

Company Registration Number: 09026369 (England & Wales)

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

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THE HARROW ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	The Bentley Wood Trust Canons High School Harrow High School Hatch End High School Nower Hill High School Park High School Tithe Academy J Howkins
Trustees	J Howkins, Chair of Trustees C Woolf, Accounting Officer A Ahmed P Gamble S Hammond S Maguire J Reavley D Chappell J Varley D Fahy
Company registered number	09026369
Principal and registered office	The Harrow Academies Trust Pinner High School Beaulieu Drive Pinner London HA5 1NB
Senior Leadership Team	C Woolf, Headteacher J Smyth, Deputy Headteacher E Hindmarsh, Assistant Headteacher E Pacey, Assistant Headteacher C Tarling, Chief Financial Officer H Ford, Head of Operations C Stump, Head of Sixth Form
Independent Auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Harrow Academies Trust ("the Trust" or "the Charitable Company") for the year to 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust has a remit to operate academies for pupils aged 4 to 19 in the London Borough of Harrow. The first academy, Pinner High School, opened in September 2016 with one year group. When full, the Academy will have a pupil capacity of 1162 including 250 sixth form places. It had a roll of 899 in the School census on 1st October 2020.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents. The Trustees of Harrow Academies Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Pinner High School ("the Academy" or "the School").

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' and Officers' Indemnities

The Trust has opted to be covered under the Government's Risk Protection Arrangements (RPA) scheme to protect Trustees and Officers, from claims arising from negligent acts, omissions or errors whilst performing Trust business.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed for a fixed term. The Headteacher is an ex officio member of the Board of Trustees. The Trust looks to ensure a mix of skills and selects new Trustees on the basis of background, experience and specialist skills. Trustees are drawn from across the local community.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides internal training led by School staff and also links with a number of local training providers as required.

There were no new Trustees during 2019/20. The induction programme for new Trustees is tailored according to need, and includes a meeting with the Chair of Trustees and staff, and a tour of the Academy. Introductory sessions, mentoring and formal training courses are provided as required. All Trustees are provided with copies of key documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees meets at least three times per year and delegates responsibilities to an Audit & Compliance Committee, which meets three times per year, as well as to the Local Governing Body of Pinner High School. The Local Governing Body meets at least three times per year and delegates responsibilities to sub-committees for Finance & Resources and Students, Standards & Achievement. Each committee works under the guidance of a chairperson, appointed at the first committee meeting of the academic year.

The Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Trust. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Trust on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Local Governing Body or Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and the SLT, which comprises the Headteacher, Deputy Headteacher, Chief Financial Officer, Head of Operations, Head of Sixth Form and two Assistant Headteachers. Trustees and Local Governors do not receive remuneration.

Pay and remuneration of the SLT is decided by a variety of contributory factors, such as pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

The Board of Trustees sets the pay range for leadership posts in accordance with the School Teachers Pay and Conditions Document, and also sets the pay range for the Chief Financial Officer. Detailed remuneration, including progression, is determined by the Pay Committee (or Headteacher Performance Committee for the Headteacher) in accordance with the Scheme of Delegation and Pay Policy.

Trade Union Facility Time

During the year, one employee of the Trust, on a 100% full time equivalent contract, acted as a union official. The employee spent 0% of their time on union facility. The total cost of facility time is £NIL for the year.

Related Parties and other Connected Charities and Organisations

The Members of the Trust comprise seven Academy Trusts, all located in the London Borough of Harrow, and the Chair of Trustees. Four of the Trustees are currently Headteachers of these Academies. Academies in Harrow work collaboratively across a range of activities including school to school support. It is inevitable that from time to time transactions will take place with organisations in which a Trustee may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust co-operated with a number of these related parties during the year, details of which can be found in note 28, and does not have a formal sponsor.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and Activities

Objects and Aims

The principal object and aim of the Trust is the operation of academies to provide free education and care for pupils of different abilities between the ages of 4 and 19. All students who apply are admitted up to the capacity of the Academy, with no selection.

Within the objects, the Trust aims to create an environment to nurture students, to get the best from them, and to allow them to develop and fulfil their potential. The Trust aims to provide students with a first class education and a wide range of opportunities. This is done in a way which is consistent with the ethos that every student will be valued, respected and cared for, and through a daily moral purpose to provide the best learning experience for all.

Objectives, Strategies and Activities

During the year the Trust has worked towards these aims by:

- ensuring that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- developing resilient, resourceful students;
- adapting and applying skills for flexible life-long learning;
- improving the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended; and
- conducting the Academy's business in accordance with the highest standards of integrity.

Our success in fulfilling our aims can be measured by:

- high levels of attainment in class;
- high numbers of students on roll;
- high numbers of applications to join the School;
- high levels of attendance at School; and
- positive inspection reports.

