

REGISTRAR OF COMPANIES

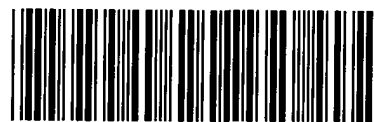
Holland Park School

Annual Report and Financial Statements

Year to 31 August 2019

Company Limited by Guarantee
Registration Number
8588099 (England and Wales)

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Reference and administrative information

Members	Miss Margaret Allen Ms Anne Marie Carrie Professor Peter McCaffery Mrs Elizabeth Rutherford JP Dr Krish Soni Mr Michael Tory
Governors	Miss Margaret Allen Mrs Sally Bercow Ms Catherine Blackler* Ms Anne Marie Carrie (Chair) Mr David Chappell (Academy Head & Accounting Officer)* Mr Yasser el Gabry* Mr Colin Hall (Head) Professor Peter McCaffery Mrs Elizabeth Rutherford JP (Vice Chair) Dr Krish Soni* Mr Michael Tory *Members of the Resources & Audit Committee
Clerk to the Governors	Mr Michael Metcalfe
Company Secretary	Wilsons Solicitors LLP
Leadership Team	2018 - 2019
Head Academy Head	Colin Hall David Chappell (Accounting Officer)
Associate Head	Nicholas Robson
Deputy Heads	Ross Wilson Faye Mulholland Robert Orr
Assistant Headteachers	Joseph Holloway Simon Dobson
Chief Finance Officer	Shamsur Rahman
Registered address	Airlie Gardens London W8 7AF
Company registration number	8588099

Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Lloyds Bank
112 Kensington High Street
London
W8 4SN

Solicitors Wilsons Solicitors LLP
Alexandra House
St John Street
Salisbury
SP1 2SB

Mishcon de Reya LLP
Africa House
70 Kingsway
London
WC2B 6AH

Governors' report Year to 31 August 2019

The governors of Holland Park School ('the Academy' or 'the Academy Trust') present their annual report together with the financial statements of the charitable company for the year to 31 August 2019. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 33 to 38 of the attached financial statements and comply with the Academy's Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The Academy Trust operates a school for students aged 11 to 18 serving a catchment area primarily in Kensington and Chelsea. It has a student capacity of 1,430 (including a maximum of 240 in the Sixth Form) and had a roll of 1,364 (185 in the Sixth Form) on the census date of 18 May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Holland Park School is a charitable company limited by guarantee and is an exempt charity, incorporated on 27 June 2013 (company number 08588099). The Academy's Articles of Association and the Funding Agreement executed on 30 August 2013 are the primary governing documents of the Academy.

The governors act as trustees of the charity and are also directors of the charitable company for the purposes of company law. The company is known as Holland Park School.

Members' liability

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves (Articles of Association section 8).

Governors' indemnities

As stated in the Academy's Articles of Association (Clause 133): 'Subject to the provisions of the Companies Act 2006 every governor or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.'

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Governors' indemnities (continued)

The Academy has an indemnity policy in place to cover the cost of any such claims up to a total of £5,000,000 in any one year.

Principal activities

1. To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining and carrying on, managing and developing a school offering a broad and balanced curriculum.
2. To be at the heart of our community promoting community cohesion and sharing facilities with other schools and this wider community.

Governors

The following governors were in office at 31 August 2019 and served throughout the period except where shown.

Governor	Appointed/Resigned	Appointing body
Miss Margaret Allen		
Mrs Sally Bercow		
Ms Catherine Blackler		
Ms Anne Marie Carrie		
Mr David Chappell		
Mr Yasser el Gabry		
Mr Colin Hall		
Ms Sarah-Jane Holm	(resigned 31/08/2018)	
Prof Peter McCaffery		
Cllr Mrs Elizabeth Rutherford JP		
Dr Krish Soni		
Mr Michael Tory		

Method of recruitment and appointment or election of governors

Following election by the previous governing body, the members appointed a sixth member (to meet the requirements of voting rights associated with local authority representatives) and those governors required to complement the Articles of Association. These governors were appointed in accordance with the Articles and this defines their term of office.

Future governors shall be appointed or elected as the case may be under the Articles of Association and Funding Agreement.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of governors (continued)

The members, of whom there must be a minimum of three, may appoint up to eight Governors including:

- ◆ A minimum of two parent governors;
- ◆ The Head (Ex-officio);
- ◆ The Academy Head (Ex-officio); and
- ◆ Up to four co-opted governors.

The total number of governors who are employees of the Academy Trust must not exceed one third of the total number of governors. The parent governors are elected by parents of registered students at the Academy and should be a parent of a student at the Academy at the time when they are elected. If this is not reasonably practical then a person who is a parent of a child of compulsory school age may be appointed.

The term of office for any governor is four years except for:

- ◆ Parent governors who cease to be governors when they are no longer a parent of a student at the Academy or four years, whichever is the shorter; and
- ◆ Staff governors who will only hold office for so long as they continue to be employed as a member of teaching or support staff.

Policies and procedures adopted for the induction and training of governors

Governance at Holland Park School is taken very seriously. Governors meet regularly to lead, control and monitor the overall performance of the Academy. The governing body considers and decides on all major matters of Academy strategy. Certain specific responsibilities are delegated to the governors' committees. The governing body reviews its own performance and that of the committees, primarily through discussion with the Chair and the Head. On conversion to Academy status, four of the original governors were elected as members of the new Academy by the governing body of the time to ensure continuity of experience and knowledge. Two new governors were appointed through national selection consultants to ensure that the school had access to the widest and highest possible level of applicants. Parent governors are elected by the parent body. All new governors are briefed thoroughly by the Chair and the Head, with a tour of the school and extensive discussion on roles and responsibilities. An annual skills audit has been put in place to ensure that any gaps in skills and knowledge within the governing body can be identified and rectified by training, or by ensuring that any new governors are able to offer those specific skills. All governors have access to the Bi-Borough's 'Training and Development for Governors' individual training programme. Governors have attended a wide range of courses, including safeguarding, exclusions and Ofsted. Governors' meetings are often preceded by training. This has included, social mobility, e-safety and exclusion appeals. In addition to governors' meetings, the entire governing body attend the school for two calendared days each year to critically observe staff and students at work.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The Academy's organisational leadership involves the governors and the Leadership Team.

