

Hurstmere School
(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2023



Hurstmere School
(A company limited by guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2023

Members	Mrs. E. Allen (Resigned 19 April 2023) Mr. D. Chatt Mr. H. Douglas Mr. R. Pavey
Trustees	Mrs. E. Allen* (Chair) (Resigned 19 April 2023) Mr. T. Baston (staff trustee) Mr. J. Beament (staff trustee) Mrs. L. Bennett (Principal and Accounting Officer) Mr. D. Chatt* Mr N. Osborne* (Chair since 20 April 2023) (Chair Finance, Audit and General Purpose Committee) Mr. A. Powers*(Vice Chair) (Resigned 11 May 2023) Mr. P. Walker*(Resigned 14 May 2023) Mr. P. Anthony Mrs. C. Bell Mr. M. Egelton Ms. E. Williams (appointed 1 September 2022) Mrs. W. Day (appointed 1 September 2023)

* members of the Finance, Audit and General Purpose Committee

Company registered number	07654127 (England and Wales)
Principal and registered office	Hurst Road Sidcup DA15 9AW
Company secretary	Mrs. C. Murphy
Senior management team	Mrs. L. Bennett, Principal and Accounting Officer Mrs. L. Davis, Senior Vice Principal Mr. J. Lever, Vice Principal Mr. B. Lyon, Vice Principal Mr. K. Wadsworth, Assistant Principal Mrs. S. Chakarto, Assistant Principal Mr. P. Bolter, Assistant Principal (Resigned 31 August 2023) Miss. S. Gallagher, Assistant Principal Mr. C. Ballard, Assistant Principal Mr. A. Reddy, SENDCo Mrs. L. Ebers, School Business Manager Mrs. A. Harvey, Designated Safeguarding Lead

Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
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Bankers	Lloyds PLC 130 Broadway Bexleyheath Kent DA6 7DP
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Solicitors	Stone King LLP Boundary House 91 Charterhouse Street ECTM 6HR
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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 1 September 2022 to 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 one secondary school in Sidcup. The school has a pupil capacity of 1,065 and had a roll of 1,030 in the October 2022 school census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the academy trust. The trustees are also the directors for the purposes of company law. The academy trust operates as Hurstmere School.

Details of the trustees who served during the year 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 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.

Trustees' Indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. The academy trust 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 management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association stipulate that the number of Trustees 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 Trustees: a) Up to 14 Trustees, appointed under Article 50; b) the Principal; c) up to 4 Staff Trustees, elected under Article 58A; c.i) not less than 2 Parent Trustees appointed under Articles 53-58; any additional Trustees, if appointed under Article 62, 62A or 68A; and f) any further Trustees, if appointed under Article 63 or Article 68A. The term of office for any Trustee shall be four years: save that this time limit shall not apply to the Principal and any Staff Trustee 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 Trustee, any Trustee may be re-appointed or re-elected. When seeking new Trustees the Chair of Trustees assesses the skill sets of the current members and considers what qualities and experience would enhance the team for the benefit of the Academy.

New trustees are selected from recommendation, Trustees for Schools and Inspiring Governance. A skills audit is carried out to assess suitability and an interview to outline expectation and commitment. Board approval is obtained prior to appointment.

Parent trustees are elected by parents and staff trustees are elected by staff.

Policies and procedures adopted for the induction and training of trustees

The academy uses the services of Bexley Trustee Services to provide the services of a Clerk to the Trustees and all appropriate training is logged and sourced from carried providers.

There is an induction policy that is used for all new trustees.

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Trustees' Report
For the Year Ended 31 August 2023

Organisational Structure

The Principal is the accounting officer. The board of trustees meet three times each year as do the Finance, Audit and General Purpose Committee and the Teaching and Learning Committee. The Trustees 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. All policies and budget decisions are decided upon by agreement of the Governing Body. Minutes of all meetings are presented to the board of trustees. There is a scheme of delegation which is reviewed by the board of trustees each year.

The Principal is a member of the Finance, Audit and General Purpose Committee and one of the Vice Principals is attached to the Teaching and Learning Committee.

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

Arrangements for setting pay and remuneration of key management personnel

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

The Trustees adopt a Pay Policy under the jurisdiction of the Finance, Audit and General Purpose Committee which follows local authority guidance. Staff are paid using Bexley scales. The Pay Committee meets twice each year to consider pay progression of all staff. The Principal's salary is considered using the Annual Pay ranges for Head teachers.

Total remuneration paid to senior management personnel is set out in note 11 (e).

Trade union facility time

Relevant union officials

Number of employees who were relevant union official during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1% - 50%	-
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	-
Provide the total pay bill	-
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	None
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Related Parties and other Connected Charities and Organisations

Hurstmere School is a single academy and is not part of a federation. However the academy is part of an 'Umbrella Trust' together with four other stand-alone local schools, which is known as Penhill Academies Trust.

The schools in the Trust are Sherwood Park Primary School and Blackfen School for Girls. Chislehurst and Sidcup Grammar School and Bexley Grammar School with the aim of promoting school improvement across the five schools for all young people in the local community.

The Principals meet formally once per term and the Penhill Trust board meets formally once a term. Minutes of these meetings are discussed at the Hurstmere School Governing Board meetings.

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Trustees' Report
For the Year Ended 31 August 2023

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle aim of the academy is to provide the highest possible standard of education and pastoral care, maximising the life chances of its pupils, ensuring they fulfil their potential and become the 'best that they can be'.