Public Benefit

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

Strategic Report

Achievements and Performance

During the year, the Trust educated 710 students aged 11-15 at Pinner High School. The School had a successful fourth year despite the challenging circumstances due to COVID-19. Demand for places continues to grow and the School is looking forward to welcoming its first sixth form cohort in September 2021.

Specific achievements were as follows:

- Investors in People Health and Wellbeing Gold Award;
- 2 Pearson Teaching Awards Certificates of Excellence;
- Eco Schools Silver Award;
- Application numbers showing the School as the most oversubscribed in Harrow; and
- Strong student attainment and progress data.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Achievements and Performance (Continued)

Pinner High School's COVID-19 response was praised by Governors and members of the local community. The Academy hosted a local Primary School for over half a term, and two further high schools during the Easter holiday to ensure vulnerable students and children of key workers had access to education during the peak of the Covid crisis. Academy staff manufactured over 200 face masks for front line workers, and the Academy donated all school PPE to Northwick Park Hospital, the first hospital in the country to declare a critical incident.

Key Performance Indicators (KPI)

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

Financial

As funding is based on pupil numbers this is a KPI. Pupil numbers for 2019 were 710 against a budget of 693. A further KPI is staffing costs as a percentage of total recurring income. For 2019/20 this was 80% against set parameters of 78%-82%. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and staffing structures are all approved by them.

Throughout the year, the Finance & Resources Committee, a sub-committee of the Local Governing Body, also monitors other KPIs including premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants, and cash flow, to ensure that the budget is set and managed appropriately.

Non-Financial

Pinner High School was rated Outstanding in all categories in its first Ofsted inspection in May 2019, and pupil attendance data is above national average.

For entry into Year 7 in 2020, Pinner High School received the highest number of applications per place of any high school in Harrow. At as 1st September 2020 it is full in all year groups.

Going Concern.

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

In making this statement the Board of Trustees have taken into due consideration the effects upon the Trust of the COVID-19 pandemic, the partial closure of the Academy and move to online learning during the period, and the changes in practices introduced from the 2020 autumn term.

Further consideration on the Trust's ability to continue as a going concern as a result of the COVID-19 pandemic can be found in Note 1.2.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2020 the Trust received £4,854,626 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education.

During the year the Trust spent a total of £4,567,505 including capital projects. The Trust brought forward from 18/19, £306,423 of restricted income funds and £26,443 of unrestricted. The carry forward for 19/20 is £522,914 of restricted funds and £26,814 of unrestricted.

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TRUSTEES' REPORT (CONTINUED)
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Financial Review (Continued)

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £624,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Chief Financial Officer. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

Pinner High School has been open for four years and the Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £26,814, which has been built up from locally raised income. The Trustees are committed to increasing free reserves as the Trust grows to capacity, to enable it to deal with unexpected emergencies. The strategy for this includes letting the School site, which has not been possible to date due to the large refurbishment project. The target level of free reserves is currently £150,000.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £549,728. Restricted general funds includes £40,149 related to a start-up grant for Harrow View Primary School, due to open no earlier than September 2022.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £746,558. A proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure.

Investment Policy

An Investment Policy was approved by the Board of Trustees in June 2018 and is reviewed every three years.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register is undertaken annually. The internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Audit & Compliance Committee meeting, as well as by the Finance & Resources Committee. The principal risks facing the Trust are outlined below; those facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an Academy School, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

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TRUSTEES' REPORT (CONTINUED)
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Principal Risks and Uncertainties (Continued)

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Trust has considerable reliance on continued Government funding through the ESFA and whilst there has been a small injection of additional funding this will not be enough to counteract the rise of the minimum wage, teachers pensions contribution rise and any other additional costs that the Government may choose to introduce;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear retention and succession planning;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. The Academy received an Ofsted Outstanding rating in 2019 and will have its first set of GCSE results in the summer of 2021. Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- COVID-19 – the disruption to the Academy during the 2019/20 academic year brought a small reduction in external income and a number of additional costs, none of which were recoverable from Government. The autumn term 2020 opened with new restrictions around social distancing and increased hygiene measures among other things. The risk of the Academy having to close due to localised infections has been mitigated by extensive risk assessment planning and amended working practices;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low;
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Trust is the annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks in accordance with the Academies Financial Handbook;
- fraud and mismanagement of funds - the Trustees have appointed Alliotts to carry out a programme of internal scrutiny which includes independent and external checks on financial systems and records as required by the Academies Financial Handbook. The Chief Financial Officer is a chartered accountant, and all finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust does not fundraise from the public, nor does it work with commercial participators or professional fundraisers. Parental contributions are invited on a voluntary basis to contribute towards a range of extra-curricular trips and activities. Trustees are aware of their responsibilities, and any funds raised are managed responsibly with reasonable care and skill, acting in the best interests of the School.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for Future Periods

The Trust's key objective for 2020/21 is to continue the development and progress of the Academy. Pinner High School's Development Plan is written on a two-year cycle, and includes:

Leadership and Management

- Leaders at all levels to maintain the highest standards by setting the highest expectations for staff and students;
- Ensure Trustees and Governors receive training on key aspects of school leadership and are able to systematically challenge senior leaders to ensure the effective deployment of resources;
- To continue to appoint well qualified staff in good time as the School expands; and
- To maintain a culture of vigilance to include training on identifying those students at risk, including from radicalisation and extremism.

