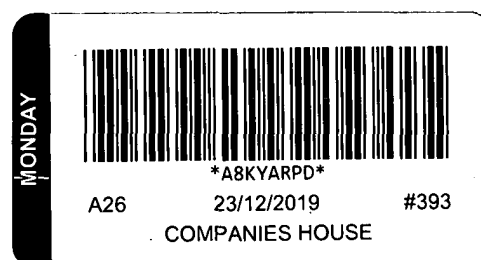


Company Registration Number: 07654127 (England and Wales)

HURSTMERE SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



HURSTMERE SCHOOL
(A company limited by guarantee)

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HURSTMERE SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

Mrs V Hughes-Narborough (resigned 5 December 2018)
Mr H Douglas
Mrs E Allen
Mr R Pavey
Mrs D Halton

Governors

Mrs E Allen, Chair¹
Mrs L Bennett, Principal & Accounting Officer (appointed 1 September 2019)
Mr G Stollery, Principal & Accounting Officer (resigned 31 August 2019)
Mr R Pavey, Vice Chair (resigned 28 September 2019)
Mr D Chatt
Mr T Baston
Mr J Cutts
Ms L Notton
Ms C Bonner (appointed 1 January 2019)
Mr P Walker (appointed 1 January 2019)
N P Osborne (appointed 1 January 2019)
Mrs N Coney (resigned 7 May 2019)
Mr P Bennett (resigned 5 December 2018)¹
Mr I Coombes (resigned 31 August 2019)¹
Mrs V Hughes-Narborough, Honorary Chairman & Companion (resigned 5 December 2018)¹
Mr I Simpson (resigned 1 March 2019)
Mr P Letchford (resigned 25 September 2018)
Mr P Bland (appointed 1 September 2019)

¹ Finance, Audit and General Purpose Committee

Company registered number

07654127

Company name

Hurstmere School

Principal and registered office

Hurst Road, Sidcup, Kent, DA15 9AW

HURSTMERE SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019**

Advisers (continued)

Company secretary

Mrs C Murphy

Principal Finance Officer

Mrs I Cunningham

Senior management team

Mr G Stollery, Principal (resigned 31/8/2019)
Mrs L Bennett, Vice Principal
Mrs L Davis, Vice Principal
Mrs S Chakarto, Assistant Principal
Mr K Wadsworth, Assistant Principal
Mrs W Day, Assistant Principal (resigned 22/4/2019)
Mr P Bolter, Associate Senior Leader
Miss S Gallagher, Associate Senior Leader
Mr M Wright, Associate Senior Leader

Independent auditor

PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London, E14 4HD

Bankers

Lloyds PLC, 130 Broadway, Bexleyheath, Kent, DA6 7DP

Accountants

Bayar Hughes & Co, 4 Green Lane Business Park, 238 Green Lane, New Eltham, London, SE9 3TL

HURSTMERE SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2018 to 31 August 2019. The Annual report serves the purposes of both a Governors' report, and a Directors' report under company law.

The academy is a provider of secondary education for children aged from 10 to 16 years with an intake of 222(PAN 210), and is continually oversubscribed.

Structure, governance and management

a. CONSTITUTION

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association is the primary governing document of the academy trust.

The Governors of Hurstmere School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Hurstmere School.

Details of the Governors who served during the year and up to the date of the report are included in the Reference and Administrative Details on page 1.

b. MEMBERS' LIABILITY

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

c. GOVERNORS' INDEMNITIES

In accordance with normal commercial practice the academy 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £265 (2018:£877).

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF GOVERNORS

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association stipulate that the number of Governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The Governing Body comprises of up to 14 members. Subject to Articles 48-49 (which includes, for the avoidance of doubt Article 48A) and 64, the Academy Trust shall have the following Governors:

- a) Up to 14 Governors, appointed under Article 50;
- b) the Principal;
- c) up to 4 Staff Governors, elected under Article 58A;
- d) not less than 2 Parent Governors appointed under Articles 53-58;

HURSTMERE SCHOOL
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

- e) any additional Governors, if appointed under Article 62, 62A or 68A; and
- f) any further Governors, if appointed under Article 63 or Article 68A.