The governors are responsible for setting general policy, adopting an annual school improvement plan and budget, monitoring financial and operational performance, making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments. The full board meet four times per year and more often when necessary.

Governors fulfil their audit function and responsibilities through the work of the Resources and Audit Committee. Governors are mindful of, and adhere to, the guidance issued by the ESFA, in their annual publication, the *Academies Financial Handbook*. Governors have asked the Trust's external auditor to carry out a supplementary programme of work, throughout the year, looking specifically at financial operations and procedures. This year that included a detailed review of payroll procedures.

The Academy has the following governor committees:

- ◆ Performance;
- ◆ Personnel; and
- ◆ Resources & Audit.

All committees have approved terms of reference. Within these terms of reference authority and responsibility for decisions is delegated to the appropriate decision makers.

There are also a number of panels which are convened as necessary, including:

- ◆ Admissions;
- ◆ Staff discipline;
- ◆ Staff discipline appeals;
- ◆ Student discipline;
- ◆ Staff performance management; and
- ◆ Staff performance management appeals.

The overall scheme of financial delegation and the finance policy incorporate the Academies Financial Handbook 2018. These policies are reviewed annually by the Resources & Audit Committee for approval by the full governing body.

Day to day management of the Academy is delegated to the Head and the Academy Head.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

The Governing Body recognises the importance of a consistent and recognised pay and conditions framework and is committed to abiding by or bettering those national terms and conditions for teachers. In addition, the Governing Body (or its representatives) acknowledges that it should recognise national guidance and local agreements on pay scales for all staff and will be mindful of any national developments in support staff conditions of service. It must however also take account of the constraints of the school budget and the overall staffing structure of the school. The school's Pay Policy provides detailed guidance. All pay decisions are based on outcomes from annual performance reviews and considered by the Governors' Performance Committee.

Trade union facility time

During the period 2018/2019 no employees acted as union officials and therefore no time was allocated as facility time (2018 – none).

Connected organisations, including related party relationships

Holland Park School has long established links with The Holland Park School Trust, an independent charity which supports the student enrichment activities of the school such as the Duke of Edinburgh award scheme, sports and fitness coaching, science activities, visits and trips, as well as contributing towards the cost of the free breakfast provision for students. Additionally the school provides regular use of its facilities by community user groups, amounting to some 750 users per week, including weekends. During the taught day we host a local primary school and they use the school's swimming pool.

OBJECTIVES AND ACTIVITIES

Objects and aims

Holland Park School is a highly successful and over-subscribed comprehensive school in the heart of west central London. It is recognised as "an outstanding school" by Ofsted (2011 and 2014), recorded as one of the country's highest performing schools and praised in the Good Schools Guide. In 2015 it was designated Teaching School Status by the Department for Education (DfE).

The school is committed to exacting high standards, to formality and to demanding creative excellence from its staff and students. It is a driven institution where students' success lies at the core of all planning. It seeks to be ambitious and to be bold for students' futures. Seeing people's potential and making detailed plans for its realisation is at the centre of its approach.

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

Career planning for staff and students is intentionally diverse and personalised, building on capacity and believing that aspiration is for all. Very little at Holland Park School happens by chance or accident: this is a planned, well-articulated institution which relishes its responsibility for driving forwards fast and is passionate about equality of opportunity and its secularity.

Public Benefit

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

ACHIEVEMENTS AND PERFORMANCE

Results

In 2019, 78.3% of students achieved 5 or more grades 4 to 9 GCSEs, including English and Mathematics. In 2018, 74% of students achieved 5 or more grades 4 to 9 GCSEs, including English and Mathematics. The national average is 50.9%.

In 2019 the school's **Progress 8 score** was 0.54. This score placed the school in the top 10% nationally and places the school in the DfE's *well above average* (highest) category.

In 2019 our **Attainment 8 score** was 61.3 points. The England average was 44.2 points. In 2018 our Attainment 8 score was 58.2 points.

KS4 Exam Results GCSE 2019

YEAR 11	2018	National 2018	2019
% 4-9 including Maths and English Language	74.0	50.9	78.3
% EBacc	65.6	22.5	65.5
% 4-9 English	85.5	70.2	92.5
% 5-9 English	68.7	(53.0)	85.8
% 4-9 Maths	76.2	71.0	79.7
% 5-9 Maths	69.9	(50.0)	68.1

KS5 Exam Results A2 2018

	2013	2014	2015	2016	2017	2018	2019	2019 National
Pass rate (%)	99.5	100.0	99.6	98.8	98.2	99.1	96.4	97.6
A-C (%)	94.1	95.5	93.0	92.2	90.2	93.3	79.3	75.8
A-B (%)	70.2	76.3	72.6	77.3	73.3	80.0	61.3	51.6
A-A* (%)	37.8	45.5	39.6	53.1	45.6	46.7	35.7	25.5
A* (%)	7.6	16.7	11.7	18.8	17.5	15.1	11.8	7.8

ACHIEVEMENTS AND PERFORMANCE (continued)

University Destinations 2018

This year there were 97 applicants to UCAS from Holland Park School students. The final UCAS report shows the following:

	2018 number of students	2018 % of total	2019 number of students	2019 % of total
Students with places at Russell Group Universities	42	57.5%	47	48%
Students with places at universities that are not Russell Group	16	27.4%	33	37%
Art College	4	Included above	3	Included above
Total number of students placed	62	84.9%	83	86%
Total number of students not placed	11	15.1%	14	14%

Commentary about placements

This was a year with some exceptional performance from individual students, with a number achieving all A*s. Four students secured places at Oxbridge, with half the cohort securing places at Russell group universities. Given the school's expansion of its sixth form this year (an uplift of 24 students in the year group), placements at university represent a significant achievement.

Ofsted

The Ofsted review in 2014 judged Holland Park School to be **outstanding** in all categories.