Quality of Education

- To embed a broad, balanced and inclusive Key Stage 3 and 4 curriculum and plan a Key Stage 5 curriculum that takes account of the views of all stakeholders and enables students to maximise their potential and prepare them for the next stage of their life;
- To develop high standards of academic literacy and numeracy across the curriculum,
- To rigorously monitor teaching to ensure all students make expected or above progress;
- To ensure the most able students achieve the best possible learning outcomes;
- To embed an inclusive approach to teaching and learning such that the attainment of SEN students continues to match that of other students with similar starting points; and
- To implement and embed a process of Learning Quality Assurance that shares good practice.

Behaviour and Attitudes

- To embed rigorous attendance and punctuality procedures such that school attendance continues to be above 96%; and
- To ensure an ongoing culture of vigilance around safeguarding.

Personal Development

- To implement the highest standards of safeguarding and health and safety;
- To develop positive learning strategies to meet the emotional and social needs of all, including the most vulnerable students; and
- To embed the Pinner High School Values.

A Growing School

- Successful completion of the capital refurbishment project, ensuring the school facilities are of the highest standard;
- To ensure the foundation of the strongest possible Sixth Form; and
- To focus on staff retention by providing a comprehensive and personalised CPD programme applicable to all staff.

Funds Held as Custodian Trustee on Behalf of Others

The Trust does not hold any funds on behalf of others.

Provision of Information to Auditors

Insofar as the Trustees are aware there is no relevant audit information of which the Charitable Company's Auditors are unaware, and the Trustees have taken all the 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Auditors

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 08 Dec 2020 and signed on its behalf by:

JK Hawkins

J Hawkins (Dec 8, 2020, 10:26am)
Chair

THE HARROW ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Harrow Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Howkins, Chair of Trustees	3	3
C Woolf, Accounting Officer	3	3
A Ahmed	2	3
P Gamble	2	3
S Hammond	2	3
S Maguire	2	3
J Reavley	3	3
D Chappell	1	3
J Varley	2	3
D Fahy	1	3

Review of year

There were no changes to the composition of the Board of Trustees during the year.

The main challenge for the Board during the year has been the ongoing COVID-19 pandemic. The Board has worked closely with the Headteacher, SLT and Local Governing Body to ensure continuity of education for all students during the period of distance learning and to ensure a robust risk management process is in place for the new school year.

The Board receives monthly management accounts from the Chief Financial Officer which include an income and expenditure account, variation to budget report, cash flow and balance sheet. An internal scrutiny visit during the year assessed these as an example of best practice, and the Board is satisfied with the quality of financial information it receives.

Governance reviews

A self-review of governance took place during the year.

The review considered appropriate structures across the Trust, the membership of the Board of Trustees and Local Governing Body, and the relationship between these.

The governance structure is reviewed annually with the next review date scheduled for 2021.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Board of Trustees has formally met less than six times during the year. The Board is satisfied that through the use of its sub-committee and Local Governing Body meetings, it maintains effective oversight.

The Audit and Compliance Committee is a sub-committee of the Board of Trustees. Its purpose is to maintain an oversight of the Trust governance, risk management, internal control and value for money framework.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A Ahmed	0	2
P Gamble	1	2
S Hammond	1	2
S Maguire	0	2
J Reavley	2	2
D Chappell	0	2
J Varley	2	2
D Fahy	0	2

Review of value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the 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 Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money in the following ways:

- Robust financial management including regular budget monitoring, mid to long term financial planning and cash flow forecasting, benchmarking, and business continuity planning with regular reviews of the risk register;
- Making the best use of available resources, including targeted use of Pupil Premium funding, a well-resourced extra-curricular programme which takes place during the normal school day ensuring access for all students, and a robust ICT strategy to maximise the Academy's ICT capital grant as it grows to capacity; and
- Working collaboratively with local schools. Examples include membership of the Harrow Collegiate Teaching Schools Alliance, secondment of teaching staff to local primary schools, and collaborative procurement of major contracts including HR & Payroll services, financial software and catering.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust'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 in The Harrow Academies Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Trustees Report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Trustees Report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

Internal Scrutiny/Audit

The Board of Trustees appointed Price Bailey as Internal Auditor for the year to 31 August 2020.

Due to the newly revised FRC Ethical Standard, the Trustees have approved a change in Internal Auditor from 1st September 2020, and have appointed Alliotts to the role.

