

Company Registration Number: 10391530 (England & Wales)

REGISTRARS COPY

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



HOPE LEARNING COMMUNITY
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 12
Governance statement	13 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 51

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	A Bridge R Morris M Andrews C Haynes
Trustees	M Andrews, Chair of Trustees ¹ A Goggin ¹ I Coleman (resigned 12 December 2019) ¹ G Smith, Accounting Officer ¹ B Shaw ¹ R Barratt (appointed 17 September 2020) J Addison (resigned 21 January 2020) ¹ Member of the Finance, Audit and Premises Committee
Company registered number	10391530
Company name	Hope Learning Community
Principal and registered office	School Road Colchester CO7 7ET
Chief executive officer	G Smith
Senior management team	Gary Smith, CEO Ruth Whitehead, Headteacher - Market Field School Julian Cochrane, Headteacher - Southview School
Independent auditors	MWS Chartered Accountants Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE
Bankers	Lloyds Bank PLC PO Box 1000 BX1 1LT

HOPE LEARNING COMMUNITY
(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 auditors' report of the charitable company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust operates two special academies in Essex. The Trust has combined pupil capacity of 446.

Structure, governance and management

a. Constitution

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

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

The Trustees of Hope Learning Community are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Market Field Learning Community.

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.

b. Members' liability

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

c. Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover on any one claim and details of the costs are disclosed in Note 13 to the accounts.

d. Method of recruitment and appointment or election of Trustees

When the Trust was formed on the 1st December 2016, the governors who were already serving on the governing body for Market Field School were transferred across and appointed as trustees. Southview's existing governors automatically became members of their local governing body. The members have approved a new structure, which will include a central trust board and a local governing bodies for Market Field School. The skills required for the trust board have been identified and trustees are being recruited when they match the skill requirements.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Trustees

The Trust is committed to providing adequate opportunities for trustees and governors to undertake and receive suitable training to enable them to perform their role effectively. To this end the trust purchases a governance support and training service from an external provider. The trust has also used an external company that specialises in academy financial monitoring and governance requirements, to provide expert advice and training for the trustees. The trust has an induction policy which sets out the induction programme for new trustees. The induction programme includes a tour of the academy, meetings with students and staff, and provision of policy and procedures documents that are appropriate to the role they undertake.

f. 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 structure consists of the full board of trustees and one subcommittee which is Finance, Audit and Premises.

The full board of trustees, and its subcommittee met a minimum of three times in the year. The full board of trustees is responsible for the strategic direction of the Trust. The trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust by the use of those budgets, and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments.

Market Field School and Southview School each have a local governing body who monitor at school level the performance and ensure the implementation of policies as agreed by the trustees.

The Senior Leadership Team in each school control individual academies at an executive level and ensure policies are implemented. The SLT is responsible for the day to day operation of their Academy, in organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets, and for the appointment of staff following vetting and safeguarding recruitment processes.

The Trust's CEO is the Accounting Officer.

g. Arrangements for setting pay and remuneration of key management personnel

The board of trustees is responsible for establishing the overall guidelines for pay, and has specific responsibility for setting the remuneration of the CEO and Senior Management Team. In doing so the board takes advice from a specialist HR advisory company who ensure that remuneration is in line with the nationally agreed Teachers Pay and Conditions, and the trust's own pay policy. Executive leaders pay is regularly benchmarked against similar roles in the public sector to ensure value for money.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Structure, governance and management (continued)

h. Related parties and other connected charities and organisations

Owing to the nature of the Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it may be that from time to time transactions will take place with organisations in which members of the board of trustees may have an interest. All transactions involving such organisations would be conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement 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. There were no such transactions for the accounting period.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Essex Special Schools Education Trust (ESSET) for whom the CEO is the Chair of Trustees. ESSET is a private limited company by guarantee that provides educational support services to improve specialist education provision.
- Essex County Council who are responsible for the coordination of special needs provision in the county

In addition, The Trust is in partnership with three teaching school alliances, North East Essex Teaching School Alliance, Essex Teaching Training and Essex Schools ITT Partnership. The alliances provide training advice on the delivery of special needs education, and supporting with teacher and student work placements.

The Trust is also connected to the charity Southview School Fund, registered number 287494, of which the local governing body of Southview School are trustees. The Trust manages the funds which are used towards its charitable objects, and they are included within these accounts.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

Since its inception, Market Field Learning Community has recognised the importance of engaging with its workforce. Employee engagement and well-being is essential in ensuring the success of the trust. The trust therefore strives to maintain open communication channels between management, teachers and support staff.

The management teams regularly engage with the workforce both formally and informally, examples of this include:

- Team meetings
- Business meetings
- Emails
- Performance management reviews
- Non-pupil days where the trust's vision, values and development plans can be shared
- Training sessions
- Workshops
- Wellbeing committee
- Staff representation on the local governing bodies

Where there is a proposal for significant change to policy or practice all staff are formally consulted.

Market Field Learning Community, as a responsible employer, ensures that pay and benefits are fair and in line with government policy. The trust also ensures the health and safety and well-being of all its employees.

The trust is committed to promoting equal opportunities in employment. All employees and job applicants receive equal treatment regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation. No job applicant is asked to disclose their disability until a formal offer has been made.

Any employee that is disabled or becomes disabled, is encouraged to tell us about their condition so that we can support them as appropriate and make any reasonable adjustments to support them in overcoming or minimising the difficulty. We monitor the physical features of our premises to consider whether they might place anyone with a disability at a substantial disadvantage. Where we are able to we take all reasonable steps to improve access.

j. Trade union facility time

The trust has no trade union officials that require trade union facility time.