Awards currently held by the Academy include:

- ♦ Ofsted – Outstanding School
- ♦ Designated Teaching Status
- ♦ SSAT – Educational Outcomes Awards
- ♦ Investors in People - Gold Award
- ♦ The Teaching Awards – Distinction
- ♦ Educational Outcomes Award
- ♦ The Prince's Teaching Institute – 8 subjects
- ♦ Leading Edge Partnership Programme
- ♦ NPQH Leadership Development School

ACHIEVEMENTS AND PERFORMANCE (continued)

- ◆ Inclusion Quality Mark – Flagship School
- ◆ World Class Schools

Key financial performance indicators

The key financial performance indicators used by the Academy are:

- ◆ setting a surplus budget against decreasing delegated funds;
- ◆ ensuring that staff costs, including agency and other temporary staffing, remain below 70% of the school's total delegated budget (excluding other unrestricted income);
- ◆ activating the school's trading subsidiary from September 2019;
- ◆ extending the use of the school's facilities by local users and documentary/film makers to generate additional income;
- ◆ utilizing one third of the school's current reserves to finalise refurbishment and development work to Thorpe Lodge – this asset will enable future income for the school through hire;
- ◆ a further year of growth of the Sixth Form to achieve its published capacity of 240; and
- ◆ having an agreed financial plan for the next three years.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future in particular for a period of not less than one year from the date of approval of these financial statements. 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 principal accounting policies.

The continued provision of education is dependent on the ongoing funding by the Education and Skills Funding Agency of the Department for Education of which there is reasonable expectation of it continuing for the foreseeable future.

ACHIEVEMENTS AND PERFORMANCE (continued)

Financial review

Financial report for the period

Most of the Academy's income is obtained from the Education and Skills Funding Agency in the form of the General Annual Grant (GAG), the use of which is restricted for education purposes. The grants received from the ESFA and other government bodies during the year and the associated expenditure are shown as restricted funds in the statement of financial activities.

Total income for the year was £10,387,000 (2018 - £10,068).

Total expenditure in the year including depreciation of £1,381,000 (2018 - £1,346,000) was £11,061,000 (2018 - £10,584,000). Included within total expenditure is £6,285,000 (2018: £6,332,000) of staff costs.

Taking into account the actuarial loss of £445,000 (2018 – gain of £801,000) on the revaluation of the Local Government Pension Scheme deficit, the net movement in funds for the year ended 31 August 2019 was a decrease of £1,119,000 (2018 – increase of £285,000).

The operational surplus for the year excluding fixed asset purchases was £832,000 (2018 – operational deficit of £1,022,000). This figure excludes movements on the tangible fixed assets, the defined benefit pension liability, fixed asset purchases from revenue funds, and other non-recurring items.

The total funds of the Academy at 31 August 2019 were £50,444,000 (2018: £51,563,000).

This includes a designation of £1,393,000 (2018 – £1,490,000) of General funds in respect of anticipated capital work on the Thorpe Lodge.

The results for the period are shown on page 30.

ACHIEVEMENTS AND PERFORMANCE (continued)

Reserves policy

The Academy inherited a substantial reserve from the predecessor school as a legacy from the new building which was completed in November 2012. This has increased year on year. The governors agreed that the surplus unrestricted funds carried forward to 2019/20 should be used to complete the final phase of the whole school site renovations, principally the development and refurbishment of Thorpe Lodge and its garden, a grade 2 listed building at the entrance to the school grounds, to provide teaching, conference, administrative and community space. A planning application was submitted to the Royal Borough of Kensington and Chelsea in May 2017 and listed building consent was granted. This gave permission for refurbishment, a redesign of the school entrance, and a gallery extension to the western rear of the house. Following a tender process Atomik Architecture was appointed to oversee and manage the refurbishment of the building with a budget of £1.5 million. In 2017/18, following an assessment of draft year end results and the completion of a detailed cost plan by PT Projects, Quantity Surveyors, a decision was made to increase the project budget to £1.9 million. Phase 3 works are now under consideration by the Governing Body and a detailed cost plan being developed to cover the refurbishment of the ground floor internal spaces and the house exterior. The anticipated cost for phase 3 is in the region of £1.1million. The governors will carry out a review of the level of free reserves held once the capital project has been completed.

Under FRS 102 Section 28: Employee benefits it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for associate staff to a specific restricted reserve. As at 31 August 2019 the deficit on this reserve amounted to £1,851,000 (2018 £1,148,000).

Investment policy

To ensure the best possible return on balances the Academy holds, governors opened a 32-day investment account with the Academy's bankers, Lloyds Bank Ltd. This is managed day to day by the Chief Finance Officer and reported to the Resources & Audit Committee.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks to the Academy have been identified and a risk register established which is reviewed at the Resources & Audit Committee meetings and reported to the full governing body.

The highest financial risks identified are as follows. They are each being closely monitored by governors and expert advice will be obtained as required.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- ◆ a significant drop in funding following the introduction of the National Funding Formula;
- ◆ significant costs arising from existing building defects, including the building's stone faced and most notably the swimming pool;
- ◆ liabilities arising from the potential signing of a 125 year full repairing lease (currently a Tenancy at Will), given known building defects and potential 'unknown' and unquantifiable defects;
- ◆ loss of the Sixth Form due to reduction in funding for small sixth forms; and
- ◆ future repayment requirements arising from the Local Government Pension Scheme (LGPS) deficit.

The school, with the Royal Borough, has identified two significant defects in the school building that will require considerable cost to rectify in future accounting periods. First, a continual ingress of water into the basement, which is causing flooding and potential irreparable damage to the swimming pool – this is compounded by concerns about the potential for unquantifiable structural damage within the basement; second, concerns arising from glass breakages, and third, arises from the discovery that the stone façade panels are not affixed to their steel railing as per the manufacturer's instructions, making them loose and prone to falling off – to date there has been one such incident. Associated are issues with the integrity of the fire barriers behind the stone panels. At the date of approval of these accounts, the school does not have a reliable estimate as to how much this will ultimately cost and it is also unclear at what point in time the work will be required. The matter is further complicated by the lease status of the school and discussions are on-going with a view to determining who bears responsibility for carrying out this work. As a result, no adjustments have been made to the financial statements to recognise this future cost. Most latterly the DfE and the ESFA have been involved in extended dialogue between the school and the Royal Borough.

In summer 2019, the school, at its own expense, replaced all non-laminated atrium glass at a cost of £250,000.

FUNDRAISING

The academy is not directly involved in fundraising and has no plans to undertake such practice. The Holland Park School Trust, see page 8, is the working name of "The Holland Park School Charity" - Charity Commission number 1108984. The Trust was formed to support Holland Park School in its aim of improving the performance and opportunities of the 1,400 students who attend this richly diverse, inner-city comprehensive school. The Trust takes a broad approach to helping the school - not only supporting better academic achievement but also funding initiatives which improve behaviour in and out of school. Grants are awarded to projects proposed by the school for activities that would not be possible without funding from the Trust. The Trust does not remove any funding responsibility from the state or local authority but enhances what is already provided. The Trust has a number of established patrons, benefactors and friends, who donate annually to the charity.