The term of office for any Governor shall be four years: save that this time limit shall not apply to the Principal and any Staff Governor shall only hold office for so long as he/she continues to be employed as a teacher or member of support staff as the case may be. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

When seeking new Governors the Chairman assesses the skill sets of the current members and considers what qualities and experience would enhance the team for the benefit of the Academy.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS

The Academy employs the services of Mrs S Tregear, former Clerk of Bexley Governance, as Clerk to the Governors. All new governors are provided with a full induction, including a tour of the school. Training is geared to each individual governor's role and responsibility and all appropriate training is logged and sourced from varied approved providers.

f. ORGANISATIONAL STRUCTURE

Apart from several other specific roles the Governors mainly support the Academy as members of four Committees which deal with policies, developments and assessment of four different areas of the Academy's functioning. These committees are:

- 1) Fabric Committee
- 2) Teaching and Learning Committee
- 3) Finance and Human Resources Committee

The Governors have powers delegated to them from the full Governing Body to make decisions on behalf of the Academy within the remit of the committee's sphere of concern. The committees meet each term and their work is reported to the full Governing Body in a meeting towards the end of each term. All policies and budget decisions are decided upon by agreement of the Governing Body.

The day to day management of the school is the responsibility of the Principal and his Senior Management Team.

The Principal acts as the Accounting Officer. He is a member of the Finance and Human Resources Committee, the Vice Principals are attached to the Finance and Human Resources Committee and the Teaching and Learning Committee and one of the Assistant Principals is attached to the Facilities Committee.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Governors adopt a Pay Policy under the jurisdiction of the Finance and Human Resources Committee and using local council advice. The pay for the Principal is set annually with regard to performance against objectives set in previous year.

HURSTMERE SCHOOL
(A company limited by guarantee)

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

h. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	1
Full-time equivalent employee number	96

Percentage of time spent on facility time

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

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

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Hurstmere School is a single Academy and is not part of a federation. The Academy is part of an Umbrella Trust together with four other local schools, which is known as The Penhill Trust.

Objectives and Activities

a. OBJECTS AND AIMS

The Academy's main object is stated under the heading "Principal Activities" but the Academy's School Improvement and Development Plan cites three areas of priority. These aims have been agreed by the Governing Body as appropriate targets and they give a clear sense of the Academy's aspirations and character as a school.

Objective 1 -To raise achievement and standards

- a) To set aspirational and robust targets
- b) To raise attainment through effective assessment
- c) Develop the curriculum offer
- d) Raise Standards in Teaching and Learning

Objective 2 - To review and enhance the whole school entitlement and experience.

HURSTMERE SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

- a) Targeted intervention for identified student groups
- b) Effective use of Pupil Premium to raise standards
- c) Utilise the specialisms of sport and science across the curriculum and beyond the school to raise attainment
- d) Enhance the learning environment

Objective 3 - To adopt a rigorous and robust approach towards the leadership, management and monitoring of the school.

- a) Adopt robust internal controls and financial management systems to comply with the 'Academy Financial Handbook'.
- b) To ensure succession planning
- c) Monitor and review the quality of teaching and learning
- d) Robust staff appraisal and capability

b. PUBLIC BENEFIT

In setting our objectives and planning our activities, the Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

The Harmony Army wrote, performed and recorded the song used to promote Alzheimer's Society, this included making a recording which the Alzheimer's Society use for fundraising.

Achievements and performance

Strategic report

a. KEY PERFORMANCE INDICATORS

The Academy has been fully staffed during the period from 1st September 2018 and remains very popular within its local area. It is oversubscribed at primary transition and has a waiting list. In 2016 and 2017 average progress for Year 11 students taking GCSE exams was above that of boys nationally. In 2018, 85.1% and 72.3% of Year 11 students gained GCSE grades 9 – 4 in English and Maths respectively. In 2019, 75.6% of Year 11 students achieved GCSE grades 9-4 in English and 76.8% in Maths. These figures are above the national average for boys.

The Academy continues to maintain a plan to ensure the use of reserves, alongside a spending reduction programme to 2021.

Year 10 students once again this year took part in the Jack Petchey Speakout Competition, an acclaimed public speaking competition and were very successful.

Students from Year 11 completed training as Peer Mentors and volunteer their time in school to help other students.

The football teams across all year groups continued to perform exceptionally well. This year has seen cross-curricula activities focussing on wellbeing and mental health.

The Harmony Army had another outstanding year; they wrote and performed the song used to promote and celebrate the Alzheimer's Society's 40th Anniversary Year.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Year 10 students became 'Debate Mate Ambassadors' and run a fortnightly debate club open to all students.

Students from Year 8 submitted work to the RGS Young Geographer of the Year Competition.

b. GOING CONCERN

After making appropriate enquiries, the board of governors has a reasonable expectation that the academy 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 Accounting Policies.

c. REVIEW OF ACTIVITIES

59% of students achieved Grade 5 or higher in GCSE English and 52% in Mathematics. 72% of boys achieved both English and Mathematics grades at Grade 4 or higher. The school's overall Progress 8 figure was -0.31, just lower than the NA P8 score of -0.27 for boys. Over 20 students transferred with higher grades to grammar school sixth forms in the area and more students were better prepared for moving on to Level 3 courses in Key Stage 5.