Objectives and activities

a. Objects and aims

The principal object and aim of the charitable company is to advance for the public benefit education in the United Kingdom, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a trust specifically organised to make special educational provision for children with special educational needs.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Objectives and activities (continued)

b. Objectives, strategies and activities

In order to meet these objectives and aims and to provide exceptional learning opportunities for the pupils of the Trust, management have concentrated on the following key priorities:

- Expanded school provision to meet massive demand, successful CIF bid means £1 million ESFA investment.
- Post 16 now up to capacity.
- Ensuring the trust delivers outstanding teaching and learning to ensure the highest possible achievement for each individual pupil.
- Ensuring the trust has the right structures and ethos to provide the highest possible level of care and support for each individual pupil.
- Ensuring the trust is innovative and proactive working in partnership within the locality.

c. Public benefit

The trustees believe that by working towards the objects and aims of the Trust as detailed above, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

The Trust continued its mission to ensure that pupils achieved their full potential, to recruit, develop and retain suitable staff, and to guide pupils in suitable progression when they leave the academy.

Specific notable achievements were as follows:

The trust has expanded capacity to meet the needs of growing demand.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

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.

Market Field has an Ofsted inspection in 2019-20 and was judged as good.

Southview was judged inadequate in February 2017 due solely to having to implement a more robust safeguarding process. This was rectified immediately and received a subsequent Section 8 inspection confirming all was very much in order and congratulating the school. As a trust we are very proud of the efficiency and professionalism by which this was accomplished.

The Finance and Audit Committee regularly monitor the key financial performance indicators. The final KPIs for the period were as follows;

Staff Costs to Income - 84% (2019: 82%)

Government Funding to Total Income - 98% (2019: 95%)

Cash balances to Income - 0.17 (2019: 0.24)

Assets vs Liabilities - 3.39 (2019: 4.01)

All the above KPIs were within the parameters set by the board.

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

c. Achievements and performance

Market Field School Achievements

An extension has been built on the Market Field School site which has enabled the Key Stage 4 children to move back from the college site and have improved access to multi-sensory, soft play and speech and language facilities.

Staff were encouraged to invest heavily in their own CPD over the period of lockdown and completed training in Makaton, Attachment Awareness, Bereavement (which we hope to never have to use in practise), Phonics, First Aid, Epilepsy, Dyslexia and Sensory circuits – to name but a few! Staff meeting time will be used effectively over the next few months to enhance pedagogical awareness relating to Relationship, Sex and Health Education (RSHE), Lego Therapy and using our new Maths curriculum – White Rose Maths.

Our exam successes for 2020 were phenomenal and a real testament to the resilience of the children and staff involved in putting them together in what was a difficult exam period.

Exam successes are a continual tribute to our staff and children.

- 100% of former year 11 students passed their GCSE exams this summer and we were delighted that one student got a grade 6 in his GCSE Art.
- 100% of former year 11 students passed their Entry Level exams this summer with the average being a high entry level 2.
- Of the students entered for **Functional Skills exams** at Level 1 and Level 2, the pass rates were as follows:-
 - 100% at Level 1 (across English, Maths and ICT)
 - 75% at Level 2 (across Maths, English and ICT)
- The GCSE cohort gained an average of 2 GCSE's or GCSE equivalent qualifications each with the overall cohort gaining 138 qualifications between them and an average of 4 each.
- Our year 12 cohort have made a promising albeit disrupted start to college life and received pass marks in Functional Skills English and Maths qualifications and Level 1 Engineering. Most of our year 12 qualifications have rolled over until 2021 though because they did not have enough direct teaching hours for us to claim certification on.
- Our year 13's received passes in Entry Level English and Maths qualifications as well as ASDAN unit awards.
- For the first year ever, we had year 14s. By the nature of our college they stay with us until they gain employment so it was a smaller cohort than had started with us in year 12. They were really affected by lockdown and currently, we are still awaiting confirmation on their NVQ results for catering.

Away from exams, the children have coped as well as can be expected during lockdown and made some big "personal" achievements in life skills – some have been cooking at home, some have learned to dress themselves, one of our pre-verbal children started talking. I am amazed by the continual resilience of our children.

Moving into this academic year, our priority for now is getting the children back to an emotional place where they are ready to learn. Some classes are nearly there, others need a little more time but until they are in this place, there is not much point in us trying to get them – as they won't retain it. We are mindful that for some of our children, school is their safe space and sadly, when they needed the safe space the most, we weren't able to be there for them. So this trust needs rebuilding and that will take some time.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

Southview School Achievements

Southview School remains a popular oversubscribed school and as such, demand for places is high. With support from the Trust, there is a planned modular build, to accommodate a complex needs group, scheduled to open later this term. This will free up some much needed capacity and take the strain off some of the infrastructure, in particular bathroom facilities.

The school swiftly adapted to the lockdown in March and provided a range of activities for those children shielding at home. Throughout the lockdown period the school was open for all children, and remained open over the holiday periods (with the exception of the summer) for those children of essential key workers. Feedback from this time from parents was exclusively positive. The schools staff wellbeing coordinator is working with senior leaders on capturing and embedding some of the positive practice, and sometimes ethos, present in the school at this time. Whilst the school endeavoured to support children's physical needs with movement and yoga Zoom sessions, what became apparent was the high requirement for specialist Physio, Occupational and speech and language therapy. This input is impossible to replicate with remote learning at home. This was, and potentially would be, a challenge in any subsequent lockdowns, as all therapeutic staff were redeployed within the NHS.