Objectives, Strategies and Activities

The main objectives of the year were to:

- Improve the quality of curriculum delivery for all pupils, especially High Prior Attainers and More Able, pupils who are disadvantaged and pupils with SEND through a consistent approach to lesson planning and through quality assurance.
- To improve Middle Leadership so that they can develop their leadership practice in which the whole school/department vision can be translated into action.
- To secure the best outcomes for all pupils in maths by improving the standards of curriculum delivery, modelling a Professional Development programme which focusses on curriculum design, subject knowledge and pedagogy.

Public Benefit

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit'.

STRATEGIC REPORT

Achievement and Performance

Extensive collaborative work has been undertaken to review all departmental schemes of work in line with research findings. All departments have curriculum maps and plans in place which demonstrate a progressive curriculum across Key Stage 3 and 4, with clear monitoring and quality assurance in place. Evidence of the use of SoW and curriculum maps being used consistently within departments is evident via learning walks and lesson observations. A real drive and focus has seen the quality of teaching improve across the school.

The core subjects of English and Maths have broadly held their ground with Science recovering and achieving results much more in line with the National picture. Significantly strong progress scores were achieved in History and Geography again, alongside Triple Science but there were disappointing drops in Media, Art and PE alongside very poor outcomes in the non-GCSE courses.

Therefore, the picture includes positive but also paints a picture of Core and Ebacc solid performance but poor scores from the Open Bucket subjects. All of the above are being rigorously checked through each Curriculum Leader's Exam analysis and Departmental Review. Overall, the school's provisional Progress 8 score has improved to -0.29 from -0.41 last year.

The rewards system introduced last year, to reflect the ethos and values of the school through our RTRAILS – Respect, Teamwork, Resilience, Ambition, Integrity, Leadership and Self-Belief, continues to be very successful and much appreciated by the pupils.

The Honours programme, for our higher ability pupils in Year 7, had another successful year enabling pupils to participate in activities which stretched them beyond the curriculum. The programme once again culminated in a graduation ceremony and the awarding of books to develop their reading.

'Studio Fix' and our music department continue to go from strength to strength and becoming successful finalists at the Music for Youth events and attending a celebration event at the Royal Albert Hall.

End2End TV have secured money from The National Lottery Heritage Fund to engage young people across Bexley in the research and production of digital resources about the heritage of their schools. The project will work with four local schools (Hurstmere (hub school), Burnt Oak Junior, Old Bexley C of E Primary and Bexley Grammar) and will run until December 2023. Digital outcomes will be exhibited in The Stables Gallery at Hall Place before touring libraries in the four corners of the borough.

The ThrHive project continues to do well, and pupils are extremely engaged in looking after the bees and beehives and harvesting the honey.

The school remains at the forefront of School Games with our pupil Sports Leaders running festivals for primary schools and achieving great accolades for their commitment. Our sporting teams continue to represent the school at the very highest level, achieving success at local and national level.

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We continue to invest in the maintenance and upkeep of the school buildings with new flooring and an on-going programme of decoration. The roofing works have been successfully completed.

Key Performance Indicators

Staffing costs to be within +/-5% of budget allocations:

For the period ending 31 August 2023 teaching costs were at 95.52% of budget allocation and overall staffing costs were at 96.47 % of total budget allocation.

Staffing costs are the Academy's main expense, and the good value and commitment of our staff are reflected in our examination results.

Learning resources expenditure to be within +/-5% of budget allocation:

For the period ending August 2023 department learning resources expenditure was at 197% of budget allocation.

In all of our expenditure the Finance Team, Principal, Senior Leadership Team and Governors will obtain the best value and will investigate choices and options available.

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:

	2023	2022
Salary costs as % of total expenditure ¹	74.0	80.2
Salary costs ¹ as % of revenue income	74.9	81.0
Salary costs ¹ as % of total income	73.8	78.5

¹ FRS 102 LGPS defined benefit costs of £5k which are included within staff costs note 11 (2022: £163k) 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.

Headline measures:

(Please note in 2020 & 2021 there were no public examinations due to the Covid pandemic)

	2019	2022	2023
Progress 8 score after adjustment for extreme pupil scores	-0.32 (-0.03)	-0.41	-0.29
Average Attainment 8 score per pupil	45.7 (46.7)	44.62	43.51
% of pupils entering the English Baccalaureate	17% (40%)	38%	39.8%
Average EBacc APS score per pupil	3.90 (4.07)	3.96	3.97
% achieving grade 5 or above in the English Baccalaureate	7% (13%)	15%	13%
% achieving grade 5 or above in English and maths	46% (40%)	40%	43.98%
% achieving grade 4 or above in the English Baccalaureate	9% (25%)	23%	22.2%

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	2019	2022	2023
Progress 8:			
Progress 8 score for English element (all Progress 8 elements are unadjusted)	-0.03 (-0.04)	-0.28	-0.06
Progress 8 score for maths element (all Progress 8 elements are unadjusted)	-0.14 (-0.02)	-0.22	-0.10
Progress 8 score for English Baccalaureate element (all Progress 8 elements are unadjusted)	-0.38 (-0.03)	-0.39	-0.08
Progress 8 score for Open element (all Progress 8 elements are unadjusted)	-0.57 (-0.04)	-0.66	-0.81

	2019	2022	2023
Attainment 8:			
Attainment 8 score for English element	10.38 (9.95)	9.88	9.87
Attainment 8 score for maths element	9.23 (9.06)	9.00	8.89
Attainment 8 score for English Baccalaureate element	12.95 (13.47)	12.94	13.11
Attainment 8 score for Open element	13.15 (14.21)	12.79	11.64

Measures by pupil type – Middle/Low prior attainers:

Number of pupils with middle prior attainment in the Progress 8 score	86	125	127
Progress 8 score for pupils with middle prior attainment	-0.24 (-0.02)	-0.41	-0.11
Average Attainment 8 score per pupils with middle prior attainment pupil	38.32 (40.05)	45.90	45.82
Number of pupils with low attainment in the Progress 8 score	10	46	42
Progress 8 score for pupils with low prior attainment	-0.16 (-0.22)	-0.49	-0.61
Average Attainment 8 score per pupils with low prior attainment pupil	21.17 (22.56)	26.89	22.39

Measures by pupil type – High prior attainers:

Number of pupils with high prior attainment in the Progress 8 score	99	35	41
Progress 8 score for pupils with high prior attainment	-0.40 (0.01)	-0.32	-0.54
Average Attainment 8 score per pupils with high prior attainment pupil	54.06 (60.86)	62.03	58.17

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Trustees' Report
For the Year Ended 31 August 2023

Disadvantaged

Number of disadvantaged pupils in the Progress 8 score	15	18	14
Progress 8 score for disadvantaged pupils	-1.09 (0.13)	-1.07	-1.42
Average Attainment 8 score per disadvantaged pupil	39.78 (50.30)	32.76	28.78

Going Concern

After making appropriate enquiries, the board of trustees has 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.

Financial review

Most of the trust's recurrent income is received in the form of grants from the Education and Skills Funding Agency ("ESFA"), 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").

Total income for the year, as shown by the SoFA, amounted to £7.79m, an increase on £6.98m in the prior year. The vast majority of this income relates to funding received for educational operations, as detailed in note 4. The total includes capital grant funding of £110k (2022: £215k).

The SoFA shows total expenditure for the year of £8.04m (2022: £7.23m) resulting in net expenditure in excess of income of £257k (2022: £243k) before other recognised gains / (losses). The overall net movement in funds is a decrease of £191k (2022: increase of £1.45m) after taking into account the actuarial gain of £66k (2022: £1.69m) relating to the Local Government Pension Scheme (LGPS). The key assumptions made by the actuary when compiling the valuation report, and which explain these actuarial gains, are detailed in notes 2 and 23.

The net movement in funds is not indicative of an operating result from the day-to-day running of the academy. The pension movements, and also income and expenditure through the restricted fixed asset fund, relating to capital items, make it difficult to draw out the underlying financial performance on revenue income funds directly from the SoFA.

The table below has therefore been included to reconcile from the net movement in funds per the SoFA to the £266k reduction (2022: £85k) in revenue income funds during the year:

	2023 (£)	2022 (£)
Overall net movement in funds for the year per SoFA	(191)	1,451
(Increase) / decrease attributable to fixed asset fund	(14)	(5)
LGPS actuarial gain	(66)	(1,694)
LGPS service and interest costs	5	163
Total movement in revenue income funds	(266)	(85)
Transfers from revenue to capital	172	13
Operational surplus on revenue funds	(94)	(72)

At 31 August 2023, the net book value of fixed assets was £15.38m and movements in tangible fixed assets are shown in note 14 of 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 letting of the school facilities to local community groups and other affiliated organisations.

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Trustees' Report
For the Year Ended 31 August 2023

Financial position

The academy trust held fund balances at 31 August 2023 of £16.16m (2022: £16.35m). These funds included restricted fixed asset funds £15.38m (2022: £15.36m) and revenue reserves of £780k (2022: £1.05m) split across restricted and unrestricted funds as shown in note 17.

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 £61k). 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. Last year the carried pension deficit fell significantly, and this trend continued during 2022/23. The valuation report received from the Local Authority appointed actuary indicated that a pension accounting surplus existed at 31 August 2023. 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 across the public sector and the accounting profession 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 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 23.

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 trustees review the reserve levels of the trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The trustees have determined that the appropriate level of revenue reserves should be no less than four weeks of operating expenditure. This is in order to provide sufficient working capital to cover delays between spending and receipt of grant income, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long-term sickness where unforeseen costs are incurred. Based on the 2022/23 results the desired minimum level of reserves has been estimated at around £600k.

Revenue income reserves held at 31 August 2023 amounted to £780k, of which £730k were held as 'free' unrestricted reserves. Therefore despite the reduction during 2022/23, the trust had sufficient reserves as at 31 August 2023 to meet this target. Most of the restricted funds relate to core General Annual Grant funding which will be used for the main educational operations. The trustees will continue to monitor the level of reserves to ensure that they are maintained at the required level, and in the event that they are partly used the trust will strive to rebuild free reserves up to the level needed.

Investment 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.

Principal Risks and Uncertainties

The Trustees 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.

The Trustees review and approve the Academy's Risk Management register on an annual basis. During the year the Finance, Audit and General Purpose Committee and Senior Leadership Team review the level of risk within the register to ensure all events are assessed and evaluated.

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For the Year Ended 31 August 2023

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.

FUNDRAISING

A 'Friends of Hurstmere' group has been established to raise money and actively promote the continual improvement of our school. Although its existence and mission will be very similar to that of a PTA, they will be looking to welcome all members who consider themselves to be 'friends' of the school and not just parents. The first 'Friends of Hurstmere' meeting was held in January 2023 - it was a huge success and extremely productive. The school is fortunate to have such passionate members who are full of ideas. The group is open to those who have the time to commit to attend all meetings, those who can help out at some events and other 'friends' who might be able to offer a service or facility that could help with our fundraising endeavours. To date the FoH have organised a very successful quiz night and bingo event in addition to cake and ice cream sales.