PLANS FOR FUTURE PERIODS

The school's Self Improvement Plan 2019-20 further builds upon the exceptional report received from Ofsted in November 2014. The school's designation as a teaching school is a key priority for the foreseeable future, whilst we maintain the excellent practice and outcomes already in existence. Our fifth cohort of School Direct and Now Teach trainee teachers began training in September 2019. The school is supporting 6 trainee teachers through both the salaried and unsalaried route. The school's Self Improvement Plan has been considered fully by the school's Leadership Team and the governors and is published for all staff in our Staff Planner and it directs the work of the Academy for the coming year. The Quality of Teaching remains its primary focus to ensure that the school adapts accordingly to maintain its exceptional performance against a national changing framework of syllabus, examination and assessment. Increasing difficulties in staff recruitment and retention, as experienced across London schools, makes this work even more important. To complement and support this, our weekly Staff Development Programme ensures that our teachers have access to the very best of practice, guidance and support. The school assesses the performance of teachers against published Teacher Standards and their value added is measured against targets set in the top 10% of national performance.

More specifically, in relation to student achievement, we have an acute focus on the gap between Free School Meals (FSM) and non-FSM performance, beginning with a closer analysis of performance on entry following KS2 testing. Additionally we continue to ensure that the gap in performance at KS4 between mathematics and English is kept to a minimum (in 2019 79.7% and 92.5% respectively).

Having moved into the new building in November 2012, we continue to develop the facilities. The school is using reserves to refurbish and develop Thorpe Lodge; a grade 2 listed on-site building, currently unsuitable for use by staff and students.

The key priorities for the year are published in our Staff Planner which is available on request from the school. In summary these are:

Quality of Education

Sustaining the exceptional performance of our GCSE and A level students following the removal of controlled assessment and coursework framework by:

- ◆ sustaining and expanding the breadth of the curriculum (DT; drama; dance; PE and music) through recruitment, retention and rotation;
- ◆ redevelop schemes of work;
- ◆ prioritise the place of subject knowledge enhancement in staff development;
- ◆ ensure that revisiting learning is embedded across the curriculum;
- ◆ train staff on the use of reading ages and extend the use of accelerated reader;
- ◆ workbook reviews; and
- ◆ additional provision for the most able, PP, and SEND students.

PLANS FOR FUTURE PERIODS (continued)

Behaviour and attitudes / personal development

Considering the students' well-being and implementing our Ofsted development point (students' access to extra-curricular programmes) by:

- ◆ continuing to extend independence and autonomy in learning;
- ◆ extending further the provision for students in developing resilience by rolling out the resilience programme; and
- ◆ building on our success with extra-curricular to make wider provision that reaches even more students.

Leadership and Management

Sustaining whole school performance against more challenging examination procedures and managing our decreasing delegated budget by:

- ◆ driving the quality of education through weekly staff development sessions;
- ◆ developing new leaders;
- ◆ enhancing governor training; and
- ◆ familiarity and understanding of the new Ofsted framework.

The Quality of the Sixth Form

Enhancing and improving the quality of provision in our expanding sixth form by:

- ◆ extending expectations on independent study and formalising the way it is set;
- ◆ providing staff development in defined subject areas to improve delivery and provision; and
- ◆ improving the quantity of the highest grades by integrating methods for engagement with scholarship and higher level learning and independent thought.

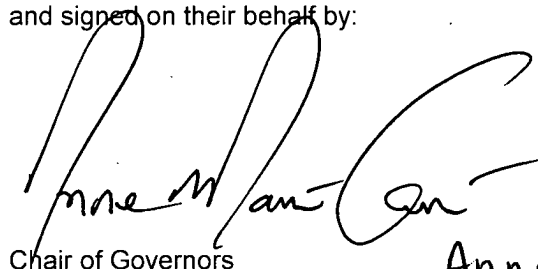
Governors' report Year to 31 August 2019

AUDITOR

In so far as the governors are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the governors 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 governors' report, incorporating a strategic report, was approved by the governors on and signed on their behalf by:



Chair of Governors

Anne Marie Carrie

Date:

21.11.2019

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The board of governors has formally met four times during the year. The Board maintains effective oversight over the Trust's finances and other matters as required by meeting four times per year for the Resources and Audit Committee, three times per year for the Personnel Committee and once a year for the Performance Committee. Attendance during the period at meetings of the board of governors is listed below and attendance at the other committees is listed over the page.

Governor	Meetings attended	Out of a possible
Ms Anne Marie Carrie (Chair)	3	4
Mrs Elizabeth Rutherford JP	4	4
Miss Margaret Allen	4	4
Ms Catherine Blackler	3	4
Mrs Sally Bercow	3	4
Mr David Chappell	4	4
Mr Yasser el Gabry	4	4
Mr Colin Hall	4	4
Professor Peter McCaffery	2	4
Dr Krish Soni	4	4
Mr Michael Tory	4	4

Governance reviews

Governors took full part in the Ofsted inspection. Ofsted's comment was:

"Governors are proud to lead the Academy. They are unwavering in their commitment to its continued improvement. They are focused, skilled and assertive in their support and challenge for the Academy."

Ofsted's further comments were:

"Governance of the Academy is outstanding. Governors know the Academy's strengths extremely well and offer the Headteacher and his senior team insightful, perceptive challenges."

Governance reviews (continued)

The annual governors' skills' audit demonstrates the high levels of competence and confidence within the governing body. Governors are committed to attending relevant workshops run by the local authority and visit the school individually throughout the year with the aim of providing challenge and support to the Leadership Team. The school's governors represent a wide range of professions, including finance, architecture, medicine, education and local politics, and so are able to bring a diverse set of skills and knowledge to bear to the role.

Governors regularly review their statutory obligations. They are diligent, for example, in their scrutiny of financial management and safeguarding arrangements in the Academy. Ms Sally Bercow, as the governors' safeguarding and SEND link, attends school on a regular basis to meet with relevant staff and senior colleagues.

The Governors have three Committees: Resources and Audit Committee; Personnel Committee; and Performance Committee.