Over 90% of the school returned in September but a small minority of children continued to shield. Changes in medical protocols prevented nine children returning to school and there is a comprehensive home support package in place to support these children. There is a degree of optimism that this issues will be resolved in the near future.

The school is well set up should further restrictions be placed on it, or a partial/full lockdown is necessary. The school has robust procedures in place to manage the risk of coronavirus, as well as protocols should a case be confirmed. All these are based on the latest guidance from the DfE and the NHS.

The issue of funding remains a contentious issue, and whilst the school can currently set a balanced budget, this position cannot be guaranteed without a significant overhaul of the current funding arrangements. Currently most Southview children/students are banded at a band 4, and we are working hard to ensure a 'typical' Southview student is banded at a band 5, which would bring us in line with typical Essex special school funding for children with these range of needs. There are ongoing discussions with county over this and there has been significant headway made so far, resulting in an additional revenue in the region of £40K.

It was wonderful to see the children and students return in September and they have settled back into the new routine remarkably well. We will work with individual classes to create a bespoke curriculum in the initial stages of children's return; this may look like a more academic profile for some classes, whereas an emphasis on more of a physical or emotional curriculum may be required for some. It is envisaged we will continue to roll out the new curriculum towards the end of the term, but this will be very much driven by the needs of the children and students. We have taken the decision to suspend our internal assessment this year as the majority of the school were shielding from March. We are very optimistic that with targeted support our children, students and families will settle into the 'new normal' life at Southview.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Strategic report (continued)

Financial review

a. Financial review

The principal source of funding for the Trust is the General Annual Grant (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 £7,048,250 (2019: £6,137,646) of GAG and other government funding. 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 special education. During the year the Trust spent £7,712,923 (2019: £6,853,612) on expenditure. The reserves to take forward at 31 August 2020 are £423,528 (2019: £559,904) of restricted funding and £858,746 (2019: £899,343) of unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £4,391,000 (2019: £3,628,000). 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.

b. Reserves policy

A reserves policy was approved by the board of trustees on 11th July 2018. 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 unless a specific planned use of brought forward reserves is being made for investment in trust development. The trustees monitor estimated year-end reserves figures via the receipt of monthly management accounts. The budget plan identifies how any reserves will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £858,746 (2019: £899,343). The restricted general funds total £423,528 (2019: £559,901). This has been built up from a mixture of balances transferred from the predecessor school, an increase in high needs funding received from the LA, an increase in the pupil numbers on roll and donations made to the school. The trustees ensure that all reserves are deployed effectively and for maximum impact, and have plans to utilise surplus funds to grow and expand the trust while holding a reasonable level of funds as a contingency for unexpected events.

The Trust has a healthy cash balance and forecast shows that the trust will have no cash flow issues in the medium term.

c. Investment policy

An investment policy was approved by the Board on 11th July 2018. The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its 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.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

d. Principal risks and uncertainties

The Trust works with a central risk register identifying the major risks, to which the trust is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Trust Board and Local Governing Bodies. The principal risks facing the Trust are outlined below:

- The current presence of the Covid-19 virus may impact on pupil progress as opportunities for pupils to engage with a wider community and access a diverse curriculum are more limited. In addition, the trust may be at risk of another closure should the number of Covid-19 cases rise to a concerning level.
- The Trust has considerable reliance on continued Government funding through the ESFA and Essex County Council, and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- 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 and the trustee board is currently undergoing a restructure to ensure the board has the appropriate range of skills to govern the Trust effectively;
- The continuing success of the Trust is dependent on continuing to maintain the outstanding education provision it currently delivers. To mitigate this risk trustees, ensure that pupil progress and outcomes are closely monitored and reviewed;
- The Trust is reliant on the quality of its staff. The trustees monitor and review policies, procedures and recruitment to ensure continued development and training of staff, as well as ensuring there is clear succession planning;
- All organisations run the risk of fraud and mismanagement of funds. The Trust has appointed an independent professional to carry out auditing work on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- To support the expansion of The Trust a new and emergent leadership structure is currently being embedded. As with any new structure this will take time, and trustees will ensure support is provided to personnel in new posts and that staff performance and standards are monitored.

Fundraising

On occasions, the trust organises fundraising events. This is always done in conjunction with staff of the trust who ensure fundraising conforms to recognised standards. The trust does not use professional fundraisers or involve commercial participators. In accordance with data protection regulations, permission is sought before marketing directly to individuals and on the rare occasion that marketing is undertaken this is neither intrusive nor persistent. There have been no complaints about fundraising this year. There was no significant impact on fundraising as a result of the Covid-19 virus.

Plans for future periods

The trust plans to continually improve the educational experience of special needs students both within in its own trust but also on a wider scale throughout Essex county. After recent growth and expansion, the immediate plans are to consolidate this rapid period of growth and ensure that teaching and learning and business practices are of a high quality across the trust with a focus on the continued expansion of the new 6th form centre and the opening of a new free school which will specialise in the provision of education for autistic pupils.