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

- Key Financial Controls
- Governance and Academies Financial Handbook "Musts"

Due to COVID-19, the internal audit reviews took place during July and August 2020. Reports, which detail operation of the systems of control and the discharge of the Board of Trustees' financial responsibilities, were shared with Trustees and Governors.

An annual summary report was prepared for the Audit & Compliance Committee, outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and the school resource management self-assessment tool; and
- the work of the senior team within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees and signed on their behalf by:

JK Howkins

J Howkins (8 Dec 2020, 10:26am)
Chair

Date: 08 Dec 2020

C Woolf

C Woolf (10 Dec 2020, 11:08am)
Accounting Officer

THE HARROW ACADEMIES TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Harrow Academies Trust I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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



E Woolf (Dec 10, 2020, 11:08am)

Accounting Officer

Date: 10 Dec 2020

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by the Board of Trustees and signed on its behalf by:

JK Howkins

J Howkins (8, 2020, 10:26am)

Chair

Date: 08 Dec 2020

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HARROW ACADEMIES TRUST**

Opinion

We have audited the financial statements of The Harrow Academies Trust (the 'Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. 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.

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HARROW ACADEMIES TRUST (CONTINUED)**

Other Information (Continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HARROW ACADEMIES TRUST (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our Report

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

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants

Statutory Auditors

Causeway House

1 Dane Street

Hertfordshire

CM23 3BT

Date:

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
HARROW ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 April 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Harrow Academies Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Harrow Academies Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Harrow Academies Trust's funding agreement with the Secretary of State for Education dated 13 December 2017 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
HARROW ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance.
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Academy complies with the framework of authorities.
- Evaluation of the general control environment of the Academy, extending the procedures required or financial statements to include regularity, propriety and compliance.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date:

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Income from:						
Donations and capital grants	3	-	848,480	8,274,271	9,122,751	481,269
Charitable activities	4	-	4,610,716	-	4,610,716	3,022,253
Other trading activities	5	-	64,049	-	64,049	40,853
Investments	6	371	-	-	371	314
Total income		<u>371</u>	<u>5,523,245</u>	<u>8,274,271</u>	<u>13,797,887</u>	<u>3,544,689</u>
Expenditure on:						
Charitable activities	7	-	5,550,424	357,454	5,907,878	3,938,035
Total expenditure		<u>-</u>	<u>5,550,424</u>	<u>357,454</u>	<u>5,907,878</u>	<u>3,938,035</u>
Net income / (expenditure)		<u>371</u>	<u>(27,179)</u>	<u>7,916,817</u>	<u>7,890,009</u>	<u>(393,346)</u>
Transfers between funds	18	-	(34,330)	34,330	-	-
Net movement in funds before other recognised gains/(losses)		<u>371</u>	<u>(61,509)</u>	<u>7,951,147</u>	<u>7,890,009</u>	<u>(393,346)</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	25	-	(21,000)	-	(21,000)	(84,000)
Net movement in funds		<u>371</u>	<u>(82,509)</u>	<u>7,951,147</u>	<u>7,869,009</u>	<u>(477,346)</u>
Reconciliation of funds:						
Total funds brought forward		26,443	(18,577)	15,879,204	15,887,070	16,364,416
Net movement in funds		371	(82,509)	7,951,147	7,869,009	(477,346)
Total funds carried forward		<u>26,814</u>	<u>(101,086)</u>	<u>23,830,351</u>	<u>23,756,079</u>	<u>15,887,070</u>

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

The notes on pages 24 to 48 form part of these financial statements.

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09026369

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	11,487	24,725
Tangible assets	14	23,818,864	15,854,479
		<u>23,830,351</u>	<u>15,879,204</u>
Current assets			
Debtors	15	156,629	197,863
Investments	16	100,059	-
Cash at bank and in hand		746,558	398,651
		<u>1,003,246</u>	<u>596,514</u>
Creditors due within one year	17	(453,518)	(263,648)
Net current assets		<u>549,728</u>	<u>332,866</u>
Net assets excluding pension liability		<u>24,380,079</u>	<u>16,212,070</u>
Defined benefit pension scheme liability	25	(624,000)	(325,000)
Total net assets		<u><u>23,756,079</u></u>	<u><u>15,887,070</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	18	23,830,351	15,879,204
Restricted income funds	18	522,914	306,423
Pension reserve	18	(624,000)	(325,000)
Total restricted funds		<u>23,729,265</u>	<u>15,860,627</u>
Unrestricted income funds	18	26,814	26,443
Total funds		<u><u>23,756,079</u></u>	<u><u>15,887,070</u></u>

The financial statements on pages 21 to 48 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

JK Hawkins
J Hawkins (c 8, 2020, 10:26am)
 Chair

Date: 08 Dec 2020

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	470,072	(280,728)
Cash flows from investing activities	21	(122,165)	129,280
Change in cash and cash equivalents in the year		347,907	(151,448)
Cash and cash equivalents at the beginning of the year		398,651	550,099
Cash and cash equivalents at the end of the year	22, 23	<u>746,558</u>	<u>398,651</u>

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

The Trust is a company limited by guarantee. The Members of the Company are named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Trust's registered office is Pinner High School, Beaulieu Drive, Pinner, England HA5 1NB.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Harrow Academies Trust meets the definition of a public benefit entity under FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

1.2 Going concern

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

Following the year end the Academy has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic.