STREAMLINED ENERGY AND CARBON REPORTING

As the Academy has not consumed more than 40,000kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

PLANS FOR FUTURE PERIODS

The principal task facing the school is to continue to improve the educational standards. The school has been developing leadership frameworks and continuing to invest in and develop the staff to ensure that the school vision is fulfilled where every pupil and member of staff is 'the best that they can be'. School Improvement work continues with the GLF Trust via the DfE School Support.

Implementation of a SEND strategy ensuring all pupils with a SEND achieve in line with their peers.

Capital Improvement Funding was applied for in December 2022 for energy efficient LED lighting was unfortunately unsuccessful, the school will continue to source funding from grants available.

There is a maintenance programme in progress to ensure all areas around the school are redecorated, which has included replacing the whole school flooring and blinds in classrooms.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

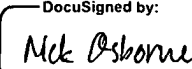
AUDITOR

In so far as the trustees are aware:

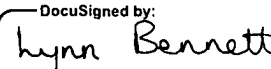
- there is no relevant audit information of which the charitable company's auditor is unaware;
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors have indicated their willingness to remain in office and once the audit process has been reviewed the appointments of auditors for next year will be considered at the forthcoming Annual General Meeting.

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

DocuSigned by:

DFA064B12C424CC...

Mr. N. Osborne
Chairman of Trustees

DocuSigned by:

8F5D749B6DAB4CD...

Mrs. L. Bennett
Principal and Accounting Officer

Date: 20 November 2023

Hurstmere School
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Governance Statement
For the Year Ended 31 August 2023

Scope of Responsibility

As trustees, 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.

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

The board of trustees 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 trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. E. Allen (Chair until resignation 19/4/2023)	4	4
Mrs. L. Bennett (Principal and Accounting Officer)	4	5
Mr. N. Osborne (Chair since 20/4/2023)	2	5
Mr. A. Powers (Resigned 11/5/2023)	2	4
Mr. D. Chatt	3	5
Mr. J. Beament	4	5
Mr. T. Baston	3	5
Mr. P. Walker (Resigned 14/5/2023)	1	4
Mrs. C. Bell	2	5
Mr. M. Egleton	4	5
Mr. P. Anthony	3	5
Ms. E. Williams	1	5

Governance reviews

- The Chair of Governors and two additional governors resigned in April and May 2023. As noted in last year's report a new governor was recruited and began their term of office in September 2022. A further governor will be start in September 2023.
- An OWL system has been introduced to facilitate better those occasions when a governor is unable to attend in person and requests to attend remotely.

Conflicts of Interest

Conflicts of Interest are checked regularly by way of an annual statement from each trustee as well as confirmation at each Full Board and Committee meeting. Were there to be any conflict of interest declared the individual would not be able to take part in the agenda item discussion or voting. This would be documented by the Clerk to Trustees.

Sub-committees

The Finance, Audit and General Purpose Committee is a sub-committee of the main board of trustees. Its purpose is to assist and support the Board of Trustees, ensuring sound oversight is exercised over the management of the academy's finances and resources.

Attendance at Finance, Audit and General Purpose Committee meetings in the year is shown in the table that follows:

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Governance Statement
For the Year Ended 31 August 2023

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs E. Allen (Resigned 19/4/2023)	2	2
Mr. D. Chatt	1	3
Mr. N. Osborne (Chair Finance, Audit and General Purpose Committee)	2	3
Mr A. Powers (Resigned 11/5/2023)	2	2
Mr. P. Walker (Resigned 14/5/2023)	0	2

Review of value for money

As accounting officer, the Principal 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, as well as estates safety and management, achieved in return for the taxpayer resources received.

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:

Continuing to seek value for money and work 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 a competitive price.

- Staffing - During the year there has been a review of the Senior Leadership Team and the Administration Department staffing structure to improve efficiency within these areas. Recruitment of new staff is reviewed and where possible budgetary savings are made where appropriate whilst maintaining academic progress.
- The financial software system has streamlined financial processes within the Academy to improve productivity, efficiency reducing costs. Internal controls and financial processes have been reviewed through the year and have been improved, these are monitored by the Business Manager and Governors. Tendering processes are thorough and are reviewed and approved by Governors.
Service level agreements and other contracts purchased from outside services have been reviewed, renegotiated and savings wherever possible have been made.
- CIF Funding - The school applied for additional funding via CIF Funding in December 2022 for LED lighting and unfortunately was unsuccessful in securing funding for 2022 – 2023. The school continues to apply for grants for capital projects.
- Lettings - The school continues to let out its facilities throughout the week including weekends to ensure maximum use and income to external groups and clubs. The rate to hire the facilities is competitive in the local area.
- GDPR - The school has a one-year contract with a GDPR provider in partnership with the other Penhill Academies Trust schools. This has meant that this is outsourced rather than being a responsibility, hence a cost in terms of salary of a member of staff. The contract has provided good value for money for the school and training opportunities for staff.
- Collaboration - Being a member of the Penhill Academies Trust, a successful umbrella trust formed of five neighbouring stand-alone academies: four secondary schools and one primary school. During the year 2022 - 2023 we continued with the collaborative work with a view to be more efficient in terms of savings on purchasing.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Hurstmere School Academy for the year to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 on-going process for identifying, evaluating, and managing the academy trust's significant risks that has been in place for the period year 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.

Hurstmere School
(A company limited by guarantee)

Governance Statement
For the Year Ended 31 August 2023

The Risk and Control Framework

The board of trustees has decided to buy-in an internal audit service from Baxter & Co Chartered Certified Accountants.