Funds held as custodian on behalf of others

The Trust does not hold, and does not expect to hold, funds on behalf of others.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

Disclosure 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
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 1 December 2020 and signed on its behalf by:

michael frank andrews

.....
M Andrews
Chair of Trustees

Mr G Smith

.....
G Smith
Accounting Officer

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Hope Learning Community 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 5 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
M Andrews, Chair of Trustees	5	5
A Goggin	4	5
I Coleman	1	1
G Smith, Accounting Officer	5	5
B Shaw	4	4
J Addison	1	1

Governance Reviews

The Trust Board oversees the work of the Trust in line with the scheme of delegation and meeting schedule. The Trust Board has one committee in operation which is the Finance, Audit and Premises Committee. There is also a local governing body in place at each school in trust with a scheme of delegation in place that allows them to have oversight of local issues.

Trustees undertook a self-evaluation in June 2020. This identified HR and Marketing, Media and PR as areas to strengthen. The board has been recruiting to these skills and will have at least one new trustee for the new academic year. Trustees are aware that the board needs to continue to expand and diversify and recruiting will continue to this end. The board will undertake another self-evaluation in Spring 2021.

The Finance, Audit and Premises Committee is a sub-committee of the main board of Trustees. Its purpose is to address financial matters, monitor the efficiency of the trust and monitor the trust's internal control framework and compliance with regulations.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
M Andrews	4	4
A Goggin	4	4
I Coleman	1	1
G Smith	4	4
B Shaw	3	3

HOPE LEARNING COMMUNITY
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Accounting Officer considers whether the trust's use of its resources is providing good value for money and reports this to the board of trustees where value for money can be improved, including the use of benchmarking data.

The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Increasing the number of pupil places on offer at Market Field School which has resulted in a significant increase in revenue funding
- Saving staff costs by sharing staff between academies
- Reducing staff absence costs by implementing tighter absence monitoring procedures and by self-insuring against staff absence rather than buying an insurance policy as historic trends have identified this is better value.

The board of trustees have been robust in their challenge of spending and budget allocation to ensure that the school was able to set a balanced budget for 2019-20 and 2020-21. The trust has a healthy level of reserves.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hope Learning Community for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy 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 annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes 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
- identification and management of risks

The Board of Trustees has decided to employ Price Bailey and SBM Services Ltd as internal auditor.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The board of trustees decided to appoint Price Bailey and SBM Services Ltd as their internal auditors for 2019-20. Their role includes giving advice on financial and other matters and performing a range of checks on the academy's financial and other systems as directed by the board. In particular, the checks carried out in the period included;

- Reviewing payroll, purchasing and income procedures and controls at Southview School
- Reviewing central trust governance arrangements
- Reviewing budget setting and monitoring procedures

On an annual basis the auditors report to the board of trustees, through the finance, audit and premises committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Following the receipt of the internal audit reports action plans are prepared to address any areas for improvement which the trust board monitors.

On an annual basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Review of effectiveness

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 26 November 2020 and signed on their behalf by:

michael frank andrews
.....
M Andrews
Chair of Trustees

Mr G Smith
.....
G Smith
Accounting Officer

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hope Learning Community I have considered my responsibility to notify the academy trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA:

During the year the Trust did not carry out tendering procedures in line with its financial regulations on a capital transaction.

Mr G Smith

G Smith
Accounting Officer
Date: 1 December 2020

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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 order of the members of the Board of Trustees on 1 December 2020 and signed on its behalf by:

.....

M Andrews

Chair of Trustees

michael frank andrews

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOPE
LEARNING COMMUNITY**

Opinion

We have audited the financial statements of Hope Learning Community (the 'academy 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 academy 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 academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 academy 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.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOPE
LEARNING COMMUNITY (CONTINUED)**

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 Reference and administrative details, the Trustees' report including the Strategic report, and the Governance 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.

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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HOPE
LEARNING COMMUNITY (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Jonathan Gorridge

Jonathan Gorridge FCA (senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants

Chartered Accountants

Kingsridge House

601 London Road

Westcliff-on-Sea

Essex

SS0 9PE

3 December 2020

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOPE
LEARNING COMMUNITY AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated May 2019 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 Hope Learning Community 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 Hope Learning Community and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hope Learning Community 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 Hope Learning Community and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hope Learning Community's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hope Learning Community's funding agreement with the Secretary of State for Education dated 29 November 2016 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.

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 academy trust's income and expenditure.

- Assessing the risk of material irregularity in the Academy Trust
- Commissioning a self-assessment review of the Trustees' governance arrangements and consideration of any material non-compliance with the Academies Financial Handbook
- Investigating any areas of significant risk identified
- Consideration of the work performed under our audit engagement and any impact this may have on our regularity conclusion or regularity risk assessment
- A review of the internal controls and internal audit procedures for areas of significant risk and performing further substantive testing where necessary.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOPE
LEARNING COMMUNITY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, except for the matters listed below 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.

During the year the Trust did not carry out tendering procedures in line with its financial regulations on a capital transaction.

