	(48,034)	971,437	-	-
Net movement in funds before other recognised gains/(losses)		(921,995)	670,639	524,441	273,085	317,182
Other recognised gains/(losses):						
Actuarial gains on defined benefit pension schemes	24	-	197,000	-	197,000	1,350,000
Net movement in funds		(921,995)	867,639	524,441	470,085	1,667,182
Reconciliation of funds:						
Total funds brought forward		921,995	1,417,013	12,501,900	14,840,908	13,173,726
Net movement in funds		(921,995)	867,639	524,441	470,085	1,667,182
Total funds carried forward	17	-	2,284,652	13,026,341	15,310,993	14,840,908

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

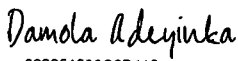
The notes on pages 26 to 46 form part of these financial statements.

Higsted Academy Trust
(A Company Limited by Guarantee)
Registered number: 07348116

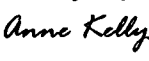
Balance Sheet
As at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	14	13,026,341	12,501,900
Current assets			
Debtors	15	59,343	391,500
Cash at bank and in hand		2,577,110	2,895,229
		<u>2,636,453</u>	<u>3,286,729</u>
Creditors: amounts falling due within one year	16	(351,801)	(776,721)
Net current assets		<u>2,284,652</u>	<u>2,510,008</u>
Net assets excluding pension asset / liability		<u>15,310,993</u>	<u>15,011,908</u>
Defined benefit pension scheme asset / liability	24	-	(171,000)
Total net assets		<u><u>15,310,993</u></u>	<u><u>14,840,908</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	17	13,026,341	12,501,900
Restricted income funds	17	2,284,652	1,588,013
		<u>15,310,993</u>	<u>14,089,913</u>
Restricted funds excluding pension liability	17		
Pension reserve	17	-	(171,000)
Total restricted funds	17	<u>15,310,993</u>	<u>13,918,913</u>
Unrestricted income funds	17	<u>-</u>	<u>921,995</u>
Total funds		<u><u>15,310,993</u></u>	<u><u>14,840,908</u></u>

The financial statements on pages 23 to 46 were approved and authorised for issue by the trustees and are signed on their behalf, by:

DocuSigned by:

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Mrs. D. Adeyinka
(Chair of Trustees)

Date: 13 December 2023

DocuSigned by:

E3D078B288EB4B5...
Miss. A. Kelly
(Headteacher and Accounting Officer)

The notes on pages 26 to 46 form part of these financial statements.

Highsted Academy Trust
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Statement of Cash Flows
For the Year Ended 31 August 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	19	595,710	1,182,577
Cash flows from investing activities	20	(913,829)	(1,783,308)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(318,119)	(600,731)
Cash and cash equivalents at the beginning of the year		2,895,229	3,495,960
Cash and cash equivalents at the end of the year	21, 22	<hr/> <u>2,577,110</u>	<hr/> <u>2,895,229</u>

The notes on pages 26 to 46 form part of these financial statements

Highsted Academy Trust

(A Company Limited by Guarantee)

Notes to the Financial Statements

For the Year Ended 31 August 2023

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) (March 2018), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

• Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• Donations

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

• Other income

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

• Donated fixed assets (excluding transfers on conversion or into the academy trust)

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Highsted Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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. No tax charge has arisen during the year.

1.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Highsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 2%
Furniture and equipment	- 10-15%
Computer equipment	- 20%

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Higsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.12 Pensions

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

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

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

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

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 27.

1.14 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a

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Notes to the Financial Statements
For the Year Ended 31 August 2023

2. Critical accounting estimates and areas of judgment (continued)

material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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 ultimate responsibility for setting the assumptions is that of the Academy Trust, as the employer, however each year the LGPS actuary proposes a standard set of assumptions as part of the valuation exercise, using their expert opinion, and which comply with the accounting requirements. The Academy Trust has, in practice with most employers, adopted the recommended actuarial assumptions following further consultation with its auditors to ensure these assumptions are reasonable and in line with those adopted by other academy trusts.

The key assumption is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate of 5.30% is higher than the rate used in 2022. Since a higher discount rate means assets will grow more rapidly in the future, this results in lower current liabilities.

Critical areas of judgment:

LGPS pension asset

FRS 102 section 28.22 allows an entity to recognise a pension asset "only to the extent it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan."