The Trust derives the majority of its income from local and national Government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Trust can continue operating for a period of at least 12 months following the date of this Report. The financial statements do not contain any adjustments that would be required if the Trust were not able to continue as a going concern.

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

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

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

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

Donations 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.

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

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Taxation

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

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Intangible assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Website development costs	- 4 years
Software licenses	- 5 years

1.8 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

Land and buildings	- 50 years
Furniture and equipment	- 5 years
Computer equipment	- 4 years

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.

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.12 Financial instruments

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

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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.

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.14 Pensions

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

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

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

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

1.15 Fund accounting

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

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

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

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

THE HARROW ACADEMIES TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Donations				
Donated assets	-	8,192,156	8,192,156	-
Gift in kind	751,105	-	751,105	-
Subtotal detailed disclosure	751,105	8,192,156	8,943,261	-
Other donations	97,375	-	97,375	347,717
Capital grants	-	82,115	82,115	133,552
Subtotal	97,375	82,115	179,490	481,269
Total 2020	848,480	8,274,271	9,122,751	481,269
Total 2019 as restated	347,717	133,552	481,269	

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FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from donations and capital grants (continued)

In 2019, donations income was £347,717, of which £1,525 was unrestricted and £346,192 was restricted.

In 2019, income from capital grants was £133,552, all of which was attributable to restricted fixed asset funds.

In 2019, donations relating to trip income of £75,889 were classified as other trading income, these have been reclassified as a restricted donation to better represent their true form.

4. Funding for the Trust's educational operations

	Restricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
DfE / ESFA grants			
General Annual Grant (GAG)	3,716,698	3,716,698	2,680,999
Start up grants	-	-	(90,000)
Post opening grants	121,000	121,000	152,500
Other DfE / ESFA grants	543,714	543,714	118,257
	<u>4,381,412</u>	<u>4,381,412</u>	<u>2,861,756</u>
Other Government grants			
Local Authority grants	229,304	229,304	160,497
	<u>4,610,716</u>	<u>4,610,716</u>	<u>3,022,253</u>
Total 2020	<u>4,610,716</u>	<u>4,610,716</u>	<u>3,022,253</u>
 Total 2019 as restated	 <u>3,022,253</u>	 <u>3,022,253</u>	

In 2019, income from DfE / ESFA grants was £2,861,756, all of which was restricted.

In 2019, income from other Government grants was £160,497, all of which was restricted.

This note has been restated from the prior year to more accurately categorise income and to eliminate elements of catering income against expenditure to better reflect its true form.

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5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Hire of facilities	-	-	-	2,300
Sales income	-	23,747	23,747	11,266
Other income	-	40,302	40,302	27,287
	<u>-</u>	<u>64,049</u>	<u>64,049</u>	<u>40,853</u>
Total 2019 as restated	<u>2,300</u>	<u>38,553</u>	<u>40,853</u>	

In 2019, income from the hire of facilities was £2,300, all of which was unrestricted.

In 2019, sales income was £9,636, all of which was restricted.

In 2019, other income was £28,917, of which £10,964 of which was unrestricted and £17,953 was restricted.

This note has been restated from the prior year to more accurately categorise income and to eliminate elements of catering income against expenditure to better reflect its true form.

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	371	371	314
	<u>371</u>	<u>371</u>	
Total 2019	<u>314</u>	<u>314</u>	

In 2019, investment income was £314, all of which was unrestricted.

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7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	As restated Total 2019 £
Provision for Education:					
Direct costs	3,207,955	-	124,152	3,332,107	2,176,682
Support costs	850,990	1,347,604	377,177	2,575,771	1,761,353
Total 2020	<u>4,058,945</u>	<u>1,347,604</u>	<u>501,329</u>	<u>5,907,878</u>	<u>3,938,035</u>
Total 2019 as restated	<u>2,708,827</u>	<u>895,413</u>	<u>333,795</u>	<u>3,938,035</u>	

In 2019, of total expenditure £NIL was on unrestricted funds, £3,553,212 was on restricted funds and £384,823 was on restricted fixed asset funds.

In 2019, direct costs consisted of £2,002,179 staff costs and £174,503 other costs.

In 2019 support costs consisted of £706,648 staff costs, £895,413 premises costs and £159,292 other costs.

As referenced in notes 4 and 5 this note has been restated from the prior year resulting in a deduction of £126,099 from other support costs.