MWS

MWS
Chartered Accountants
Chartered Accountants

Kingsridge House
601 London Road
Westcliff-on-Sea
Essex
SS0 9PE

Date: 3 December 2020

HOPE LEARNING COMMUNITY
(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 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	54,745	-	945,158	999,903	275,690
Charitable activities		-	7,053,949	-	7,053,949	6,137,646
Other trading activities		100,699	-	-	100,699	75,271
Investments	6	2,762	-	-	2,762	1,024
Total income		158,206	7,053,949	945,158	8,157,313	6,489,631
Expenditure on:						
Charitable activities	8	20,597	7,692,326	315,041	8,027,963	7,136,195
Total expenditure		20,597	7,692,326	315,041	8,027,964	7,136,195
Net income/(expenditure)		137,609	(638,377)	630,117	129,349	(646,564)
Transfers between funds	19	(178,206)	(100,000)	278,206	-	-
Net movement in funds before other recognised gains/(losses)		(40,597)	(738,377)	908,323	129,349	(646,564)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(161,000)	-	(161,000)	(751,000)
Net movement in funds		(40,597)	(899,377)	908,323	(31,651)	(1,397,564)
Reconciliation of funds:						
Total funds brought forward		899,343	(3,068,096)	13,777,886	11,609,133	13,006,697
Net movement in funds		(40,597)	(899,377)	908,323	(31,651)	(1,397,564)
Total funds carried forward		858,746	(3,967,473)	14,686,209	11,577,482	11,609,133

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

The notes on pages 26 to 51 form part of these financial statements.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)
REGISTERED NUMBER: 10391530

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	15	14,586,209	13,717,436
		<u>14,586,209</u>	<u>13,717,436</u>
Current assets			
Stocks	16	650	400
Debtors	17	432,397	151,601
Cash at bank and in hand		1,394,635	1,584,650
		<u>1,827,682</u>	<u>1,736,651</u>
Creditors: amounts falling due within one year	18	(445,408)	(216,954)
Net current assets		<u>1,382,274</u>	<u>1,519,697</u>
Total assets less current liabilities		<u>15,968,483</u>	<u>15,237,133</u>
Net assets excluding pension liability		<u>15,968,483</u>	<u>15,237,133</u>
Defined benefit pension scheme liability	26	(4,391,000)	(3,628,000)
Total net assets		<u><u>11,577,483</u></u>	<u><u>11,609,133</u></u>

Funds of the academy trust

Restricted funds:

Fixed asset funds	19	14,686,209	13,777,886
Restricted income funds	19	423,528	559,904
		<u>15,109,737</u>	<u>14,337,790</u>
Restricted funds excluding pension asset	19	15,109,737	14,337,790
Pension reserve	19	(4,391,000)	(3,628,000)
Total restricted funds	19	<u>10,718,737</u>	<u>10,709,790</u>
Unrestricted income funds	19	858,746	899,343
Total funds		<u><u>11,577,483</u></u>	<u><u>11,609,133</u></u>

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue on 01 December 2020 and are signed on their behalf, by:

michael frank andrews

M Andrews
Chair of Trustees

Mr G Smith

G Smith
Accounting Officer

The notes on pages 26 to 51 form part of these financial statements.

HOPE LEARNING COMMUNITY
(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 operating activities	22	96,307	7,008
Cash flows from investing activities	23	(286,322)	8,379
Change in cash and cash equivalents in the year		(190,015)	15,387
Cash and cash equivalents at the beginning of the year		1,584,650	1,569,263
Cash and cash equivalents at the end of the year	24, 25	<u>1,394,635</u>	<u>1,584,650</u>

The notes on pages 26 to 51 form part of these financial statements

HOPE LEARNING COMMUNITY
(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.

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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.

1.2 Going concern

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

1.3 Income

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

- **Donations**

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

- **Other income**

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

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.5 Tangible fixed assets

Assets costing £2,500 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:

Long-term leasehold property	- 50 years straight line
Furniture and equipment	- 5 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 5 years straight line

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

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 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.

1.8 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.

1.9 Liabilities

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

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.11 Pensions

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

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

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

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

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

1.13 Licence to occupy

The academy trust entered into a licence to occupy for two years over a number of rooms in a building in Clacton. The trust pays rentals at market value and these are included within costs in the Statement of Financial Activities. There have been no improvements to the property during the year but other asset purchases have been capitalised in line with the Trust's policies.

1.14 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a 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 26, 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.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	54,745	-	54,745	117,981
Capital Grants	-	945,158	945,158	157,710
Total 2020	54,745	945,158	999,903	275,691
<i>Total 2019</i>	<i>117,981</i>	<i>157,710</i>	<i>275,691</i>	

4. Funding for the academy trust's educational operations

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	4,270,000	4,270,000	3,786,442
Other DfE/ESFA Grants	526,170	526,170	235,663
	4,796,170	4,796,170	4,022,105
Other government grants			
Local Authority Grants	2,252,080	2,252,080	2,115,541
	2,252,080	2,252,080	2,115,541
Exceptional government funding			
Coronavirus exceptional funding	5,699	5,699	-
Total 2020	7,053,949	7,053,949	6,137,646
<i>Total 2019</i>	<i>6,137,646</i>	<i>6,137,646</i>	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £5,699 of PPE and additional cleaning costs. These costs are included in the notes as appropriate.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Hire of facilities	3,734	3,734	4,195
Catering income	25,644	25,644	32,654
Services provided	56,910	56,910	15,195
School sales	13,244	13,244	20,388
School uniform sales	1,167	1,167	2,839
Total 2020	100,699	100,699	75,271
<i>Total 2019</i>	<i>75,271</i>	<i>75,271</i>	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Interest receivable	2,762	2,762	1,024
<i>Total 2019</i>	<i>1,024</i>	<i>1,024</i>	

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Charitable activities:					
Direct costs	5,178,312	315,041	171,288	5,664,641	4,922,466
Support costs	1,700,545	268,204	394,573	2,363,322	2,213,729
Total 2020	6,878,857	583,245	565,861	8,027,963	7,136,195
<i>Total 2019</i>	<i>5,873,151</i>	<i>512,471</i>	<i>750,573</i>	<i>7,136,195</i>	