Attendance at Committee meetings in the year was as follows:

Resources and Audit Committee

Governor	Meetings attended	Out of a possible
Ms Catherine Blackler	4	4
Mr David Chappell	4	4
Mr Yasser el Gabry	4	4
Dr Krish Soni (Chair)	4	4

Personnel Committee

Governor	Meetings attended	Out of a possible
Mrs Elizabeth Rutherford JP (Chair)	3	3
Miss Margaret Allen	3	3
Mr Colin Hall	3	3
Professor Peter McCaffery	3	3

Performance Committee

Governor	Meetings attended	Out of a possible
Mrs Elizabeth Rutherford JP	1	1
Dr Krish Soni	1	1
Mr Michael Tory (Chair)	1	1

Review of value for Money

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

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

- ◆ a reduction in the size of the Leadership Team;
- ◆ restructuring the duties of Leading Practitioners and Teachers with subject responsibility to improve the direct line management of teaching colleagues;
- ◆ recruiting an increased number of students to the Sixth Form (to capacity at 230) to maximise the school's delegated budget;
- ◆ restructuring the duties of an Associate Leader to manage recruitment and oversee the School Direct trainees;
- ◆ extending the number of trainees in the school through our work with the Teaching School Alliance;
- ◆ increasing PPA (Planning, Preparation and Assessment) time for English teachers to enable high-quality written feedback;
- ◆ appointing two primary trained teachers to work directly with students in KS3 most challenged by learning;
- ◆ further adapting the five period day to extend the breadth of the curriculum for all students, introducing a compulsory sixth period for extra-curricular opportunity;
- ◆ continuing the Holland Park School allowance, and introducing Responsibility Allowances for subject leadership, to assist with the retention of colleagues and provide extended learning opportunities for students on Saturdays;
- ◆ staffing calendared holiday learning opportunities for all students particularly in the spring break and May half-term; and
- ◆ generating additional income to the school through community hire agreements and short term film contracts.

The effectiveness of these, and other non-costed initiatives, can be seen in the Academy's outstanding examination performance and national analysis in the Academy's national performance documents.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The governors have reconsidered the need for a specific internal audit function and have appointed Buzzacott LLP to undertake this role in the coming financial year. This function will replace the work undertaken previously by the Responsible Officer.

Governance statement Year to 31 August 2019

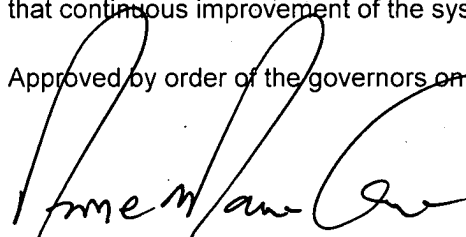
Review of effectiveness

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

- ◆ the internal assurance work of Buzzacott LLP;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process; and
- ◆ the work of the Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

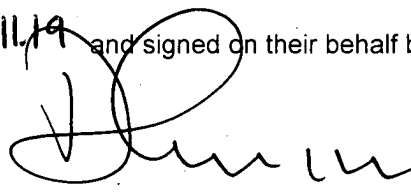
The Accounting Officer has advised the Resources and Audit Committee of the implications of his review of the system of internal control and a plan to address weaknesses and ensure that continuous improvement of the system is in place.

Approved by order of the governors on 21.11.19 and signed on their behalf by:



Chair of Governors

Anne Marie Carrie



Accounting Officer

David Chappell

Statement of regularity, propriety and compliance 31 August 2019

As Accounting Officer of Holland Park School, I have considered my responsibility to notify the Academy Trust board of governors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

I confirm that no instances of irregularity, impropriety or funding non-compliance were discovered.

A handwritten signature in black ink, appearing to read 'D. Chappell', with a large loop at the start and a series of horizontal strokes at the end.

Accounting Officer **David Chappell**

Date: **21.11.2019**

Statement of governors' responsibilities 31 August 2019

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2018 to 2019;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

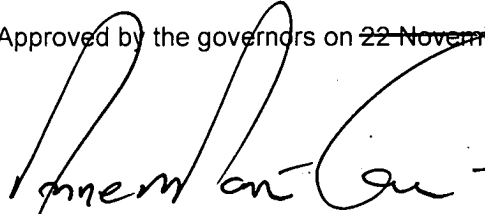
The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure that the financial statements comply with the Companies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

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

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

Approved by the governors on 22 November 2018 and signed on their behalf by:

21.11.2019

 - Anne Marie Carrie
Chair of governors

Independent auditor's report to the members of Members of Holland Park School

Opinion

We have audited the financial statements of Holland Park School (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

- ♦ the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information (covers the reference and administrative details, the report of the governors and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

We would like to draw readers' attention to note 15 to the accounts (page 45) and the narrative within the governors' report (page 13), which discloses significant uncertainty regarding the value and timing of work required to rectify defects identified at the school building during the year. Our report is not qualified in this regard.

Matters on which we are required to report by exception

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

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the governors' report and from the requirement to prepare a strategic report.

Responsibilities of governors

As explained more fully in the governors' responsibilities statement, the governors (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

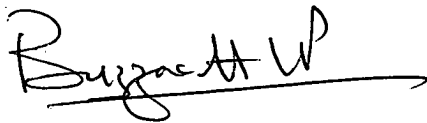
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Independent auditors report on the financial statements 31 August 2019

Use of our report

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



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

Date. 27 November 2019

Independent reporting accountant's assurance report on regularity to Holland Park School and the Education and Skills Funding Agency

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

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

Respective responsibilities of Holland Park School's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Holland Park School's funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Independent reporting accountant's assurance report on regularity 31 August 2018

Approach (continued)

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

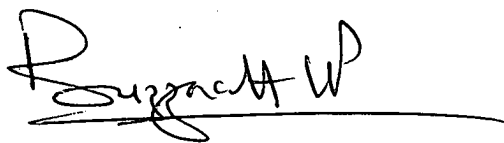
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy 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.