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, the checks carried out in the current period included:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Finance, Audit and 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
- regularly including other compliance and management support to finance staff
- testing of payroll systems including salaries, variable payments, and authorisation process

On a termly basis, the internal auditor reports to the Board of Governors through the Finance, Audit and General Purpose Committee on the operation of the systems of control and on the discharge of the Board of Governors financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations, and conclusions to help the committee consider actions and assess year on year progress.

Baxter & Co delivered their schedule of work as planned and no material control issues have been identified and all findings and recommendations have been reported to Governors. Governors are satisfied that the internal assurance visits have been delivered effectively.

Review of Effectiveness

As accounting officer, the [principal/chief executive] has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process or the school resource management self-assessment tool
- 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, Audit and General Purpose Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

DocuSigned by:
Nick Osborne
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Lynne Bennett
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Mrs. L. Bennett
Principal and Accounting Officer

Mr. N. Osborne
Chairman of Trustees

Date: 20 November 2023

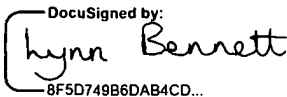
Hurstmere School
(A company limited by guarantee)

Statement of Regularity, Propriety and Compliance

As accounting officer of Hurstmere School, I have considered my responsibility to notify the Academy 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, including for estates safety and management, under the funding agreement between the Academy 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 Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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:

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Mrs. L. Bennett
Accounting Officer

Date: 20 November 2023

Hurstmere School**(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:

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Mr. N. Osborne
Chair of Trustees

Date: 20 November 2023

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 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'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 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'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.

Hurstmere School
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Independent auditors' Report on the financial statements to the Members of Hurstmere School (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy 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 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'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 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 noncompliance 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:

Hurstmere School
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Independent auditors' Report on the financial statements to the Members of Hurstmere School (continued)

- 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.

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:

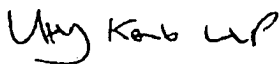
- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

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'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.



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: 14 December 2023

Hurstmere School
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Hurstmere School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 August 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 Hurstmere School 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 Hurstmere School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hurstmere School 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 Hurstmere School and 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 accountant

The accounting officer is responsible, under the requirements of Hurstmere School's funding agreement with the Secretary of State for Education dated 1 September 2019 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'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 Hurstmere School 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 Accountants 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.

Hurstmere School

(A company limited by guarantee)

Independent Reporting Accountant's 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 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: 14 December 2023

Hurstmere School
(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 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:						
Donations and capital grants	3	-	-	110	110	215
Other trading activities	5	384	-	-	384	208
Investments	6	-	-	-	-	1
Funding for educational operations	4	277	7,014	-	7,291	6,563
Total income		661	7,014	110	7,785	6,987
Expenditure on:						
Charitable activities	8	244	7,530	268	8,042	7,230
Total expenditure		244	7,530	268	8,042	7,230
Net income/(expenditure)		417	(516)	(158)	(257)	(243)
Transfers between funds	17	(710)	538	172	-	-
Net movement in funds before other recognised gains		(293)	22	14	(257)	(243)
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	23	-	66	-	66	1,694
Net movement in funds		(293)	88	14	(191)	1,451
Reconciliation of funds:						
Total funds brought forward		1,023	(38)	15,362	16,347	14,896
Net movement in funds		(293)	88	14	(191)	1,451
Total funds carried forward	17	730	50	15,376	16,156	16,347

The Statement of financial activities includes all gains and losses recognised in the year.


The notes on pages 23 to 43 form part of these financial statements.

Hurstmere School
(A company limited by guarantee)
Registered number: 07654127

Balance sheet
As at 31 August 2023


	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	14	15,376	15,214
Current assets			
Debtors	15	236	382
Cash at bank and in hand		929	1,085
		<u>1,165</u>	<u>1,467</u>
Creditors: amounts falling due within one year	16	(385)	(273)
Net current assets		<u>780</u>	<u>1,194</u>
Net assets excluding pension asset / liability		<u>16,156</u>	<u>16,408</u>
Defined benefit pension scheme asset / liability	23	-	(61)
Total net assets		<u><u>16,156</u></u>	<u><u>16,347</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	17	15,376	15,362
Restricted income funds	17	50	23
		<u>15,426</u>	<u>15,385</u>
Restricted funds excluding pension liability	17	15,426	15,385
Pension reserve	17	-	(61)
Total restricted funds	17	<u>15,426</u>	<u>15,324</u>
Unrestricted income funds	17	<u>730</u>	<u>1,023</u>
Total funds		<u><u>16,156</u></u>	<u><u>16,347</u></u>

The financial statements on pages 20 to 43 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

DocuSigned by:

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Mr. N. Osborne
Chair of Trustees

Date: 20 November 2023

DocuSigned by:

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Mrs L. Bennett
Accounting Officer

The notes on pages 23 to 43 form part of these financial statements.

Hurstmere School
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	117	(195)
Cash flows from investing activities	20	(273)	132
Change in cash and cash equivalents in the year		(156)	(63)
Cash and cash equivalents at the beginning of the year		1,085	1,148
Cash and cash equivalents at the end of the year	21, 22	929	1,085

The notes on pages 23 to 43 form part of these financial statements

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

Hurstmere School 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 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy'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 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.

- **Other income**

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

- **Donated fixed assets (excluding transfers on conversion or into the Academy)**

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's accounting policies.

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.

Hurstmere School
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2023

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **Charitable activities**

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

Where relevant expenditure is shown inclusive of any 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; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

Assets costing £4,000 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:

Depreciation is provided on the following basis:

Freehold property	-	2%	straight line
Freehold property improvements	-	7%	straight line
Furniture and equipment	-	20%	reducing balance
Computer equipment	-	33%	straight line
Motor vehicles	-	25%	reducing balance

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 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 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.