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

7. Expenditure (continued)

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Education operations	20,597	8,007,366	8,027,963	7,136,195
	<u>20,597</u>	<u>8,007,366</u>	<u>8,027,963</u>	
<i>Total 2019</i>	<u>49,816</u>	<u>7,086,379</u>	<u>7,136,195</u>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational operations	5,664,641	2,363,322	8,027,963	7,136,195
	<u>5,664,641</u>	<u>2,363,322</u>	<u>8,027,963</u>	
<i>Total 2019</i>	<u>4,922,466</u>	<u>2,213,729</u>	<u>7,136,195</u>	

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	5,178,312	5,178,312	4,381,350
Depreciation	315,041	315,041	282,926
Educational Supplies	105,042	105,042	195,219
Examination Fees	8,380	8,380	11,037
Educational Consultancy	57,866	57,866	51,934
Total 2020	5,664,641	5,664,641	4,922,466
<i>Total 2019</i>	<i>4,922,466</i>	<i>4,922,466</i>	

Analysis of support costs

	Educational operations 2020 £	Total funds 2020 £	Total funds 2019 £
Pension finance costs	64,000	64,000	59,000
Staff costs	1,700,545	1,700,545	1,491,800
Technology	15,641	15,641	11,059
Staff Development	19,307	19,307	25,474
Recruitment and Support	6,232	6,232	4,862
Maintenance of premises	65,994	65,994	81,873
Cleaning	28,837	28,837	21,675
Rent and rates	73,750	73,750	72,214
Energy costs	81,478	81,478	53,783
Insurance	29,145	29,145	33,997
Security and transport	36,326	36,326	47,989
Catering	41,269	41,269	94,037
Bank interest and charges	152	152	184
Legal and professional fees	122,617	122,617	124,092
Other support costs	78,029	78,029	91,690
Total 2020	2,363,322	2,363,322	2,213,729
<i>Total 2019</i>	<i>2,213,729</i>	<i>2,213,729</i>	

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

9. Analysis of expenditure by activities (continued)

Analysis of support costs (continued)

During the year ended 31 August 2020, the Academy Trust incurred the following Governance costs:

£17,631 (2019: £15,846) included within the table above in respect of Educational Operations.

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	63,144	35,639
Depreciation of tangible fixed assets	315,041	282,926
Fees paid to auditors for:		
- audit	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	4,917,308	4,331,322
Social security costs	354,862	300,971
Pension costs	1,585,610	1,224,372
	<u>6,857,780</u>	<u>5,856,665</u>
Agency staff costs	9,277	16,486
Staff restructuring costs	11,800	-
	<u>6,878,857</u>	<u>5,873,151</u>

Staff restructuring costs comprise:

	2020 £
Severance payments	11,800
	<u>11,800</u>

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

11. Staff (continued)

b. Staff numbers

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

	2020 No.	2019 No.
Leadership	7	9
Teachers	57	49
Administration and support	230	216
	<u>294</u>	<u>274</u>

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 £70,001 - £80,000	1	-
In the band £100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £536,037 (2019 £342,126).

12. Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

13. Trustees' remuneration and expenses

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

		2020 £	2019 £
G Smith, Chief Executive	Remuneration	105,000 - 110,000	100,000 - 105,000
	Pension contributions paid	25,000 - 30,000	15,000 - 20,000

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

13. Trustees' remuneration and expenses (continued)

L Frances (resigned 27 September 2018)	Remuneration	-	0 - 5,000
	Pension contributions paid	-	0 - 5,000

During the year, retirement benefits were accruing to 1 Trustees (2019 - 3) in respect of defined benefit pension schemes.

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

14. Trustees' and Officers' insurance

The academy trust has opted into the Department of 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.

15. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2019	14,090,975	121,127	93,813	81,198	14,387,113
Additions	1,063,119	59,480	25,200	36,016	1,183,815
At 31 August 2020	15,154,094	180,607	119,013	117,214	15,570,928
Depreciation					
At 1 September 2019	538,630	33,219	54,803	43,025	669,677
Charge for the year	224,624	36,485	30,783	23,149	315,041
At 31 August 2020	763,254	69,704	85,586	66,174	984,718
Net book value					
At 31 August 2020	14,390,840	110,903	33,427	51,040	14,586,210
At 31 August 2019	13,552,345	87,908	39,010	38,173	13,717,436

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

16. Stocks

	2020 £	2019 £
Stock	650	400

17. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	51,613	33,743
Other debtors	106,290	26,008
Prepayments and accrued income	274,494	91,850
	<u>432,397</u>	<u>151,601</u>

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	11,110	8,417
Other taxation and social security	81,900	74,490
Accruals and deferred income	352,398	134,047
	<u>445,408</u>	<u>216,954</u>

	2020 £	2019 £
Deferred income at 1 September 2019	8,668	30,216
Resources deferred during the year	20,681	8,668
Amounts released from previous periods	(8,668)	(30,216)
	<u>20,681</u>	<u>8,668</u>

At the balance sheet date the academy trust was holding funds received in advance for:

Grants received in advance of entitlement £6,508 (2019: £8,668)
Income deferred for trips not held in year £14,173 (2019: £nil)