Whilst the LGPS actuarial valuation report for the year ended 31 August 2023 indicates a defined benefit asset of £10k exists at the year end date, the Trustees have considered that there is insufficient evidence that a surplus being recognised would ever result in a repayment or reduction in contributions, given that such a surplus is probably only temporary. Also, as a longer term employer that is open to new members, there isn't a reasonable expectation that the Academy Trust will ever reach a point of cessation that would enable access to a return of surplus.

The actuarial gain has therefore been restricted to instead leave a break-even position on the Balance Sheet with neither an asset or liability recognised.

3. Income from donations and capital grants

	Unrestricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donated assets	-	-	-	3,937
Donations	942	-	942	2,060
Capital grants	-	21,139	21,139	133,093
	<u>942</u>	<u>21,139</u>	<u>22,081</u>	<u>139,090</u>
<i>Analysis of 2022 total by fund</i>	<u>2,060</u>	<u>137,030</u>	<u>139,090</u>	

Higsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

4. Funding for educational activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 (reclassified) £</i>
Educational activities				
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,972,475	3,972,475	3,813,188
Other DfE/ESFA grants				
Pupil Premium	-	97,232	97,232	90,468
16-19 funding	-	914,300	914,300	740,185
Teachers' Pay Grant	-	490	490	11,281
Teachers' Pension Grant	-	36,587	36,587	31,878
Schools supplementary grant	-	123,262	123,262	51,008
Others	-	95,523	95,523	26,814
	-	5,239,869	5,239,869	4,764,822
Other Government grants				
Local authority grants	-	143,301	143,301	124,894
	-	143,301	143,301	124,894
Other income from educational activities	30,095	-	30,095	19,652
Covid-19 additional funding (DfE/ESFA)				
Covid Mass testing funding	-	-	-	16,770
	-	-	-	16,770
	30,095	5,383,170	5,413,265	4,926,138
<i>Analysis of 2022 total by fund</i>	19,652	4,906,486	4,926,138	

The comparative figures in this note have been reclassified to strip out 16 to 19 funding from GAG and include this income under the separate row within DfE/ESFA grants.

Highsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

5. Income from other trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from facilities/services	58	58	15
Hire of facilities	2,326	2,326	1,378
Vending machines	5,013	5,013	10,551
	<u>7,397</u>	<u>7,397</u>	<u>11,944</u>
<i>Analysis of 2022 total by fund</i>	<u>11,944</u>	<u>11,944</u>	

6. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Bank interest	21,187	21,187	1,599
	<u>1,599</u>	<u>1,599</u>	
<i>Analysis of 2022 total by fund</i>	<u>1,599</u>	<u>1,599</u>	

Higsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

7. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other 2023 £	Total 2023 £	<i>Total</i> <i>2022</i> £
Expenditure on fundraising trading activities:					
Direct costs	-	-	1,915	1,915	2,841
Educational activities:					
Direct costs	3,326,403	374,992	509,707	4,211,102	3,786,165
Allocated support costs	385,292	438,018	154,518	977,828	972,583
	<u>3,711,695</u>	<u>813,010</u>	<u>666,140</u>	<u>5,190,845</u>	<u>4,761,589</u>
<i>Analysis of 2022 total</i>	<u>3,603,847</u>	<u>617,117</u>	<u>540,625</u>	<u>4,761,589</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	<i>Total</i> <i>2022</i> £
Educational activities	<u>58,213</u>	<u>5,130,717</u>	<u>5,188,930</u>	<u>4,758,748</u>
<i>Analysis of 2022 total by fund</i>	<u>3,958</u>	<u>4,754,790</u>	<u>4,758,748</u>	

Highsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

9. Analysis of expenditure by activities

	Direct costs 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Educational activities	4,211,102	977,828	5,188,930	4,758,748
<i>Analysis of 2022 total</i>	<i>3,786,165</i>	<i>972,583</i>	<i>4,758,748</i>	

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	385,292	497,468
Technology costs	16,123	24,399
Premises costs	441,257	327,200
Governance costs	12,955	12,810
Other support costs	122,201	110,706
	977,828	972,583

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023 £	2022 £
Depreciation of tangible fixed assets	468,135	380,852
Fees paid to auditors for:		
- audit	10,185	9,310
- other services	2,140	2,020

Higsted Academy Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	2,611,140	2,503,154
Social security costs	276,632	268,489
Pension costs	621,205	735,691
	<u>3,508,977</u>	<u>3,507,334</u>
Agency staff costs	202,718	96,513
	<u>3,711,695</u>	<u>3,603,847</u>

b. Staff numbers

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

	2023 No.	2022 No.
Teachers	44	45
Administration and support	19	20
Management	6	6
	<u>69</u>	<u>71</u>

c. Higher paid staff

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

	2023 No.	2022 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-
	<u>4</u>	<u>4</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £611,979 (2022 - £602,888). The increase is due to changes to key management personnel in the year.

Highsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

12. Trustees' remuneration and expenses

One trustee, the Headteacher, has been paid remuneration and has received other benefits from an employment with the academy trust. The remunerations was only received in respect of services provided under her contract of employment, and the value of the remuneration and other benefits was as follows:

		2023	2022
		£	£
Miss. A. Kelly, Headteacher	Remuneration	110,000 - 115,000	105,000 - 110,000
	Pension contributions paid	25,000 - 30,000	25,000 - 30,000

During the year ended 31 August 2023, expenses totalling £197 were reimbursed or paid directly to 1 trustee (2022 - £103).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Freehold property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 September 2022	13,601,343	1,565,235	457,083	402,823	16,000	16,042,484
Additions	716,551	207,590	-	68,435	-	992,576
Disposals	-	-	-	(9,353)	-	(9,353)
Transfers between classes	1,460,129	(1,460,129)	-	-	-	-
At 31 August 2023	15,778,023	312,696	457,083	461,905	16,000	17,025,707
Depreciation						
At 1 September 2022	2,921,830	-	385,103	217,651	16,000	3,540,584
Charge for the year	374,992	-	15,786	77,357	-	468,135
On disposals	-	-	-	(9,353)	-	(9,353)
At 31 August 2023	3,296,822	-	400,889	285,655	16,000	3,999,366
Net book value						
At 31 August 2023	12,481,201	312,696	56,194	176,250	-	13,026,341
At 31 August 2022	10,679,513	1,565,235	71,980	185,172	-	12,501,900

Included in land and buildings is freehold land at a value of £750,000 (2022 - £750,000), which is not depreciated.

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Notes to the Financial Statements
For the Year Ended 31 August 2023

15. Debtors

	2023	2022
	£	£
Trade debtors	1,389	1,596
Other debtors	25,104	196,014
Prepayments and accrued income	32,850	193,890
	<u>59,343</u>	<u>391,500</u>

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	292,710	726,117
Other creditors	28,830	28,988
Accruals and deferred income	30,261	21,616
	<u>351,801</u>	<u>776,721</u>

Highsted Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

17. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
General funds	921,995	59,621	(58,213)	(923,403)	-	-
Restricted general funds						
General Annual Grant (GAG)	1,588,013	3,972,475	(3,424,560)	(48,034)	-	2,087,894
Other DfE/ESFA grants	-	1,254,721	(1,195,551)	-	-	59,170
Other government grants	-	155,974	(18,386)	-	-	137,588
Pension reserve	(171,000)	-	(26,000)	-	197,000	-
	<u>1,417,013</u>	<u>5,383,170</u>	<u>(4,664,497)</u>	<u>(48,034)</u>	<u>197,000</u>	<u>2,284,652</u>
Restricted fixed asset funds						
Fixed assets	12,501,900	-	(468,135)	992,576	-	13,026,341
DfE/ESFA capital grants	-	21,139	-	(21,139)	-	-
	<u>12,501,900</u>	<u>21,139</u>	<u>(468,135)</u>	<u>971,437</u>	<u>-</u>	<u>13,026,341</u>
Total Restricted funds	<u>13,918,913</u>	<u>5,404,309</u>	<u>(5,132,632)</u>	<u>923,403</u>	<u>197,000</u>	<u>15,310,993</u>
Total funds	<u><u>14,840,908</u></u>	<u><u>5,463,930</u></u>	<u><u>(5,190,845)</u></u>	<u><u>-</u></u>	<u><u>197,000</u></u>	<u><u>15,310,993</u></u>

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

General Annual Grant must be used for the normal running costs of the academy trust. The transfer to the restricted fixed asset fund during the year represents the value of a revenue to capital contribution to fund the cost of additional capital additions in excess of capital grant funding received.