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

27 November 2019

Statement of financial activities (including income and expenditure account) Year to 31 August 2019

	Notes	Restricted funds			2019 Total funds £'000	2018 Total funds £'000
		Unrestricted general fund £'000	General funds £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	88	—	83	171	117
Charitable activities						
Funding for the academy's educational operations	4	—	9,901	—	9,901	9,583
Other trading activities	2	128	117	—	245	282
Investments	3	24	—	—	24	16
Teaching School	22	—	46	—	46	70
Total income		240	10,064	83	10,387	10,068
Expenditure on:						
Academy's educational operations	6	—	9,684	1,331	11,015	10,514
Teaching School	22	—	46	—	46	70
Total expenditure	5	—	9,730	1,331	11,061	10,584
Net (expenditure) income	5	240	334	(1,248)	(674)	(516)
Transfers between funds	15	—	(234)	234	—	—
Other recognised (loses) gains						
Actuarial (losses) gains on defined benefit pension scheme	20	—	(445)	—	(445)	801
Net movement in funds		240	(345)	(1,014)	(1,119)	285
Reconciliation of funds						
Total fund balances brought forward at 1 September 2018		1,752	(207)	50,018	51,563	51,278
Total fund balances carried forward at 31 August 2019		1,992	(552)	49,004	50,444	51,563

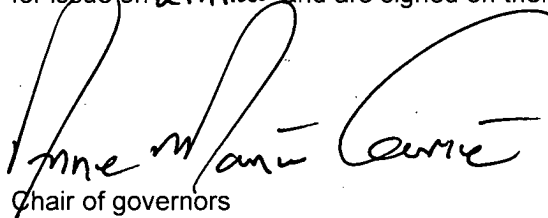
All of the Academy Trust's activities derived from operations which commenced during the above two periods.

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

Balance sheet 31 August 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible fixed assets	11		48,682		48,326
Current assets					
Debtors	12	365		377	
Cash at bank and in hand		4,600		4,526	
		4,965		4,903	
Liabilities					
Creditors: amounts falling due within one year	13	(1,352)		(518)	
Net current assets			3,613		4,385
Net assets excluding pension scheme liability			52,295		52,711
Pension scheme liability			(1,851)		(1,148)
Total net assets			50,444		51,563
Funds of the Academy					
Restricted funds					
· Fixed assets fund			49,004		50,018
· Restricted income funds			1,299		941
· Pension reserve	20		(1,851)		(1,148)
Total restricted funds	15		48,452		49,811
Unrestricted income funds					
General fund			599		262
Designated fund			1,393		1,490
Total funds	15		50,444		51,563

The financial statements on page 30 to 55 were approved by the governors, and authorised for issue on 21.11.2019 and are signed on their behalf by:

 Anne Marie Carrie
Chair of governors

Holland Park School
Company Limited by Guarantee
Registration Number: 8588099 (England and Wales)

Statement of cash flows Year to 31 August 2019

		2019 £'000	2018 £'000
Net cash inflow from operating activities			
Net cash provided by operating activities	A	1,654	470
Cash flows from investing activities	B	(1,580)	(268)
Change in cash and cash equivalents in the year		74	202
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2018		4,526	4,324
Cash and cash equivalents at 31 August 2019	C	4,600	4,526

A Reconciliation of net expenditure to net cash flow from operating activities

	2019 £'000	2018 £'000
Net expenditure for the year (as per the statement of financial activities)	(674)	(516)
Adjusted for:		
Depreciation charges (note 11)	1,331	1,246
Loss on disposal of property, plant and equipment	—	1
Capital grants from DfE and other capital income	(83)	(28)
Interest receivable (note 3)	(24)	(16)
Defined benefit pension scheme cost less contributions payable (note 20)	228	279
Defined benefit pension scheme finance cost (note 20)	30	41
Decrease in debtors	12	120
Increase (decrease) in creditors	834	(657)
Net cash provided by operating activities	1,654	470

B Cash flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	24	16
Purchase of tangible fixed assets	(1,687)	(312)
Capital grants from DfE/ESFA	83	28
Net cash used in investing activities	(1,580)	(268)

C Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	4,600	4,526
Total cash and cash equivalents	4,600	4,526

Statement of accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Holland Park School meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

Grants

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

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

Income (continued)

Grants (continued)

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

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

Expenditure (continued)

Expenditure on raising funds

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

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

♦ Long leasehold buildings	2% per annum
♦ Fixtures, fittings and equipment	10% per annum
♦ IT equipment	33% per annum
♦ Motor vehicles	20% per annum reducing balance

A full year's depreciation is charged in the year of acquisition. None is charged in the year of disposal.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Pensions benefits

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

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Fund accounting

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

Designated funds represent resources that have been set aside by governors for specific future purposes.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the Royal Borough of Kensington and Chelsea.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The useful economic lives of tangible fixed assets have been estimated in accordance with the policy on page 35.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There have been no judgements made in the preparation of these financial statements that are considered to have had a significant impact on the amounts recognised.

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	83	83
Other donations	88	—	88
	88	83	171

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000
Capital grants	—	28	28
Other donations	89	—	89
	89	28	117

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Lettings income	93	—	93
Trip income	—	117	117
Miscellaneous income	35	—	35
	128	117	245

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Lettings income	127	—	127
Trip income	—	142	142
Miscellaneous income	13	—	13
	140	142	282

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Interest receivable	24	—	24
	24	—	24

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Interest receivable	16	—	16
	16	—	16

4 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
DfE / ESFA grants			
· General Annual Grant (GAG)	—	9,119	9,119
· Other DfE / ESFA	—	467	467
	—	9,586	9,586
Other government grants			
· Local Authority grants	—	315	315
	—	315	315
2019 Total funds	—	9,901	9,901
	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
DfE / ESFA grants			
· General Annual Grant (GAG)	—	8,855	8,855
· Other DfE / ESFA	—	483	483
	—	9,338	9,338
Other government grants			
· Local Authority grants	—	245	245
	—	245	245
	—	9,583	9,583

5 Expenditure

	Staff costs £'000	Non pay expenditure		2019 Total funds £'000
		Premises £'000	Other costs £'000	
Charitable activities				
. Academy's educational operations				
.. Direct costs	5,168	1,065	648	6,881
.. Allocated support costs	1,071	2,107	956	4,134
Teaching School	46	—	—	46
	6,285	3,172	1,604	11,061

Net income (expenditure) for the year includes:

Operating lease rentals	93
Depreciation	1,331
Fees payable to auditor	
. Audit	10
. Other services	8

	Staff costs £'000	Non pay expenditure		2018 Total funds £'000
		Premises £'000	Other costs £'000	
Charitable activities				
. Academy's educational operations				
.. Direct costs	4,963	997	624	6,584
.. Allocated support costs	1,299	1,868	763	3,930
Teaching School	70	—	—	70
	6,332	2,865	1,387	10,584