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8. Charitable activities

	2020 £	As restated 2019 £
Direct costs	3,332,107	2,176,682
Support costs	2,575,771	1,761,353
	<u>5,907,878</u>	<u>3,938,035</u>

	2020 £	As restated 2019 £
Analysis of support costs		
Support staff costs	850,990	729,355
Premises costs (excluding depreciation & amortisation)	1,002,006	565,221
Depreciation & amortisation	345,598	330,192
Technology costs	58,416	22,758
Governance costs	21,382	13,220
Legal costs	2,099	3,894
Other support costs	295,280	96,713
	<u>2,575,771</u>	<u>1,761,353</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	10,473	2,517
Depreciation of tangible fixed assets	332,363	316,955
Amortisation of intangible assets	13,238	13,237
Fees paid to Auditors for:		
- audit	4,175	5,435
- other services	4,435	3,920
	<u>4,435</u>	<u>3,920</u>

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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	2,836,072	1,940,892
Social security costs	271,008	179,932
Pension costs	872,473	443,850
	<u>3,979,553</u>	<u>2,564,674</u>
Agency staff costs	79,392	144,153
	<u><u>4,058,945</u></u>	<u><u>2,708,827</u></u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	49	30
Administration and support	50	37
Management	3	3
	<u>102</u>	<u>70</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	42	27
Administration and support	37	30
Management	3	3
	<u>82</u>	<u>60</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	1
In the band £90,001 - £100,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £522,072 (2019 - £426,613).

Employer National Insurance contributions included within key management personnel remuneration was £46,162 (2019 - £38,789).

Employer pension contributions included within key management personnel remuneration was £87,726 (2019 - £57,357).

11. Trustees' remuneration and expenses

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

		2020 £	2019 £
C Woolf, Accounting Officer	Remuneration	95,000 - 100,000	90,000 - 95,000
	Pension contributions paid	20,000 - 25,000	10,000 - 15,000

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

12. Trustees' and Officers' insurance

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

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NOTES TO THE FINANCIAL STATEMENTS
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13. Intangible assets

	Computer software £
Cost	
At 1 September 2019	63,936
At 31 August 2020	<u>63,936</u>
Amortisation	
At 1 September 2019	39,211
Charge for the year	13,238
At 31 August 2020	<u>52,449</u>
Net book value	
At 31 August 2020	<u>11,487</u>
At 31 August 2019	<u>24,725</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

	Freehold property £	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2019	15,899,823	-	544,628	303,128	16,747,579
Additions	-	8,192,156	15,665	88,927	8,296,748
At 31 August 2020	15,899,823	8,192,156	560,293	392,055	25,044,327
Depreciation					
At 1 September 2019	441,070	-	306,949	145,081	893,100
Charge for the year	147,256	-	109,325	75,782	332,363
At 31 August 2020	588,326	-	416,274	220,863	1,225,463
Net book value					
At 31 August 2020	15,311,497	8,192,156	144,019	171,192	23,818,864
At 31 August 2019	15,458,753	-	237,679	158,047	15,854,479

15. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	9,092	9,556
Prepayments and accrued income	112,552	159,853
VAT recoverable	34,985	28,454
	156,629	197,863

16. Current asset investments

	2020 £	2019 £
Cash equivalents on deposit	100,059	-

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17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	85,441	136,463
Other taxation and social security	72,640	50,599
Other creditors	73,452	19,871
Accruals and deferred income	221,985	56,715
	<u>453,518</u>	<u>263,648</u>
	2020 £	2019 £
Deferred income at 1 September 2019	-	38,243
Resources deferred during the year	104,056	-
Amounts released from previous periods	-	(38,243)
	<u>104,056</u>	<u>-</u>

At the balance sheet date, the Academy was holding funds received in advance for SEN services, the rates rebate and educational trips income received in advance for the following year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	26,443	371	-	-	-	26,814
Restricted general funds						
General Annual Grant (GAG)	262,686	3,716,698	(3,462,289)	(34,330)	-	482,765
Start up grants	43,737	-	(3,588)	-	-	40,149
Post opening grants	-	121,000	(121,000)	-	-	-
Other DfE / ESFA grants	-	543,714	(543,714)	-	-	-
Other Government grants	-	229,304	(229,304)	-	-	-
Other restricted funds	-	64,049	(64,049)	-	-	-
Restricted donations	-	848,480	(848,480)	-	-	-
Pension reserve	(325,000)	-	(278,000)	-	(21,000)	(624,000)
	<u>(18,577)</u>	<u>5,523,245</u>	<u>(5,550,424)</u>	<u>(34,330)</u>	<u>(21,000)</u>	<u>(101,086)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	15,879,204	8,192,156	(345,598)	104,589	-	23,830,351
DfE group funding	-	69,762	(11,856)	(57,906)	-	-
Devolved Formula Capital	-	12,353	-	(12,353)	-	-
	<u>15,879,204</u>	<u>8,274,271</u>	<u>(357,454)</u>	<u>34,330</u>	<u>-</u>	<u>23,830,351</u>
Total Restricted funds	<u>15,860,627</u>	<u>13,797,516</u>	<u>(5,907,878)</u>	<u>-</u>	<u>(21,000)</u>	<u>23,729,265</u>
Total funds	<u><u>15,887,070</u></u>	<u><u>13,797,887</u></u>	<u><u>(5,907,878)</u></u>	<u><u>-</u></u>	<u><u>(21,000)</u></u>	<u><u>23,756,079</u></u>