The other DfE/ESFA grant fund is used to track non-GAG revenue grant funding received from the DfE/ESFA and connected bodies, and principally included the material grants detailed separately in note 4.

The other Government Grants fund tracks other government grant income such as grant funding received directly from the Local Authority.

The pension reserve is a restricted fund to account for the surplus or liability arising under The Local Government Pension Scheme.

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17. Statement of funds (continued)

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The carried forward balance on the tangible fixed asset row is equal to the net book value of fixed assets on the Balance Sheet. The transfer into the fixed asset funds represents revenue to capital contributions for fixed asset purchases met by revenue funds.

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

	<i>Balance at 1 September 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2022 £</i>
Unrestricted funds						
General funds	890,698	35,255	(3,958)	-	-	921,995
Restricted general funds						
General Annual Grant (GAG)	2,657,922	4,553,373	(3,838,375)	(1,784,907)	-	1,588,013
Other DfE/ESFA grants	-	211,449	(211,449)	-	-	-
Other government grants	-	124,894	(124,894)	-	-	-
Covid Catch-up premium	25,291	-	(25,291)	-	-	-
Other DfE/ESFA COVID-19 funding	-	16,770	(16,770)	-	-	-
Pension reserve	(1,361,000)	-	(160,000)	-	1,350,000	(171,000)
	<u>1,322,213</u>	<u>4,906,486</u>	<u>(4,376,779)</u>	<u>(1,784,907)</u>	<u>1,350,000</u>	<u>1,417,013</u>
Restricted fixed asset funds						
Fixed assets	10,960,815	-	(380,852)	1,921,937	-	12,501,900
DfE/ESFA capital grants	-	133,093	-	(133,093)	-	-
Covid laptops	-	3,937	-	(3,937)	-	-
	<u>10,960,815</u>	<u>137,030</u>	<u>(380,852)</u>	<u>1,784,907</u>	<u>-</u>	<u>12,501,900</u>
Total Restricted funds	<u>12,283,028</u>	<u>5,043,516</u>	<u>(4,757,631)</u>	<u>-</u>	<u>1,350,000</u>	<u>13,918,913</u>
Total funds	<u>13,173,726</u>	<u>5,078,771</u>	<u>(4,761,589)</u>	<u>-</u>	<u>1,350,000</u>	<u>14,840,908</u>

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	13,026,341	13,026,341
Current assets	2,636,453	-	2,636,453
Creditors due within one year	(351,801)	-	(351,801)
Total	2,284,652	13,026,341	15,310,993

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Restricted fixed asset funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	-	-	12,501,900	12,501,900
Current assets	921,995	2,364,734	-	3,286,729
Creditors due within one year	-	(776,721)	-	(776,721)
Provisions for liabilities and charges	-	(171,000)	-	(171,000)
Total	921,995	1,417,013	12,501,900	14,840,908

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For the Year Ended 31 August 2023

19. Reconciliation of net income to net cash flow from operating activities

	2023	2022
	£	£
Net income for the year (as per Statement of Financial Activities)	273,085	317,182
Adjustments for:		
Depreciation	468,135	380,852
Capital grants from DfE and other capital income	(57,560)	(137,030)
Interest receivable	(21,187)	(1,599)
Defined benefit pension scheme cost less contributions payable	19,000	137,000
Defined benefit pension scheme finance cost	6,000	22,000
Defined benefit pension administration expenses	1,000	1,000
Decrease/(increase) in debtors	332,157	(33,836)
(Decrease)/increase in creditors	(424,920)	497,008
Net cash provided by operating activities	595,710	1,182,577

20. Cash flows from investing activities

	2023	2022
	£	£
Dividends, interest and rents from investments	21,187	1,599
Purchase of tangible assets	(992,576)	(1,921,937)
Capital grants from DfE Group	57,560	133,093
Donated assets	-	3,937
Net cash used in investing activities	(913,829)	(1,783,308)

21. Analysis of cash and cash equivalents

	2023	2022
	£	£
Cash in hand and at bank	1,468,314	806,477
Notice deposits (less than 3 months)	1,108,796	2,088,752
Total cash and cash equivalents	2,577,110	2,895,229

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22. Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	At 31 August 2023 £
Cash at bank and in hand	2,895,229	(318,119)	2,577,110

23. Capital commitments

	2023 £	2022 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	919,859

The capital commitment in the prior year relates to works for a sports hall, pipe work and fire doors. All works were completed during the year to 31 August 2023.

24. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time 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.

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Notes to the Financial Statements
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24. Pension commitments (continued)

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 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% 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 £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The revised employer contribution rate, arising from the 2020 valuation, is due to be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the year amounted to £505,000 (2022 - £491,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £121,000 (2022 - £109,000), of which employer's contributions totalled £91,000 (2022 - £81,000) and employees' contributions totalled £ 30,000 (2022 - £28,000). The agreed contribution rates for future years are 22.5 per cent for employers and 5.5-12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.90	3.95
Rate of increase for pensions in payment/inflation	2.90	2.95
Discount rate for scheme liabilities	5.30	4.25

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

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24. Pension commitments (continued)

	2023 Years	2022 Years
<i>Retiring today</i>		
Males	20.7	21.0
Females	23.2	23.5
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	24.6	24.9

Sensitivity analysis

	2023 £000	2022 £000
Discount rate +0.1%	(27)	(41)
Discount rate -0.1%	28	42
Mortality assumption - 1 year increase	46	55
Mortality assumption - 1 year decrease	(44)	(53)
CPI rate +0.1%	28	40
CPI rate -0.1%	(27)	(39)

Share of scheme assets

The academy trust's share of the assets in the scheme was:

	At 31 August 2023 £	At 31 August 2022 £
Equities	1,005,000	1,078,000
Gilts	9,000	10,000
Corporate bonds	219,000	218,000
Property	160,000	194,000
Cash and other liquid assets	17,000	28,000
Investment funds	173,000	119,000
Total market value of assets	1,583,000	1,647,000

The actual return on scheme assets was £(120,000) (2022 - £(20,000)).

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Notes to the Financial Statements
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24. Pension commitments (continued)

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

	2023	2022
	£	£
Current service cost	(110,000)	(218,000)
Interest income	71,000	27,000
Interest cost	(77,000)	(49,000)
Administrative expenses	(1,000)	(1,000)
Total amount recognised in the Statement of Financial Activities	(117,000)	(241,000)

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

	2023	2022
	£	£
At 1 September	1,818,000	2,965,000
Current service cost	110,000	218,000
Interest cost	77,000	49,000
Employee contributions	30,000	28,000
Actuarial gains	(388,000)	(1,397,000)
Benefits paid	(64,000)	(45,000)
At 31 August	1,583,000	1,818,000

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

	2023	2022
	£	£
At 1 September	1,647,000	1,604,000
Administration expenses	(1,000)	(1,000)
Interest income	71,000	27,000
Actuarial losses	(191,000)	(47,000)
Employer contributions	91,000	81,000
Employee contributions	30,000	28,000
Benefits paid	(64,000)	(45,000)
At 31 August	1,583,000	1,647,000

25. Members' liability

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

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26. Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. During the year the following transactions occurred:

Expenditure Related Party Transactions

Highsted Grammar School (School Fund) (charity number 1099528), a charity whose objects are to advance the education of all pupils of Highsted Grammar School, and of which the Accounting Officer, Ms A. Kelly, is a trustee:

- During the year the academy trust made payments on behalf of Highsted Grammar School (School Fund) before being reimbursed for these. At 31 August 2023 an amount of £163 (2022 - £197) remained outstanding and due to the academy trust for outstanding reimbursement.
- In entering into the transaction the academy trust has complied with the requirements of the ATH 2022.
- Due to the nature of the transactions the "at cost" rules of the Academy Trust Handbook do not apply.

Income Related Party Transactions

Highsted Grammar School (School Fund) (charity number 1099528), a charity whose objects are to advance the education of all pupils of Highsted Grammar School, and of which the Accounting Officer, Ms A. Kelly, is a trustee:

During the year the trust received donations of £nil (2022 - £2,000) from this charity.

Employment Related Disclosures

During the year there were no close family members of key management personnel and/or trustees employed by the trust.

27. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2023 the academy trust received £21,361 and disbursed £21,610 from the fund. An amount of £28,119 is included in other creditors relating to undistributed funds carried forward and amounts potentially repayable to ESFA.

Comparatives for the accounting period ending 31 August 2022 are £15,875 received, £11,450 disbursed and £28,368 included in other creditors.

28. Controlling party

The academy trust is run by the Senior Leadership Team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party. Since the academy trust had four members at the year end, each with 25% of the voting rights, these individuals are each deemed to be persons with significant control.