The school has adopted a number of strategies to reduce costs or increase income. It admitted 222 students, 12 above its PAN again this year. For the fourth year running the school was successful in bidding to the ESFA maintenance grant, receiving funding for roofing renovation and a refurbished toilet block.

As part of the South East London Schools Alliance, the group have run combined professional development courses amongst the 13 schools aimed at sharing good practice and raising standards.

Hurstmere is also part of an umbrella trust, the 'Penhill Trust', with four other local schools.

Governors annually review results at the Teaching and Learning Committee in tandem with the senior leadership to identify areas for improvement. Those areas identified by Ofsted Inspection 2018 are under review.

Hurstmere has some boys who, on transfer at age 11, are below national average ability. This means it has to direct funding to catch up work in the early years of secondary schooling to ensure that these students can access the curriculum. The school employs additional mentors from local sixth forms, teaching assistants and invests in specialist computer packages for supporting students with Additional Educational Needs.

The Trust invests heavily in teaching staff as our key resource; it constrains its support staff budget to ensure a balanced budget. This is evidenced against national benchmarking data. The school sells services where appropriate to raise additional funding. Its target is to raise academic progress whilst remaining financially prudent. The school has a facilities lettings policy to raise additional funds. It also benefits from private contributions from parents and past pupils in the school fund which are used to help develop the site to enhance the facilities available to students.

31st August 2019 saw the retirement of Mr G C Stollery after 35 years of service to education. Governors, staff and pupils wish him well in his retirement.

HURSTMERE SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

a. RESERVES POLICY

The Governors recognise that it is prudent to keep funds as a reserve in case of unexpected costs arising; however this needs to be balanced with the fact that any Academy is funded for the benefit of the students currently in the Academy. Therefore the level of reserves is carefully considered at the termly meetings of the Finance, Audit and General Purpose Committee.

The value of each reserve is included within the financial review under note e below.

b. INVESTMENTS POLICY

The academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

The academy will invest surplus cash funds to optimise returns, along with ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Governors have assessed the major risks and have compiled a risk register to highlight the 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 governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls 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.

d. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Governors regularly monitor reserves to ensure that the Academy has sufficient funds to meet all of its obligations and that there are no disruptions to the education of students. The Governors have assessed risk to which the academy is exposed, in particular those related to specific teaching and safeguarding of students and staff. They have in place a detailed risk register with control measures and action plans in order to minimise risk.

e. FINANCIAL REVIEW

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency who provide us with a grant, based largely on our student numbers to cover our staffing and other general running costs. The ESFA may also provide us with additional grants which are earmarked for specific purposes such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils. These appear in the financial statements as DfE/ESFA grants. Such income is collectively referred to as Restricted Funds. Other income is received from parents, as contributions for trips or other costs, or from third parties such as banks for interest on our account balances, or from other who are charged for the use of our facilities. Such other income may be restricted or unrestricted depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the governors.

We hold funds in two broad categories, funds which are available for spending and other funds which are not

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

available for spending. Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of the governors (Unrestricted Funds) and those which are subject to condition or restriction, (Restricted Funds).

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in the financial statements, and as this is not a conventional liability, it does not need to be deducted from spendable funds.

As of 31 August 2019 the Academy held fund balances comprising £58,329 (2018:£60,669) of restricted funds (excluding pension and fixed assets) and £845,487 (2018:£996,948) of general unrestricted funds. The Academy's share of the Local Government Pension Scheme deficit at 31 August 2019 is £1,723,000 (2018: £775,000) as calculated by actuaries.

The Fixed Asset fund of £15,035,682 (2018:£15,203,118) is not available for spending as it represents the net book value of fixed assets. Future depreciation will be charged against this fund.

Fundraising

The Academy does not undertake any fundraising activities.

Plans for future periods

a. FUTURE DEVELOPMENTS

Due to the level of funding being received, a review of the staffing structure is being undertaken to meet the required service provision of the School whilst achieving improved educational outcomes. A TLR Review is also being undertaken to ensure that the School is best placed to fulfil the continuing demands of the new GCSE and Ofsted framework.

An ICT strategy is being developed to update service provision within the School which will provide a clear and transparent vision and enable appropriate decision making by senior management. Updated technology will be embedded across the School encouraging more responsibility and accountable business management, creating focus, understanding and improved delivery against educational outcomes. The review will improve quality of staff and student experience (e.g. remote access and remote lessons) coupled with strategies for growth and diversification, where applicable, whilst maintaining value for money. Any development will therefore balance technological advancements against School priorities and return on investment.