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Notes to the financial statements
For the year ended 31 August 2023

1. Accounting policies (continued)

1.8 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 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.

1.9 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 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.

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Notes to the financial statements
For the year ended 31 August 2023

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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 LGPS 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 used of 5.4% is higher than the rate of 4.3% 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 £283k 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

	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Capital grants	110	110	215
<i>Analysis of 2022 by fund</i>	215	215	

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Notes to the financial statements
For the year ended 31 August 2023

4. Funding for educational operations

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Funding for the academy trust's educational operations				
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,300	6,300	5,953
Other DfE/ESFA grants				
Rates reclaim	-	38	38	38
Pupil premium	-	183	183	126
Maintained schools additional grant	-	94	94	-
Supplementary grant	-	189	189	79
Other ESFA grants	-	67	67	65
	-	6,871	6,871	6,261
Other Government grants				
Local authority grants	-	122	122	167
Other government grants	-	21	21	74
	-	143	143	241
Other income from educational operations	277	-	277	61
	277	7,014	7,291	6,563
<i>Analysis of 2022 by fund</i>	58	6,505	6,563	

The academy received £38k for recovery premium and £16k for the national tutoring programme. Both were fully spent in the year to 31 August 2023.

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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 £000	Total funds 2023 £000	Total funds 2022 £000
Lettings income	63	63	110
Other income	311	311	98
Insurance claim	10	10	-
	<u>384</u>	<u>384</u>	<u>208</u>
<i>Analysis of 2022 by fund</i>	<u>208</u>	<u>208</u>	

6. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Bank interest	-	-	1
	<u>-</u>	<u>-</u>	<u>1</u>
<i>Analysis of 2022 by fund</i>	<u>1</u>	<u>1</u>	

7. Expenditure

	Staff Costs 2023 £000	Premises 2023 £000	Other 2023 £000	Total 2023 £000	Total 2022 £000
Funding for educational operations:					
Direct costs	5,138	-	1,252	6,390	5,859
Support costs	609	917	126	1,652	1,371
	<u>5,747</u>	<u>917</u>	<u>1,378</u>	<u>8,042</u>	<u>7,230</u>
<i>Analysis of 2022 by fund</i>	<u>5,649</u>	<u>547</u>	<u>1,034</u>	<u>7,230</u>	

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Notes to the financial statements
For the year ended 31 August 2023

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000	Total 2022 £000
Funding for educational operations	244	7,798	8,042	7,230
<i>Analysis of 2022 by fund</i>	144	7,086	7,230	

9. Analysis of expenditure by activities

	Direct costs 2023 £000	Support costs 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Funding for educational operations	6,390	1,652	8,042	7,230
<i>Total 2022</i>	5,859	1,371	7,230	

Analysis of direct costs

	Total funds 2023 £000	Total funds 2022 £000
Staff costs	5,138	4,982
Depreciation	268	223
Other staff expenses	89	61
Educational supplies	360	294
Examination fees	70	60
Technology costs	121	84
Educational consultancy	123	73
Other direct costs	221	82
	6,390	5,859

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Notes to the financial statements
For the year ended 31 August 2023

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £000	Total funds 2022 £000
Staff costs	614	667
Other staff expenses	6	1
Technology costs	92	8
Maintenance of premises and equipment	53	91
Other premises costs	466	456
Transport	17	2
Catering	289	28
Legal and professional	45	61
Governance costs	27	15
Other support costs	43	42
	1,652	1,371

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023 £000	2022 £000
Operating lease rentals	46	42
Depreciation of tangible fixed assets	270	223
Gain on disposal of fixed assets	(2)	-
Fees paid to auditors for:		
- audit	12	11
- other services	2	2

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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
	£000	£000
Wages and salaries	4,164	3,978
Social security costs	448	434
Pension costs	942	1,053
	<u>5,554</u>	<u>5,465</u>
Agency staff costs	198	169
Staff restructuring costs	-	15
	<u>5,752</u>	<u>5,649</u>

b. Special staff severance payments

Staff restructuring costs in the prior year included a non-statutory severance payment totalling £15k. There were no such payments during 2022/23.

c. Staff numbers

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

	2023	2022
	No.	No.
Management	15	12
Teachers	51	52
Administration and Support	41	40
	<u>107</u>	<u>104</u>

d. Higher paid staff

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

	2023	2022
	No.	No.
In the band £60,001 - £70,000	5	7
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	2	2
In the band £100,001 - £110,000	1	1
	<u>11</u>	<u>11</u>

Hurstmere School**(A company limited by guarantee)****Notes to the financial statements
For the year ended 31 August 2023****11. Staff (continued)****d. Higher paid staff (continued)****e. Key management personnel**

The key management personnel of the Academy 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 was £1.258m (2022 - £896k).

12. Trustees' remuneration and expenses

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

		2023	2022
		£000	£000
L. Bennett (Principal and Accounting Officer)	Remuneration	105 - 110	100 - 105
	Pension contributions paid	25 - 30	20 - 25
J. Beament	Remuneration	40 - 45	40 - 45
	Pension contributions paid	5 - 10	5 - 10
T. Baston	Remuneration	45 - 50	40 - 45
	Pension contributions paid	10 - 15	5 - 10

During the year ended 31 August 2023, no Trustee expenses have been incurred (2022 - £NIL).

13. Trustees' 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 £5,000,000 on any one claim and the cost for the year ended 31 August 2023 was £219 (2022 - £219). The cost of this insurance is included in the total insurance cost.