Net income (expenditure) for the year includes:

Operating lease rentals	62
Depreciation	1,346
Fees payable to auditor	
. Audit	10
. Other services	6

6 Charitable activities - academy's educational operations

	2019 Total funds £'000	2018 Total funds £'000
Direct costs	6,881	6,584
Support costs	4,134	3,930
	11,015	10,514

	2019 Total funds £'000	2018 Total funds £'000
Analysis of support costs		
Support staff costs	1,071	1,299
Depreciation (note 11)	266	249
Technology costs	339	325
Premises costs	1,841	1,619
Other support costs	493	345
Governance costs (note 9)	124	93
Total support costs	4,134	3,930

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2018 between restricted and unrestricted funds:

	Notes	Restricted funds			2018 Total funds £'000
		Unrestricted general fund £'000	General funds £'000	Fixed assets fund £'000	
Income from:					
Donations and capital grants	1	89	—	28	117
Charitable activities					
Funding for the academy's educational operations	4	—	9,583	—	9,583
Other trading activities	2	140	142	—	282
Investments	3	16	—	—	16
Teaching School	22	—	70	—	70
Total income		245	9,795	28	10,068
Expenditure on:					
Academy's educational operations	6	—	9,268	1,246	10,514
Teaching School	22	—	70	—	70
Total expenditure		—	9,338	1,246	10,584
Net (expenditure) income		245	457	(1,218)	(516)
Transfers between funds		(661)	(1,300)	1,961	—
Other recognised gains					
Actuarial gains on defined benefit pension scheme	22	—	801	—	801
Net movement in funds		(416)	(42)	743	285
Reconciliation of funds					
Total fund balances brought forward at 1 September 2017		2,168	(165)	49,275	51,278
Total fund balances carried forward at 31 August 2018		1,752	(207)	50,018	51,563

8 Staff

(a) Staff costs

Staff costs during the period were:

	2019 Total funds £'000	2018 Total funds £'000
Wages and salaries	4,602	4,631
Social security costs	503	503
Pension costs	796	900
	5,901	6,034
Supply staff costs	382	263
Staff restructuring costs	2	35
	6,285	6,332
Staff restructuring costs comprise	2019 £'000	2018 £'000
Redundancy payments	2	35
	2	35

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £2,000 made to one member of staff (2018 – £35,237 made to one member of staff).

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2019 expressed as full-time equivalents was as follows:

Charitable activities	2019 No.	2018 No.
Teachers	81	75
Administration and support	24	29
Management	7	10
	112	114

8 Staff (continued)

(d) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2019 No.	2018 No.
£60,001 - £70,000	3	6
£70,001 - £80,000	2	2
£80,001 - £90,000	1	4
£90,001 - £100,000	2	—
£110,001 - £120,000	1	1
£140,001 - £150,000	—	1
£150,001 - £160,000	1	—
£180,001 - £190,000	1	1
£260,001 - £270,000	—	1
£270,001 - £280,000	1	—

During the year ended 31 August 2019 employer's pension contributions for these staff amounted to £114,901 (2018 - £156,338).

(e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the academy trust was £1,044,000 (2018 - £1,477,000)

9 Governors' remuneration and expenses

Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2019 £'000	2018 £'000
C Hall, Head and Governor		
. Remuneration	270 – 275	260 – 265
. Employer's pension contributions	—	—
D Chappell, Academy Head and Governor		
. Remuneration	185 – 100	180 – 185
. Employer's pension contributions	—	—

During the year ended 31 August 2019, no expenses were reimbursed to Governors (2018 – none).

Other related party transactions involving the governors are set out in note 21.

10 Governors' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2m on any one claim and is included as part of a wider insurance package. The cost in relation to the governors and officers is not separately identifiable.

11 Tangible fixed assets

	Leasehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation						
At 1 September 2018	52,502	281	1,476	994	41	55,293
Additions	—	1,370	16	301	—	1,687
Disposals	—	—	—	(64)	—	(64)
At 31 August 2019	52,501	1,651	1,492	1,231	41	56,916
Depreciation						
At 1 September 2018	5,250	—	734	954	29	6,967
Charge in year	1,050	—	149	129	3	1,331
Disposals	—	—	—	(64)	—	(64)
At 31 August 2019	6,300	—	883	1,019	32	8,234
Net book value						
At 31 August 2019	46,201	1,651	609	212	9	48,682
At 31 August 2018	47,251	281	742	40	12	48,326

The lease for the land and buildings has not yet been finalised. However, the School is occupying and using the land and buildings, and hence their value has been included above.

12 Debtors

	2019 £'000	2018 £'000
Trade debtors	41	75
VAT recoverable	186	108
Prepayments and accrued income	138	194
	365	377

13 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	610	35
Taxation and social security	143	129
Accruals and deferred income	599	354
	1,352	518
Deferred income		
Deferred income at 1 September 2018	15	92
Released during the year	(15)	(92)
Resources deferred in the year	100	15
Deferred income at 31 August 2019	100	15

14 Contingent liability

The school, with the Royal Borough, has identified two significant defects in the school building that will require considerable cost to rectify in future accounting periods. First, a continual ingress of water into the basement, which is causing flooding and potential irreparable damage to the swimming pool – this is compounded by concerns about the potential for unquantifiable structural damage within the basement; second, concerns arising from glass breakages; and third, arises from the discovery that the stone façade panels are not affixed to their steel railing as per the manufacturer's instructions, making them loose and prone to falling off – to date there has been one such incident. Associated are issues with the integrity of the fire barriers behind the stone panels. At the date of approval of these accounts, the school does not have a reliable estimate as to how much this will ultimately cost and it is also unclear at what point in time the work will be required. The matter is further complicated by the lease status of the school and discussions are ongoing with a view to determining who bears responsibility for carrying out this work. As a result, no adjustments have been made to the financial statements to recognise this future cost. Most latterly the DfE and ESFA have been involved in extended dialogue between the school and the Royal Borough.