FUNDS HELD AS CUSTODIAN

No funds are held as custodian trustees on behalf of others by the academy.

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

HURSTMERE SCHOOL
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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

AUDITORS

The auditors, PKF Littlejohn LLP, have indicated their willingness to continue in office. The Designated Governors will propose a motion re-appointing the auditors at a meeting of the Governors.

The Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 16 December 2019 and signed on its behalf by:



Mrs E Allen
Chair of Trustees

HURSTMERE SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

GOVERNANCE

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The board of governors has formally met 14 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Mrs E Allen, Chair from 01/09/2016	14	14
Mrs L Bennett, Principal & Accounting Officer	0	0
Mr G Stollery, Principal & Accounting Officer	5	9
Mr R Pavey, Vice Chair	10	14
Mr D Chatt	8	8
Mr T Baston	7	7
Mr J Cutts	7	11
Ms L Notton	7	7
Ms C Bonner	4	4
Mr P Walker	2	4
N P Osborne	5	6
Mrs N Coney	0	7
Mr P Bennett	4	4
Mr I Coombes	10	11
Mrs V Hughes-Narborough, Honorary Chairman & Companion	0	0
Mr I Simpson	1	2

Changes in the composition of the board during the year are as follows:-

Mr P Letchford resigned as parent governor (September 2018)
Mrs N Coney resigned as governor (June 2019)
Mr I Coombes resigned as governor (August 2019)
Mr P Bennett resigned as governor (December 2018)
Mr G Stollery retired (August 2019)
Mr I Simpson resigned as governor (March 2019)
Mrs C Bonner commenced as co-opted governor (January 2019)
Mr N Osborne commenced as parent governor (January 2019)
Mr P Walker commenced as parent governor (January 2019)
Mrs V Hughes-Narborough retired as Member (5th December 2018)

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

The school is aware of the continued financial constraints as government funding for the year was less than the previous year. The school continues to be popular and oversubscribed therefore does not suffer from the financial pressures caused by falling rolls. In addition, the decision to continue our Year 7 intake increase from its current PAN of 210 to a pupil roll of 222.

Restructuring of the Senior Leadership Team and a review of staffing has allowed the school to make budgetary savings and still maintain its academic progress whilst remaining financially prudent.

The service level agreements and other contracts purchased from outside services have been reviewed and savings wherever possible have been made, such as with attendance and early intervention provision.

The school continues to raise funds by letting facilities including the Sports Hall and the floodlit Astro turf pitch.

The school has invested in setting up a cashless system which has been a cost effective way of collecting money for school trips and providing a service to purchase learning materials for the pupils.

The school continues to apply for external grants and has been successful in securing bids to completely refurbish the student toilets and complete roofing renovation.

Following a review of the ICT structure within the school, plans are being developed to provide a system to allow staff and pupils to have remote access to teaching and learning software. The initial outlay will bring savings for the future for the whole of the school network and provide a more efficient learning platform for the pupils.

The school continues to seek value for money and works closely with other trusts to share providers, consultants and benchmarking data to ensure they can utilise each other's expertise to achieve high quality goods and services at competitive price.

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 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 Hurstmere School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

HURSTMERE SCHOOL
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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

The board of governors has considered the need for a specific internal audit function and has decided to appoint Bayar Hughes & Co Ltd as internal auditor.

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

- A review of monthly wages and salary payments.
- Testing of control accounts and bank reconciliations.
- Tests on a sample of income and payments to ensure that they are in line with the Academy's financial procedures and/or the Academies Finance Handbook.

On a termly basis, the auditor reports to the board of governors through the Finance, Audit and General Purposes committee on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities.

The appointees's view is that systems operate well at Hurstmere School. No material control weaknesses have been identified and all findings have been reported to the Governors. Governors are satisfied that the role has been delivered effectively.

REVIEW OF EFFECTIVENESS

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the board of governors on 16 December 2019 and signed on their behalf,
by:



Mrs E Allen
Chair of Trustees



Mrs L Bennett, Principal &
Accounting Officer

HURSTMERE SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hurstmere School I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



**Mrs L Bennett, Principal &
Accounting Officer**

Date: 16 December 2019

HURSTMERE SCHOOL
(A company limited by guarantee)

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

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

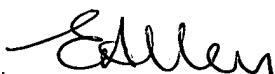
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 Governors 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 Governors 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 Governors 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 governors on 16 December 2019 and signed on its behalf by:



Mrs E Allen
Chair of Trustees

HURSTMERE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HURSTMERE SCHOOL**

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

HURSTMERE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HURSTMERE SCHOOL**

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' 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 Governors' responsibilities, the Governors (who are also the directors of the academy 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 Governors 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 Governors are responsible for assessing the academy'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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