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

19. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds - all funds	899,343	158,206	(20,597)	(178,206)	-	858,746
Restricted general funds						
General Annual Grant	502,544	4,270,000	(4,298,248)	(100,000)	-	374,296
Other DFE/ESFA Grants	31,512	366,193	(354,296)	-	-	43,409
Pupil Premium	25,848	165,676	(185,701)	-	-	5,823
Local authority grants	-	2,102,080	(2,102,080)	-	-	-
Autism hub	-	75,000	(75,000)	-	-	-
ESSET	-	75,000	(75,000)	-	-	-
Pension reserve	(3,628,000)	-	(602,000)	-	(161,000)	(4,391,000)
	<u>(3,068,096)</u>	<u>7,053,949</u>	<u>(7,692,325)</u>	<u>(100,000)</u>	<u>(161,000)</u>	<u>(3,967,472)</u>
Restricted fixed asset funds						
Inherited assets	13,522,644	-	(242,806)	-	-	13,279,838
Assets purchased from GAG	96,259	-	(59,655)	107,766	-	144,370
ESFA capital grants	158,983	945,158	(12,580)	70,440	-	1,162,001
GAG funds allocated for capital	-	-	-	100,000	-	100,000
	<u>13,777,886</u>	<u>945,158</u>	<u>(315,041)</u>	<u>278,206</u>	<u>-</u>	<u>14,686,209</u>
Total Restricted funds	<u>10,709,790</u>	<u>7,999,107</u>	<u>(8,007,366)</u>	<u>178,206</u>	<u>(161,000)</u>	<u>10,718,737</u>
Total funds	<u><u>11,609,133</u></u>	<u><u>8,157,313</u></u>	<u><u>(8,027,963)</u></u>	<u><u>-</u></u>	<u><u>(161,000)</u></u>	<u><u>11,577,483</u></u>

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

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

19. Statement of funds (continued)

Restricted general funds

These relate to the Academy's development and operational activities.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

19. Statement of funds (continued)

Restricted fixed asset fund

These grants relate to capital funding to carry out works of a capital nature.

Pension reserve

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

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

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Market Field School	1,118,858	1,340,413
Southview School	163,416	118,834
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,282,274	1,459,247
Restricted fixed asset fund	14,686,209	13,777,886
Pension reserve	(4,391,000)	(3,628,000)
	<hr/>	<hr/>
Total	11,577,483	11,609,133
	<hr/>	<hr/>

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Market Field School	4,007,623	1,240,511	76,015	574,845	5,898,994	5,096,848
Southview School	1,170,689	460,034	29,027	154,179	1,813,929	1,756,421
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy trust	5,178,312	1,700,545	105,042	729,024	7,712,923	6,853,269
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

19. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	818,133	194,275	(49,816)	(63,249)	-	899,343
Restricted general funds						
General Annual Grant	647,268	3,786,442	(3,958,031)	26,865	-	502,544
Other DFE/ESFA Grants	30,000	77,392	(75,880)	-	-	31,512
Pupil Premium	24,921	158,271	(157,344)	-	-	25,848
Local authority grants	-	1,965,541	(1,965,541)	-	-	-
Autism hub	-	75,000	(75,000)	-	-	-
ESSET	-	75,000	(75,000)	-	-	-
Pension reserve	(2,380,000)	-	(497,000)	-	(751,000)	(3,628,000)
	(1,677,811)	6,137,646	(6,803,796)	26,865	(751,000)	(3,068,096)
Restricted fixed asset funds						
Inherited assets	13,771,993	-	(249,349)	-	-	13,522,644
Assets purchased from GAG	87,972	-	(28,097)	36,384	-	96,259
ESFA capital grants	6,410	157,710	(5,137)	-	-	158,983
	13,866,375	157,710	(282,583)	36,384	-	13,777,886
Total Restricted funds	12,188,564	6,295,356	(7,086,379)	63,249	(751,000)	10,709,790
Total funds	13,006,697	6,489,631	(7,136,195)	-	(751,000)	11,609,133

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

20. Transfers between funds

Funds have been transferred in respect of the following:

£100,000 has been transferred from the restricted GAG fund to the restricted fixed asset fund representing funds set aside for allowable capital expenditure.

£178,206 has been transferred from the restricted GAG fund to the restricted fixed asset fund representing capital additions purchased from GAG funding.

21. 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	-	-	14,586,209	14,586,209
Current assets	873,459	854,223	100,000	1,827,682
Creditors due within one year	(14,713)	(430,695)	-	(445,408)
Provisions for liabilities and charges	-	(4,391,000)	-	(4,391,000)
Total	858,746	(3,967,472)	14,686,209	11,577,483

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	-	-	13,717,436	13,717,436
Current assets	899,346	776,854	60,450	1,736,650
Creditors due within one year	-	(216,953)	-	(216,953)
Provisions for liabilities and charges	-	(3,628,000)	-	(3,628,000)
Total	899,346	(3,068,099)	13,777,886	11,609,133

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

22. 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)	129,349	(646,564)
Adjustments for:		
Depreciation	315,037	282,926
Capital grants from DfE and other capital income	(739,751)	(157,709)
Interest receivable	(2,792)	(1,024)
Defined benefit pension scheme cost less contributions payable	538,000	438,000
Defined benefit pension scheme finance cost	64,000	59,000
(Increase)/decrease in stocks	(250)	1,419
Increase in debtors	(280,793)	(1,759)
Increase in creditors	73,507	22,763
Loss on disposal of a tangible fixed asset	-	9,956
Net cash provided by operating activities	96,307	7,008

23. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	2,792	1,024
Cash used in purchase of tangible fixed assets	(1,028,865)	(150,354)
Capital grants from DfE Group	739,751	157,709
Net cash (used in)/provided by investing activities	(286,322)	8,379

24. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,394,635	1,584,650
Total cash and cash equivalents	1,394,635	1,584,650

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

25. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	1,584,650	(190,015)	1,394,635
	<u>1,584,650</u>	<u>(190,015)</u>	<u>1,394,635</u>

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

26. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

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
- 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 £318,321 (2019 - £224,654).