15 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	644	9,119	(8,527)	(234)	1,002
Pupil Premium	—	360	(360)	—	—
Other grants	59	270	(270)	—	59
Local Authority grants	238	315	(315)	—	238
Pension reserve	(1,148)	—	(258)	(445)	(1,851)
	(207)	10,064	(9,730)	(679)	(552)
Restricted fixed assets fund					
Transfer on conversion	47,810	—	(1,272)	—	46,538
DfE/ESFA capital grants	98	83	(19)	—	162
Capital expenditure from GAG	2,110	—	(40)	234	2,304
	50,018	83	(1,331)	234	49,004
Total restricted funds	49,811	10,147	(11,061)	(445)	48,452
Unrestricted funds					
General funds	262	240	—	97	599
Designated funds	1,490	—	—	(97)	1,393
Total unrestricted funds	1,752	240	—	—	1,992
Total funds	51,563	10,387	(11,061)	(445)	50,444

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

ESFA revenue grant fund and other restricted funds*General Annual Grant (GAG)*

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

Fixed assets fund

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds related to the purchase of capital items using ESFA restricted or unrestricted general funds.

15 Funds (continued)*Pension reserve*

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

Designated funds

The designated funds are resources that the trustees have set aside to meet the costs of future work on the refurbishment of Thorpe Lodge.

Comparative information

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	1,171	8,855	(8,082)	(1,300)	644
Pupil Premium	—	420	(420)	—	—
Other grants	—	100	(100)	—	—
Local Authority grants	—	245	(245)	—	—
Pension reserve	(1,629)	—	(320)	801	(1,148)
	(458)	9,620	(9,167)	(499)	(504)
Other restricted funds					
Local Authority grants	238	—	—	—	238
Other restricted funds	55	175	(171)	—	59
	293	175	(171)	—	297
Total restricted funds	49,110	9,795	(9,338)	(499)	(207)
Restricted fixed assets fund					
Transfer on conversion	49,001	—	(1,191)	—	47,810
DfE/ESFA capital grants	88	28	(18)	—	98
Capital expenditure from GAG	186	—	(37)	1,961	2,110
	49,275	28	(1,246)	1,961	50,018
Unrestricted funds					
General funds	789	245	—	(772)	262
Designated funds	1,379	—	—	111	1,490
Total unrestricted funds	2,168	245	—	(661)	1,752
Total funds	51,278	10,068	(10,584)	801	51,563

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	48,682	48,682
Current assets	1,992	2,651	322	4,965
Current liabilities	—	(1,352)	—	(1,352)
Pension scheme liability	—	(1,851)	—	(1,851)
Total net assets	1,992	(552)	49,004	50,444

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed assets fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	48,326	48,326
Current assets	1,752	1,459	1,692	4,903
Current liabilities	—	(518)	—	(518)
Pension scheme liability	—	(1,148)	—	(1,148)
Total net assets	1,752	(207)	50,018	51,563

17 Capital commitments

	2019 £'000	2018 £'000
Contracted for, but not provided in the financial statements	1,393	1,490

18 Commitments under operating leases**Operating leases**

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

	2019 £'000	2018 £'000
Amounts due within one year	93	93
Amounts due between one and five years	23	116
	116	209

19 Members' liability

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

20 Pension and similar obligations

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

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

No contributions were payable to the schemes at 31 August 2019 (2018 – £44,187 payable at the year end and included within creditors).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Academy has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy has set out above the information available on the plan and the implications for the Academy in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

20 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £399,000 (2018 - £441,000).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £231,000 (2018 - £253,000), of which employer's contributions totalled £169,000 (2018 - £180,000) and employees' contributions totalled £62,000 (2018 - £73,000). The agreed contribution rates for future years are 17.8% of pensionable pay for employers and 5.5 – 12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.65%	3.80%
Rate of increase for pensions in payment / inflation	2.15%	2.30%
Discount rate for scheme liabilities	1.90%	2.70%

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

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.4	24.5
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	25.1	26.8
Females	26.7	28.5

	At 31 August 2019 £'000	At 31 August 2018 £'000
Discount rate +0.1%	378	373
Discount rate -0.1%	(402)	(396)
Mortality assumption – 1 year increase	404	396
Mortality assumption – 1 year decrease	(376)	(372)
Salary +0.1%	390	384
Salary -0.1%	(390)	(384)
Pension +0.1%	402	396
Pension -0.1%	(378)	(373)

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	2,450	2,267
Property	119	107
Cash and other liquid assets	9	39
Investment funds	279	245
Other	474	166
Total market value of assets	3,331	2,824
Present value of scheme		
Funded	(5,182)	(3,972)
Deficit in the scheme	(1,851)	(1,148)

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2019 £'000	2018 £'000
Current service cost	228	279
Interest income	(79)	(65)
Net interest cost	108	105
Admin expenses	1	1
Total amount recognised in the SOFA	258	320
Changes in the present value of defined benefit obligations were as follows:	2019 £'000	2018 £'000
At 1 September 2018	3,972	3,993
Current service cost	325	459
Interest cost	108	105
Employee contributions	62	73
Actuarial loss (gain)	644	(657)
Benefits paid	(1)	(1)
Past service cost	72	—
At 31 August 2019	5,182	3,972
Changes in the fair value of the Academy's share of scheme assets:	2019 £'000	2018 £'000
At 1 September 2018	2,824	2,364
Interest income	79	65
Actuarial gain	199	144
Employer contributions	169	180
Employee contributions	62	73
Administration expenses	(1)	(1)
Benefits paid	(1)	(1)
At 31 August 2019	3,331	2,824

21 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The Holland Park School Trust (charity registration number 1108984) was formed to support the Academy by funding initiatives which improve behaviour in and out of school and increase the performance and opportunities of the students. During the year, Anne Marie Carrie and Michael Tory, who are governors of the Academy, were also trustees of the Holland Park School Trust.

During the year, the Academy received donations totalling £78,400 (2018 - £88,000) from the Holland Park School Trust. This funded a range of extra-curricular activities (including the Breakfast Club and Fitness 300 Club) that the Academy would have otherwise been unable to run.

The academy trust did not enter into any related party transactions in the year.

22 Teaching School

The results for the year of the Teaching School were as follows:

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Income				
<i>Direct income</i>				
Teaching School Core Grant	40		13	
School Direct grants	6		57	
Total income		46		70
Expenditure				
<i>Direct costs</i>				
Staff costs	46		69	
Total direct costs		46		69
<i>Other costs</i>				
Support staff costs	—		1	
Total other costs		—		1
Total expenditure		46		70
Teaching school balances at 1 September 2018		—		—
Teaching school balances at 31 August 2019		—		—