HURSTMERE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HURSTMERE SCHOOL**

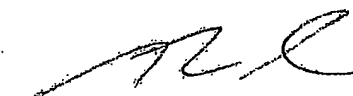
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke FCA

Senior Statutory Auditor
For and on behalf of PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London
E14 4HD
Date: 18th December 2019

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HURSTMERE SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HURSTMERE
SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 10 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hurstmere School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF HURSTMERE SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING AUDITORS**

The Accounting Officer is responsible, under the requirements of Hurstmere School's funding agreement with the Secretary of State for Education dated 15 January 2013, and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- A review of the conclusion reached on regularity and propriety in the year, including the action taken in respect of points raised in the audit management letter;
- A review of minutes of the Governing Body and its key sub committee;
- Checking a sample of expenditure transactions to ensure that they do not contravene the funding agreement and have been authorised in accordance with the Academy's financial procedures and/or the Academies Financial Handbook, and
- Evaluating and documenting internal controls and testing their application by walk through.

HURSTMERE SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO HURSTMERE
SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Statutory Auditor
1 Westferry Circus
Canary Wharf
London
E14 4HD

~~19~~ December 2019

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HURSTMERE SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	2	-	-	-	-	5,000
Charitable activities	3	-	6,392,489	75,274	6,467,763	5,933,436
Other trading activities	4	341,346	25,204	-	366,550	324,615
Investments	5	1,581	540	-	2,121	2,672
TOTAL INCOME		342,927	6,418,233	75,274	6,836,434	6,265,723
EXPENDITURE ON:						
Charitable activities		244,388	6,992,732	193,551	7,430,671	6,698,544
TOTAL EXPENDITURE	6	244,388	6,992,732	193,551	7,430,671	6,698,544
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	98,539 (250,000)	(574,499) 299,159	(118,277) (49,159)	(594,237) -	(432,821) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(151,461)	(275,340)	(167,436)	(594,237)	(432,821)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	(675,000)	-	(675,000)	455,000
NET MOVEMENT IN FUNDS		(151,461)	(950,340)	(167,436)	(1,269,237)	22,179
RECONCILIATION OF FUNDS:						
Total funds brought forward		996,948	(714,331)	15,203,118	15,485,735	15,463,556
TOTAL FUNDS CARRIED FORWARD		845,487	(1,664,671)	15,035,682	14,216,498	15,485,735

HURSTMERE SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07654127

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	13		15,035,682		15,203,118
CURRENT ASSETS					
Debtors	14	370,493		184,870	
Cash at bank and in hand		1,166,711		1,245,593	
		<u>1,537,204</u>		<u>1,430,463</u>	
CREDITORS: amounts falling due within one year	15	(633,388)		(372,846)	
NET CURRENT ASSETS			903,816		1,057,617
TOTAL ASSETS LESS CURRENT LIABILITIES			15,939,498		16,260,735
Defined benefit pension scheme liability	21		(1,723,000)		(775,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>14,216,498</u>		<u>15,485,735</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	58,329		60,669	
Restricted fixed asset funds	16	15,035,682		15,203,118	
Restricted income funds excluding pension liability		15,094,011		15,263,787	
Pension reserve		(1,723,000)		(775,000)	
Total restricted income funds			13,371,011		14,488,787
Unrestricted income funds	16		845,487		996,948
TOTAL FUNDS			<u>14,216,498</u>		<u>15,485,735</u>

The financial statements on pages 22 to 45 were approved by the Governors, and authorised for issue, on 16 December 2019 and are signed on their behalf, by:



Mrs E Allen
Chair of Trustees

HURSTMERE SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	18	<u>(54,888)</u>	<u>(145,581)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,121	2,672
Purchase of tangible fixed assets		<u>(26,115)</u>	<u>(24,469)</u>
Net cash used in investing activities		<u>(23,994)</u>	<u>(21,797)</u>
Change in cash and cash equivalents in the year		(78,882)	(167,378)
Cash and cash equivalents brought forward		<u>1,245,593</u>	<u>1,412,971</u>
Cash and cash equivalents carried forward	19	<u><u>1,166,711</u></u>	<u><u>1,245,593</u></u>

HURSTMERE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hurstmere School constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

Investment income, is allocated to the appropriate fund.

HURSTMERE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

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 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.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

HURSTMERE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

The Governors 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 to continue as a going concern. The Governors 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.