THE HARROW ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

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

General Annual Grant: This fund is for the purpose of running the Trust in accordance with the Funding Agreement with the Secretary of State and along guidelines as set out in the Academies Financial Handbook.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Start up grants: This fund has arisen from funding awarded to the Trust by the ESFA for the set-up of Harrow View Primary School.

Post opening grants: This fund has arisen from funding received by the Trust from the ESFA to reflect the additional costs of establishing a new publicly-funded school, which cannot be met through the general annual grant. The post-opening grant provides funding in two elements as the free school grows: non-staffing resources and a leadership grant.

Other DfE / ESFA grants: This fund has also arisen from funding received from the Department for Education and the Education and Skills Funding Agency for the furtherance of the Trust's activities that are not funded through the General Annual Grant.

Other Government grants: This fund has also arisen from funding received for the furtherance of the Trust's activities that are funded by the Local Authority.

Other restricted funds: This restricted fund has arisen from other income that the Trust has received. The monies have to be used for the benefit of the Trust and there are restrictions on how these monies can be spent.

Restricted donations: This fund largely represents a donation in kind for maintenance work performed and contributions made by parents to the running of educational visits for the pupils of the Trust and the associated costs of running the trips.

Pension reserve: This liability has arisen from the Local Government Pension Scheme, which was inherited by the Academy Trust on conversion. See note 25 for further details on this liability.

Restricted fixed asset funds: These funds have arisen from the fixed assets acquired by the Trust. All assets held are specifically for the use of the Trust.

DfE group funding: This fund has arisen from capital funding received from the ESFA as part of the Department for Education's free schools programme. The capital grant provides funding for the Trust to purchase ICT and Furniture, Fixtures and Equipment (FFE) as Pinner High School grows to capacity.

Devolved Formula Capital: This represents funding received from ESFA for the maintenance and improvement of the Trust's buildings and facilities.

Unrestricted funds: These have arisen from activities carried out by the Trust for raising funds and are unrelated to any form of Government assistance and therefore the Trust can choose to spend it however it chooses.

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18. Statement of funds (continued)

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

	Balance at 1 September 2018 £	As restated Income £	As restated Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	11,340	15,103	-	-	-	26,443
Restricted general funds						
General Annual Grant (GAG)	331,601	2,680,999	(2,612,044)	(137,870)	-	262,686
Start up grants	-	(90,000)	(4,133)	137,870	-	43,737
Post opening grants	-	152,500	(152,500)	-	-	-
Other DfE / ESFA grants	-	118,257	(118,257)	-	-	-
Other Government grants	-	160,497	(160,497)	-	-	-
Other restricted funds	-	26,064	(26,064)	-	-	-
Restricted donations	-	347,717	(347,717)	-	-	-
Pension reserve	(109,000)	-	(132,000)	-	(84,000)	(325,000)
	222,601	3,396,034	(3,553,212)	-	(84,000)	(18,577)
Restricted fixed asset funds						
Restricted fixed asset fund	16,130,475	-	(330,192)	78,921	-	15,879,204
DfE group funding	-	114,224	(35,303)	(78,921)	-	-
DFC	-	19,328	(19,328)	-	-	-
	16,130,475	133,552	(384,823)	-	-	15,879,204
Total Restricted funds	16,353,076	3,529,586	(3,938,035)	-	(84,000)	15,860,627
Total funds	16,364,416	3,544,689	(3,938,035)	-	(84,000)	15,887,070

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	23,818,864	23,818,864
Intangible fixed assets	-	-	11,487	11,487
Current assets	26,814	976,432	-	1,003,246
Creditors due within one year	-	(453,518)	-	(453,518)
Provisions for liabilities and charges	-	(624,000)	-	(624,000)
Total	26,814	(101,086)	23,830,351	23,756,079

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	15,854,479	15,854,479
Intangible fixed assets	-	-	24,725	24,725
Current assets	26,443	570,071	-	596,514
Creditors due within one year	-	(263,648)	-	(263,648)
Provisions for liabilities and charges	-	(325,000)	-	(325,000)
Total	26,443	(18,577)	15,879,204	15,887,070

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net income/(expenditure) for the period (as per Statement of Financial Activities)	7,890,009	(393,346)
Adjustments for:		
Amortisation	13,238	13,237
Depreciation	332,363	316,955
Capital grants from DfE and other capital income	(82,115)	(133,552)
Interest receivable	(371)	(314)
Pension scheme adjustments	278,000	132,000
Decrease/(increase) in debtors	41,234	(14,851)
Increase/(decrease) in creditors	189,870	(200,857)
Donation in kind from the DfE	(8,192,156)	-
Net cash provided by/(used in) operating activities	470,072	(280,728)