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Notes to the financial statements
For the year ended 31 August 2023

14. Tangible fixed assets

	Freehold property £000	Property improvements £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost							
At 1 September 2022	15,972	953	50	336	216	16	17,543
Additions	-	341	-	58	31	-	430
Disposals	-	-	-	-	-	(5)	(5)
Transfers between classes	-	50	(50)	-	-	-	-
At 31 August 2023	15,972	1,344	-	394	247	11	17,968
Depreciation							
At 1 September 2022	1,581	275	-	242	216	15	2,329
Charge for the year	144	90	-	26	8	-	268
On disposals	-	-	-	-	-	(5)	(5)
At 31 August 2023	1,725	365	-	268	224	10	2,592
Net book value							
At 31 August 2023	14,247	979	-	126	23	1	15,376
At 31 August 2022	14,391	678	50	94	-	1	15,214

Included in freehold property is land at valuation of £8.79m (2022 - £8.79m), which is not depreciated.

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Notes to the financial statements
For the year ended 31 August 2023

15. Debtors

	2023	2022
	£000	£000
Due within one year		
Trade debtors	12	5
Other debtors	109	115
Prepayments and accrued income	115	262
	<u>236</u>	<u>382</u>

16. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Other loans	9	9
Trade creditors	154	-
Other taxation and social security	143	117
Other creditors	1	17
Accruals and deferred income	78	130
	<u>385</u>	<u>273</u>

	2023	2022
	£000	£000
Deferred income at 1 September 2022	115	-
Resources deferred during the year	46	115
Amounts released from previous periods	(115)	-
	<u>46</u>	<u>115</u>

Deferred income at the year end related to school trip contributions £46k (2022: £103k) and pupil premium of £Nil (2022: £12k).

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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 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2023 £000
Unrestricted funds						
General funds	1,023	661	(244)	(710)	-	730
Restricted general funds						
General annual Grant (GAG)	-	6,300	(6,816)	516	-	-
Other DfE/ESFA	-	571	(568)	22	-	25
Other government grants	21	122	(141)	-	-	2
Other restricted	2	21	-	-	-	23
Pension reserve	(61)	-	(5)	-	66	-
	(38)	7,014	(7,530)	538	66	50
Restricted fixed asset funds						
Tangible fixed assets	15,214	-	(268)	430	-	15,376
DfE/ESFA capital grants	148	110	-	(258)	-	-
	15,362	110	(268)	172	-	15,376
Total Restricted funds	15,324	7,124	(7,798)	710	66	15,426
Total funds	16,347	7,785	(8,042)	-	66	16,156

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

The General Annual Grant ("GAG") is provided by the ESFA and must be used for the normal running costs of the academy trust educational operations.

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 is used to track grants provided by the Local Authority and other government departments.

The Pensions reserve is a restricted fund to account for movement in the Local Government Pension Scheme balance.

The Other restricted fund accounts for all other funds received for a specific purpose expected to be spent within the preceding academic year.

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Notes to the financial statements
For the year ended 31 August 2023

17. Statement of funds (continued)

The Restricted fixed asset fund represents the net book value of fixed assets and unspent capital grants. When fixed assets are purchased from non-capital grants the fund is increased by transfer from the respective fund. The transfer of £172k from unrestricted funds to the fixed asset fund represents capital expenditure from unrestricted funds. Depreciation charges required reduce the fund.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

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

	<i>Balance at 1 September 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2022 £000</i>
Unrestricted funds						
General funds	913	267	(144)	(13)	-	1,023
Restricted general funds						
General annual Grant (GAG)	95	5,953	(6,048)	-	-	-
Other DfE/ESFA	123	308	(431)	-	-	-
Other government grants	-	167	(146)	-	-	21
Other restricted	-	77	(75)	-	-	2
Pension reserve	(1,592)	-	(163)	-	1,694	(61)
	<u>(1,374)</u>	<u>6,505</u>	<u>(6,863)</u>	<u>-</u>	<u>1,694</u>	<u>(38)</u>
Restricted fixed asset funds						
Tangible fixed assets	15,353	-	(223)	84	-	15,214
DfE/ESFA capital grants	4	215	-	(71)	-	148
	<u>15,357</u>	<u>215</u>	<u>(223)</u>	<u>13</u>	<u>-</u>	<u>15,362</u>
Total Restricted funds	<u>13,983</u>	<u>6,720</u>	<u>(7,086)</u>	<u>13</u>	<u>1,694</u>	<u>15,324</u>
Total funds	<u>14,896</u>	<u>6,987</u>	<u>(7,230)</u>	<u>-</u>	<u>1,694</u>	<u>16,347</u>

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Notes to the financial statements
For the year ended 31 August 2023

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	-	15,376	15,376
Current assets	730	435	-	1,165
Creditors due within one year	-	(385)	-	(385)
Total	730	50	15,376	16,156

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £000</i>	<i>Restricted funds 2022 £000</i>	<i>Restricted fixed asset funds 2022 £000</i>	<i>Total funds 2022 £000</i>
Tangible fixed assets	-	-	15,214	15,214
Current assets	1,138	181	148	1,467
Creditors due within one year	(115)	(158)	-	(273)
Provisions for liabilities and charges	-	(61)	-	(61)
Total	1,023	(38)	15,362	16,347

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Notes to the financial statements
For the year ended 31 August 2023

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

	2023	2022
	£000	£000
Net expenditure for the year (as per Statement of financial activities)	(257)	(243)
Adjustments for:		
Depreciation	263	223
Loss on disposal of fixed assets	(2)	-
Capital grants from DfE and other capital income	(152)	(215)
Interest receivable	-	(1)
Defined benefit pension scheme cost less contributions payable	(6)	129
Defined benefit pension scheme finance cost	-	26
Defined benefit pension scheme administration cost	11	8
Decrease/(increase) in debtors	147	(215)
Increase in creditors	113	93
Net cash provided by/(used in) operating activities	117	(195)