1.6 Tangible fixed assets and depreciation

All assets costing more than £4,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

HURSTMERE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% Straight line
Freehold Improvements	-	6.67% Straight line
Furniture and fixtures	-	20% Reducing balance
Motor vehicles	-	25% Reducing balance
Computer equipment	-	33% Straight line

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

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

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 and provisions

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

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

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

HURSTMERE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 costs as detailed in note 15. 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 instruments.

1.12 Taxation

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

1.13 Pensions

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

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

HURSTMERE SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

1.14 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 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

HURSTMERE SCHOOL
(A company limited by guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	-	-	5,000
<i>Total 2018</i>	<i>5,000</i>	<i>-</i>	<i>5,000</i>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,342,430	5,342,430	5,380,606
Other DfE/EFA grants	-	963,726	963,726	467,373
Local authority grants	-	113,447	113,447	34,525
Other grants	-	48,160	48,160	50,932
	-	6,467,763	6,467,763	5,933,436
<i>Total 2018</i>	<i>-</i>	<i>5,933,436</i>	<i>5,933,436</i>	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings income	41,265	-	41,265	34,335
Catering	62,499	-	62,499	569
Other income	5,235	25,204	30,439	32,100
School trips income	197,208	-	197,208	218,193
School fund income	35,139	-	35,139	39,418
	341,346	25,204	366,550	324,615
<i>Total 2018</i>	<i>299,884</i>	<i>24,731</i>	<i>324,615</i>	

HURSTMERE SCHOOL
(A company limited by guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	1,581	540	2,121	2,672
<i>Total 2018</i>	83	2,589	2,672	

6. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Educational operations:					
Direct costs	4,373,313	-	719,832	5,093,145	4,919,809
Support costs	695,804	996,672	645,050	2,337,526	1,778,735
	5,069,117	996,672	1,364,882	7,430,671	6,698,544
<i>Total 2018</i>	4,791,432	849,596	1,057,516	6,698,544	

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2019 £	Support costs 2019 £	Total 2019 £	Total 2018 £
Educational operations	5,093,145	2,337,526	7,430,671	6,698,544
<i>Total 2018</i>	4,919,809	1,778,735	6,698,544	

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

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Educational operations £	Total 2019 £	Total 2018 £
Staff costs	695,804	695,804	634,237
Depreciation	193,551	193,551	195,748
Premises Costs	996,972	996,972	653,849
Other support costs	440,699	440,699	285,399
Governance costs	10,500	10,500	9,500
	<u>2,337,526</u>	<u>2,337,526</u>	<u>1,778,733</u>
<i>At 31 August 2018</i>	<u>1,778,733</u>	<u>1,778,733</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	193,551	195,748
Operating leases	<u>6,543</u>	<u>6,161</u>

9. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	<u>10,500</u>	<u>9,500</u>

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	3,818,938	3,655,879
Social security costs	384,447	365,805
Operating costs of defined benefit pension schemes	657,956	640,640
	<u>4,861,341</u>	<u>4,662,324</u>
Agency staff costs	207,776	129,108
	<u>5,069,117</u>	<u>4,791,432</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	53	52
Administration and Support	51	53
Management	7	7
	<u>111</u>	<u>112</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. during the year to 31 August 2019 pension contributions for these staff amounted to £62,486 (2018:£49,793).

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) received by key management personnel for their services to the academy trust was £571,557 (2018:£609,436).

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

11. GOVERNORS' REMUNERATION AND EXPENSES

The highest paid Governor received remuneration of £97,584 (2018 - £95,417).

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2019 £	2018 £
Mr G Stollery, Principal & Accounting Officer	Remuneration	95,000-100,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000
Mr T Baston	Remuneration	50,000-55,000	20,000-25,000
	Pension contributions paid	5,000-10,000	0-5,000
Ms L Notton	Remuneration	50,000-55,000	20,000-25,000
	Pension contributions paid	5,000-10,000	0-5,000

During the year ended 31 August 2019, no Governors received any reimbursement of expenses (2018 - £NIL).

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy 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 £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £265 (2018 - £877).

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

13. TANGIBLE FIXED ASSETS

	Freehold property £	Freehold improvement £	Furniture and fixtures £	Plant and equipment £	Total £
Cost					
At 1 September 2018	15,972,151	208,029	261,577	259,126	16,700,883
Additions	-	-	4,117	21,998	26,115
At 31 August 2019	15,972,151	208,029	265,694	281,124	16,726,998
Depreciation					
At 1 September 2018	1,005,480	69,345	186,455	236,485	1,497,765
Charge for the year	143,640	13,869	15,848	20,194	193,551
At 31 August 2019	1,149,120	83,214	202,303	256,679	1,691,316
Net book value					
At 31 August 2019	14,823,031	124,815	63,391	24,445	15,035,682
At 31 August 2018	14,966,671	138,684	75,122	22,641	15,203,118