21. Cash flows from investing activities

	2020 £	2019 £
Interest	371	314
Purchase of tangible fixed assets	(104,592)	(78,921)
Purchase of investments	(100,059)	-
Capital grants from DfE Group	82,115	207,887
Net cash (used in)/provided by investing activities	(122,165)	129,280

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	746,558	398,651
Total cash and cash equivalents	746,558	398,651

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	398,651	347,907	746,558
Cash equivalents held on deposit	-	100,059	100,059
	<u>398,651</u>	<u>447,966</u>	<u>846,617</u>

24. Contingent liabilities

There is an agreement between the Trust and the ESFA in regards to the running costs of Pinner High School's site. Currently, some of these costs are borne by the ESFA. However, the agreement states that at some point a reasonable and affordable contribution towards these costs will be agreed that the Trust will have to pay the ESFA. At 31st August 2020, no agreement or discussions have been started to determine what this contribution should be, so while the Trust is aware a contingent liability exists, currently no figure can be prescribed against this.

25. Pension commitments

The 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 London Borough of Harrow. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £72,625 were payable to the schemes at 31 August 2020 (2019 - £NIL) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £420,781 (2019 - £195,388).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £235,000 (2019 - £157,000, of which employer's contributions totalled £179,000 (2019 - £120,000 and employees' contributions totalled £ 56,000 (2019 - £37,000). The agreed contribution rates for future years are 19.6 per cent for employers and 5.5-12.5% per cent for employees.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.9	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.2	2.3

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25. Pension commitments (continued)

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

	2020 Years	2019 Years
Retiring today		
Males	22.0	21.2
Females	24.3	23.5
Retiring in 20 years		
Males	23.1	22.3
Females	26.3	25.0

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(48,000)	(17,000)
Discount rate -0.1%	48,000	17,000
Mortality assumption - 1 year increase	50,000	26,000
Mortality assumption - 1 year decrease	(50,000)	(26,000)
CPI rate +0.1%	48,000	17,000
CPI rate -0.1%	(48,000)	(17,000)

Share of scheme assets

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

	2020 £	2019 £
Equities	485,000	265,000
Corporate bonds	82,000	47,000
Property	44,000	-
Cash and other liquid assets	19,000	24,000
Total market value of assets	630,000	336,000

The actual return on scheme assets was £59,000 (2019 - £20,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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25. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	449,000	245,000
Past service cost	-	3,000
Interest income	(8,000)	(7,000)
Interest cost	16,000	11,000
Total amount recognised in the Statement of Financial Activities	457,000	252,000

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

	2020 £	2019 £
At 1 September	661,000	268,000
Current service cost	449,000	245,000
Interest cost	16,000	11,000
Employee contributions	56,000	37,000
Actuarial losses	72,000	97,000
Past service costs	-	3,000
At 31 August	1,254,000	661,000

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

	2020 £	2019 £
At 1 September	336,000	159,000
Interest income	8,000	7,000
Actuarial gains	51,000	13,000
Employer contributions	179,000	120,000
Employee contributions	56,000	37,000
At 31 August	630,000	336,000

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26. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	11,087	3,356
Later than 1 year and not later than 5 years	29,681	9,229
	<u>40,768</u>	<u>12,585</u>

27. 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.

28. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year, the Trust seconded staff from Hatch End High School, an Academy whose Accounting Officer is S Maguire. Services paid to Hatch End High School totalled £48,695 (2019 - £NIL). The balance due at year end was £16,675 (2019 - £NIL). The element above £2,500 has been provided 'at no more than cost' and Hatch End High School have provided a statement of assurance confirming this.

During the year, the Trust received services from The Bentley Wood Trust, a Trust whose Accounting Officer is J Howkins. Amounts paid to the Bentley Wood Trust totalled £4,200 (2019 - £3,150). The balance due at year end was £NIL (2019 - £NIL). In entering into the transaction, the Trust has complied with the requirements of the Academies Financial Handbook. The element above £2,500 has been provided 'at no more than cost' and The Bentley Wood Trust have provided a statement of assurance confirming this.

During the year, the Trust purchased alternative provision placements for students at The Harrow Alternative Provision Academy Trust, a Trust whose Accounting Officer is J Reavley. Fees paid to The Harrow Alternative Provision Academy Trust totalled £13,600 (2019 - £9,600). The balance due at year end was £NIL (2019 - £NIL). In entering into the transaction, the Trust has complied with the requirements of the Academies Financial Handbook. The element above £2,500 has been provided 'at no more than cost' and The Harrow Alternative Provision Academy Trust have provided a statement of assurance confirming this.

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in Note 11.