20. Cash flows from investing activities

	2023	2022
	£000	£000
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(430)	(84)
Proceeds from the sale of tangible fixed assets	5	-
Capital grants from DfE Group	152	215
Net cash (used in)/provided by investing activities	(273)	132

21. Analysis of cash and cash equivalents

	2023	2022
	£000	£000
Cash in hand and at bank	869	1,025
Notice deposits (less than 3 months)	60	60
Total cash and cash equivalents	929	1,085

Hurstmere School**(A company limited by guarantee)****Notes to the financial statements
For the year ended 31 August 2023****22. Analysis of changes in net debt**

	At 1 September 2022 £000	Cash flows £000	At 31 August 2023 £000
Cash at bank and in hand	1,085	(156)	929
Debt due within 1 year	(9)	-	(9)
	<u>1,076</u>	<u>(156)</u>	<u>920</u>

23. Pension commitments

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

Contributions amounting to £22,000 were payable to the schemes at 31 August 2023 (2022 - £17,500) and are included within creditors.

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.

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.

Hurstmere School**(A company limited by guarantee)****Notes to the financial statements
For the year ended 31 August 2023****23. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £731,219 (2022 - £718,296).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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 £ - (2022 - £247,902), of which employer's contributions totalled £188,527 (2022 - £197,781) and employees' contributions totalled £ - (2022 - £50,121). The agreed contribution rates for future years are 20.4 per cent for employers and 6.5 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

London Borough of Bexley

	2023	2022
	%	%
Rate of increase in salaries	4.3	4.4
Rate of increase for pensions in payment/inflation	2.9	3.0
Discount rate for scheme liabilities	5.4	4.3
Inflation assumption (CPI)	2.8	2.9

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

	2023	2022
	Years	Years
<i>Retiring today</i>		
Males	21.4	22.3
Females	23.6	25.1
<i>Retiring in 20 years</i>		
Males	22.3	23.9
Females	25.4	27.1

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Notes to the financial statements
For the year ended 31 August 2023

23. Pension commitments (continued)

Sensitivity analysis

London Borough of Bexley

	2023	2022
	£000	£000
Discount rate +0.1%	(64)	(76)
Mortality assumption - 1 year increase	98	96
CPI rate +0.1%	65	48

Share of scheme assets

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

	At 31 August	At 31 August
	2023	2022
	£000	£000
Equities	1,575	1,649
Gilts	471	557
Corporate bonds	619	605
Property	662	765
Cash	90	317
Other	1,342	1,342
Total market value of assets	4,759	5,235

The actual return on scheme assets was £(134,000) (2022 - £255,000).

The amounts recognised in the Statement of financial activities are as follows:

	2023	2022
	£000	£000
Current service cost	(204)	(327)
Interest income	206	84
Interest cost	(206)	(110)
Administrative expenses	(11)	(8)
Total amount recognised in the Statement of financial activities	(215)	(361)

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23. Pension commitments (continued)

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

	2023	2022
	£000	£000
At 1 September	4,785	6,476
Current service cost	204	327
Interest cost	206	110
Employee contributions	51	50
Actuarial gains	(364)	(2,033)
Benefits paid	(123)	(145)
At 31 August	4,759	4,785

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

	2023	2022
	£000	£000
At 1 September	4,724	4,884
Interest income	206	84
Actuarial losses	(298)	(339)
Employer contributions	210	198
Employee contributions	51	50
Benefits paid	(123)	(145)
Administration expense	(11)	(8)
At 31 August	4,759	4,724

24. Operating lease commitments

At 31 August 2023 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£000	£000
Not later than 1 year	26	41
Later than 1 year and not later than 5 years	52	9
	78	50

25. Members' liability

Each member of the academy trust 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 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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions entered into and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following transactions took place during the year:

Employment related

Mrs A Baston-Bradley, the spouse of Mr T Baston, a staff governor, is employed by the Trust for her role as a Teacher. Mr T Baston had no involvement in the appointment of Mrs A Baston-Bradley and the governors are comfortable that Mrs A Baston-Bradley's salary provides value for money and is not at a preferential rate. Mrs A Baston-Bradley is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a governor.

Mrs I Pavey, the spouse of Mr R Pavey, a member, is employed by the Trust as an Exam Invigilator. Mr R Pavey had no involvement in the appointment of Mrs I Pavey and the governors are comfortable that the amounts paid to Mrs I Pavey provide value for money and are not at a preferential rate. Mrs I Pavey is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a member.

Mr G Ebers, the spouse of a member of key management, is employed by the Trust as a Facilities Manager. The member of key management was not involved in the decision making process regarding appointment. The governors are comfortable that Mr G Ebers salary provides value for money and is not at a preferential rate. Mr G Ebers is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a member of key management.

Mr H Ebers, the son of a member of key management, was employed by the Trust during the summer. The member of key management was not involved in the decision making process regarding appointment. The governors are comfortable that the amounts paid to Mr H Ebers provide value for money and are not at a preferential rate. Mr H Ebers was paid within the normal pay scale for his role and received no special treatment as a result of his relationship to a member of key management.

Mr J Allen, the son of a member (who was also a trustee for part of the year), was employed by the Trust during the summer. The member was not involved in the decision making process regarding appointment. The governors are comfortable that the amounts paid to Mr J Allen provide value for money and are not at a preferential rate. Mr J Allen was paid within the normal pay scale for his role and received no special treatment as a result of his relationship to a member.