14. DEBTORS

	2019 £	2018 £
Trade debtors	209,291	70,553
Vat recoverable	115,141	70,937
Prepayments and accrued income	46,061	43,380
	<u>370,493</u>	<u>184,870</u>

15. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Other loans	8,691	8,691
Trade creditors	25,269	18,635
Other taxation and social security	99,662	90,519
Accruals and deferred income	499,766	255,001
	<u>633,388</u>	<u>372,846</u>

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

15. CREDITORS: Amounts falling due within one year (continued)

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	205,029	195,135
Resources deferred during the year	177,950	205,029
Amounts released from previous years	(205,029)	(195,135)
	<u>177,950</u>	<u>205,029</u>
Deferred income at 31 August 2019	<u>177,950</u>	<u>205,029</u>

Income deferred at year end relates to a School Games Organiser grant from ECORYS UK of £27,767 (2018:£27,767), ESFA NNDR relief of £21,855 (2018:£21,396), school trips of £48,542 (2018:£37,692) and ESFA Condition Improvement Funding of £79,786 (2018:£118,174).

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

16. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	679,220	110,546	(15)	(250,000)	-	539,751
School fund	261,178	35,173	(21,998)	-	-	274,353
School trips	56,550	197,208	(222,375)	-	-	31,383
	<u>996,948</u>	<u>342,927</u>	<u>(244,388)</u>	<u>(250,000)</u>	<u>-</u>	<u>845,487</u>
Restricted funds						
General Annual Grant (GAG)	60,669	5,342,430	(5,594,770)	250,000	-	58,329
Other DfE/ESFA Grants	-	219,637	(219,637)	-	-	-
Local Authority Grants	-	113,447	(113,447)	-	-	-
Other Grants	-	48,160	(48,160)	-	-	-
Investment Income	-	540	(540)	-	-	-
Other Income	-	25,204	(25,204)	-	-	-
Devolved Formula Capital Grant	-	-	(49,159)	49,159	-	-
CIF	-	668,815	(668,815)	-	-	-
Pension reserve	(775,000)	-	(273,000)	-	(675,000)	(1,723,000)
	<u>(714,331)</u>	<u>6,418,233</u>	<u>(6,992,732)</u>	<u>299,159</u>	<u>(675,000)</u>	<u>(1,664,671)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	15,203,118	75,274	(193,551)	(49,159)	-	15,035,682
Total restricted funds	<u>14,488,787</u>	<u>6,493,507</u>	<u>(7,186,283)</u>	<u>250,000</u>	<u>(675,000)</u>	<u>13,371,011</u>
Total of funds	<u>15,485,735</u>	<u>6,836,434</u>	<u>(7,430,671)</u>	<u>-</u>	<u>(675,000)</u>	<u>14,216,498</u>

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

The Restricted General funds are used to fund the general operating costs of the Academy.

The General Annual Grant is provided by the Education and Skills Funding Agency (ESFA) to enable the Academy to fulfil its educational objectives.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

The Restricted LGPS Fund represents the Academy Trust's share of the LGPS Pension Fund deficit.

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

16. STATEMENT OF FUNDS (continued)

The Restricted Fixed Asset Fund represents the net book value of fixed assets £15,035,682 (2018: £15,203,118). When fixed assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at the year end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	786,948	42,273	-	(150,000)	-	679,221
School fund	256,850	44,463	(40,135)	-	-	261,178
School trips	39,250	218,231	(200,930)	-	-	56,551
	<u>1,083,048</u>	<u>304,967</u>	<u>(241,065)</u>	<u>(150,000)</u>	<u>-</u>	<u>996,950</u>
Restricted funds						
General Annual Grant (GAG)	116,111	5,380,606	(5,583,315)	147,267	-	60,669
Other Dfe/ESFA Grants	-	167,763	(167,763)	-	-	-
Local Authority Grants	-	34,525	(34,525)	-	-	-
Other Grants	-	50,932	(50,932)	-	-	-
Investment Income	-	2,589	(2,589)	-	-	-
Other Income	-	24,731	(24,731)	-	-	-
CIF	-	277,874	(277,874)	-	-	-
Pension reserve	(1,110,000)	-	(120,000)	-	455,000	(775,000)
	<u>(993,889)</u>	<u>5,939,020</u>	<u>(6,261,729)</u>	<u>147,267</u>	<u>455,000</u>	<u>(714,331)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	15,374,397	21,736	(195,748)	2,733	-	15,203,118
Total of funds	<u>15,463,556</u>	<u>6,265,723</u>	<u>(6,698,542)</u>	<u>-</u>	<u>455,000</u>	<u>15,485,737</u>