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

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

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

26. Pension commitments (continued)

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 £676,000 (2019 - £589,000), of which employer's contributions totalled £542,000 (2019 - £468,000) and employees' contributions totalled £ 134,000 (2019 - £121,000). The agreed contribution rates for future years are between 24.4 per cent and 25 per cent for employers and 5.5 per cent and 12 per cent for employees.

As described in note the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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	3.20	3.65
Rate of increase for pensions in payment/inflation	2.20	2.15
Discount rate for scheme liabilities	1.65	1.90
Inflation assumption (CPI)	2.20	2.15
Inflation assumption (RPI)	3	3.15

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	21.3
Females	23.8	23.6
<i>Retiring in 20 years</i>		
Males	23.2	23
Females	25.2	25.4

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

26. Pension commitments (continued)

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	7,333	6,089
Discount rate -0.1%	7,800	6,493
Mortality assumption - 1 year increase	7,824	6,516
Mortality assumption - 1 year decrease	7,310	6,067
Salary increases +0.1%	7,580	6,311
Salary increases -0.1%	7,547	6,265

Share of scheme assets

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

	2020 £	2019 £
Equities	1,965,000	1,679,000
Gilts	135,000	146,000
Other bonds	178,000	149,000
Property	246,000	213,000
Cash	87,000	77,000
Alternative assets	369,000	260,000
Other managed funds	192,000	136,000
Total market value of assets	3,172,000	2,660,000

The actual return on scheme assets was £81,000 (2019 - £183,000).

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

	2020 £	2019 £
Current service cost	(1,078,000)	(806,000)
Past service cost	-	(99,000)
Interest income	57,000	59,000
Interest cost	(121,000)	(118,000)
Total amount recognised in the Statement of financial activities	(1,142,000)	(964,000)

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

26. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	6,288,000	4,308,000
Current service cost	1,078,000	806,000
Interest cost	121,000	118,000
Employee contributions	134,000	121,000
Change in financial & demographic assumptions	(74,000)	875,000
Benefits paid net of transfers in	16,000	(39,000)
Past service costs	-	99,000
At 31 August	7,563,000	6,288,000

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

	2020 £	2019 £
At 1 September	2,660,000	1,928,000
Interest income	57,000	59,000
Actuarial (losses)/gains	(235,000)	124,000
Employer contributions	542,000	468,000
Employee contributions	134,000	121,000
Benefits paid net of transfers in	16,000	(39,000)
Admin expenses	(2,000)	(1,000)
At 31 August	3,172,000	2,660,000

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

26. Pension commitments (continued)

Impact of the McCloud/Sargeant judgement on the Local Government Pension Scheme

An allowance was made in 2019 for the Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 August 2019 was allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2020.

This adjustment is an estimate of the potential impact on the Trust's defined benefit obligation as provided by the scheme's actuary. The Actuary's assessment is based on analysis carried out by the Government Actuary's Department (GAD) and the Trust's liability profile.

The GAD assessment is based on a "worst-case" scenario whereby this case impacts on all active members in the scheme as at 31 March 2019. It is the view of the Trustees and their actuary that this is not a realistic estimate. The actuary has therefore adjusted their estimate to only include members who were active at 31 March 2012.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. It is not anticipated that there are any material differences between the approach underlying the estimated allowance in 2019 and the proposed remedy.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. HM Treasury have confirmed that the judgement "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes".

It is anticipated that the Fund will pay limited increases for members that have reached State Pension Age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase.

For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase. It is not therefore necessary to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Goodwin case

Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

It is anticipated that the impact on the value of LGPS liabilities as a whole, and for the majority of employers participating in the LGPS, will not be material. However, the impact on individual employers will vary depending on their specific membership profile.

Sufficient information is not currently available to assess the actual impact on the Academy Trust but as the worst case scenario for the scheme as whole is expected to be in the region of be 0.025% no

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

26. Pension commitments (continued)

provision has been included within these financial statements.

27. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	61,280	60,022
Later than 1 year and not later than 5 years	2,246	556
	<u>63,526</u>	<u>60,578</u>

28. 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.

29. Related party transactions

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which 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 academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

S Smith - wife of G Smith (CEO)

S Smith was employed by the trust and received remuneration of £36,416 (2019: £28,790) and pension of £8,171 in respect of her employment with the trust.

I Coe - daughter of G Smith (CEO)

I Coe was employed by the trust and received remuneration of £12,170 (2019: £4,785) and pension of £2,747 (2019: £1,013) in respect of her employment with the trust.

There were no amounts outstanding in respect of the above at the reporting date.

In entering into this transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

HOPE LEARNING COMMUNITY
(A company limited by guarantee)

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

30. Agency arrangements

The Trust distributes 16-19 and other bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the Trust received £49,382 (2019: £18,103) and disbursed £42,824 (2019: £12,689) from the fund. An amount of £11,972 (2019: £5,414) is included in other creditors relating to undistributed funds that are repayable to the ESFA.