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	15,035,682	15,035,682
Current assets	851,784	685,421	-	1,537,205
Creditors due within one year	(6,297)	(627,092)	-	(633,389)
Provisions for liabilities and charges	-	(1,723,000)	-	(1,723,000)
	<u>845,487</u>	<u>(1,664,671)</u>	<u>15,035,682</u>	<u>14,216,498</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,203,118	15,203,118
Current assets	996,950	433,513	-	1,430,463
Creditors due within one year	-	(372,846)	-	(372,846)
Provisions for liabilities and charges	-	(775,000)	-	(775,000)
	<u>996,950</u>	<u>(714,333)</u>	<u>15,203,118</u>	<u>15,485,734</u>

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(594,237)	(432,821)
Adjustment for:		
Depreciation charges	193,551	195,748
Dividends, interest and rents from investments	(2,121)	(2,672)
(Increase)/decrease in debtors	(185,623)	26,559
Increase/(decrease) in creditors	260,542	(52,395)
Defined benefit pension scheme finance cost	273,000	120,000
Net cash used in operating activities	<u>(54,888)</u>	<u>(145,581)</u>

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

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	1,166,711	1,245,593
Total	<u>1,166,711</u>	<u>1,245,593</u>

20. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 August 2019 (2018:£Nil)

21. PENSION COMMITMENTS

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

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

Contributions amounting to £18,052 were payable to the schemes at 31 August 2019 (2018 - 18,500) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The Teachers' Pension Budgeting and Valuation Account

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

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

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

21. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the period amounted to £459,486 (2018 - £449,984).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Scheme Changes

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

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

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

Department for Education
Bishopsgate House, DARLINGTON DL1 5QE TPS financial note – August 2019

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £247,915 (2018 - £235,804), of which employer's contributions totalled £198,264 (2018 - £188,965) and employees' contributions totalled £49,651 (2018 - £46,839). The agreed contribution rates for future years are 20.4% for employers and 6.5% 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.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

London Borough of Bexley Pension Fund

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.80 %	2.80 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.10 %

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

	2019	2018
Retiring today		
Males	23.2	23.1
Females	26.2	26.1
Retiring in 20 years		
Males	25.4	25.3
Females	28.5	28.4

	At 31 August 2019 £	At 31 August 2018 £
Sensitivity analysis		
Discount rate +0.1%	1,622,000	700,000
Mortality assumption - 1 year increase	1,823,000	850,000
CPI rate +0.1%	1,827,000	852,000

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	1,840,000	1,408,000
Other Bonds	450,000	170,000
Government bonds	426,000	488,000
Property	398,000	388,000
Cash and other liquid assets	84,000	3,000
Other	780,000	1,003,000
Total market value of assets	3,978,000	3,460,000

The actual return on scheme assets was £333,000 (2018 - £144,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2019 £	2018 £
Net interest cost	17,000	24,000
Administration costs	7,000	7,000
Current service cost	263,000	278,000
Past Service cost	184,000	-
	<u>471,000</u>	<u>309,000</u>
Total	<u>471,000</u>	<u>309,000</u>
Actual return on scheme assets	<u>333,000</u>	<u>144,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2019 £	2018 £
Opening defined benefit obligation	4,235,000	4,212,000
Contributions by members	50,000	47,000
Interest cost	117,000	101,000
Actuarial losses/(gains)	908,000	(387,000)
Benefits paid	(56,000)	(16,000)
Current service cost	263,000	278,000
Past service cost	184,000	-
	<u>5,701,000</u>	<u>4,235,000</u>
Closing defined benefit obligation	<u>5,701,000</u>	<u>4,235,000</u>

Movements in the fair value of the academy's share of scheme assets:

	2019 £	2018 £
Opening fair value of scheme assets	3,460,000	3,102,000
Interest income	100,000	77,000
Employer contributions	198,000	189,000
Contributions by members	50,000	47,000
Benefits paid	(56,000)	(16,000)
Actuarial losses	233,000	68,000
Administration expenses	(7,000)	(7,000)
	<u>3,978,000</u>	<u>3,460,000</u>
Closing fair value of scheme assets	<u>3,978,000</u>	<u>3,460,000</u>

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

22. OPERATING LEASE COMMITMENTS

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	6,543	6,544
Between 1 and 5 years	8,180	14,723
Total	<u>14,723</u>	<u>21,267</u>

23. MEMBERS' LIABILITY

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

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions during the year.

25. CONTROLLING PARTY

As the Academy is Limited by Guarantee there is no Ultimate Controlling Party.