

Company Registration No. 10760863 (England and Wales)

HORNCHURCH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021

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HORNCHURCH ACADEMY TRUST

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HORNCHURCH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

G Thumpston
J Woodgate
G Baker
A Ling
K Turner

Trustees

C Hobson (Accounting officer)
E Lacy
G Thumpston (Chair of Trustees)
R Train
A Weatherley
M Pepper
K Pitt
C Ridley-Moy
C Birbeck

Senior management team

C Hobson	- CEO
R Epps	- Principal Lead of Trust Improvement
J Sladden	- Chief Financial Officer

Company registration number

10760863 (England and Wales)

Registered office

Whybridge Junior School
Blacksmiths Lane
Rainham
Essex
RM13 7AH
United Kingdom

Academies operated

Scargill Infant School
Scargill Junior School
Whybridge Junior School
Central Services
Upminster Junior School
Upminster Infant School

Location

Rainham
Rainham
Rainham
Rainham
Upminster
Upminster

Principal

Dawn McGahey
Helen Graham
Sarah Warshow

Alison Edgcombe
Helen London

Independent auditor

Azets Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ
United Kingdom

HORNCHURCH ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank Plc
21-25 Station Lane
Hornchurch
Essex
RM12 6JL
United Kingdom

Solicitors

Brown Jacobson LLP
Castle Meadow Road
Nottingham
Nottinghamshire
NG2 1BJ
United Kingdom

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area in Havering. Please see below for pupil capacity:

Scargill Infant School	270
Scargill Junior School	360
Whybridge Junior	330
Upminster Infant	270
Upminster Junior	360
TOTAL	1,590

Structure, governance and management

Constitution

The Multi Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Multi Academy Trust.

The Directors are the trustees of Hornchurch Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

Hornchurch Academy Trust was incorporated on 9th May 2017 and originally consisted of three schools. All schools have kept their original names, and obtained academy status from 1st September 2017. The Trust expanded to include Upminster Infant School and Upminster Junior School from 1st September 2018 to increase the Trust from three schools to five schools.

Members' liability

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

Trustees' indemnities

The Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 11 to the financial statements this indemnity is unlimited.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Method of recruitment and appointment or election of trustees

The members of the multi-academy trust shall comprise the signatories to the Memorandum, the chairman of the directors, and any person appointed under Article 16.

The number of directors shall be not less than 3, but shall not be subject to a maximum. Directors will be appointed by the members.

Each Trust school shall have its own local standards group (LSG). The LSG composition is the same in all schools with no more than 7 members. For an LSG with 7 members, the composition is as follows:

- Head Teacher
- 2 staff governors
- 2 elected parent governors
- 2 co-opted governor

The first directors of Hornchurch Academy Trust shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

Each of the persons entitled to appoint members of the LSG shall have the right, from time to time by written notice delivered to the Office, to remove any member appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any director or LSG member shall be 4 years, save that this time limit shall not apply to the Executive Headteacher or Chief Executive Officer subject to remaining eligible to be a particular type of director, any director or member may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

New training and induction provided for new directors was designed by the CEO and will be supplemented by additional training sessions available to directors that will continue to strengthen skills and knowledge and support directors in their new roles as part of a new organisation. All new directors know the schools very well and have the opportunity to visit schools within the Trust and meet with staff and students. All relevant directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors. The board is currently implementing its new induction programme for new directors that was agreed in the July 2018 meeting.

Organisational structure

The structure consists of four management levels: The Hornchurch Academy Trust Directors Board, The Senior Leadership Team, the Local Standards Groups and the individual School Leadership Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. This structure sits within an overall framework of principles that ensures core functions are standardised whilst a degree of school autonomy and individual character is maintained so that local solutions to local issues can be quickly developed and have immediate impact. The current management structure is the outcome of an evolutionary process that took place over the first 2 years the partnership developed as a maintained group of schools.

The Hornchurch Academy Trust Directors Board are responsible for setting general policy, adopting an annual plan, budget monitoring by the use of budget reports, and for making major decisions about the direction of Hornchurch Academy Trusts, capital expenditure, and senior staff appointments.

The School Leadership Team consists of the Headteacher/Head of School, Deputy Heads/Deputy Head of School and/or Assistant Heads of School and the Chief Financial Officer. These leaders control the school at school level, implementing the policies laid down by themselves, the Local Standards Group, the CEO or Hornchurch Academy Trusts Directors' Board. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets, and the appointment of non-senior staff. Appointments of senior leader posts will require Director's authorisation.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Review of Governance

An annual skills audit is undertaken by the trustees to identify any skills gap, using the National Governors Association templates provided by the professional clerking service. This year's audit has identified there is a reasonable balance of different skills across the board and has been enhanced by a new appointment.

Despite being interrupted by the COVID-19 pandemic, whole school reviews are undertaken annually, by members of the SLT and external consultants. During this review process, members of the schools' Local Standards Groups are interviewed to provide assurance of their knowledge, skills and effectiveness of the local governors.

Two Ofsted inspections (Autumn 2019) have further externally validated governance within the new Ofsted framework that included both local governance and Trust governance.

An annual governance day has taken place for trustees and local standards groups to review expectations, standards, effectiveness of governance, and to establish how different levels of governors interact with each other. As a result of this governance review, central Trust staff have arranged additional support and school visits for all levels of governance. In addition, the CEO attends LSG meeting on a regular and rotated basis in order to link governance and be available to discuss strategic direction.

The next self-evaluation of governance will be undertaken spring 2022.

Two trusts in Kent have been identified and an informal working partnership has been established for both Trusts to work together, undertaking a peer review process including governance.

Arrangements for setting pay and remuneration of key management personnel

The setting of the pay and remuneration for the Chief Executive Officer is devolved from the Board to a panel responsible for CEO performance management. The pay of the CEO is set within the limits outlined in the National Teachers Pay and Conditions document. This process is externally facilitated and validated to ensure it is robust and challenging.

The pay and remuneration of the Executive Team below CEO level is set by the Trustees and is aligned with Greenwich local authority pay and conditions and the National Teachers Pay and Conditions Document.

This process is externally facilitated and validated to ensure it is robust and challenging.

Head Teacher pay within all Trust schools is set using the formula within the pay and conditions document, applicable at the time of appointment. A panel consisting of members of the Executive Team and the Board of Trustees will set the exact pay within the pay range identified within the pay and conditions document.

No leader in Hornchurch Academy Trust is paid more than 25% above the leadership scale, in line with national recommendations – including the CEO. Current pay levels were inherited on conversion from maintained school status and there has been pay progression for the CEO since the group became a multi academy trust to reflect his additional duties and responsibilities.

Related parties and other connected charities and organisations

Owing to the nature of the Academy's operations 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 a Director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities

Objects and aims

The principal activity of the multi-academy trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools and settings offering a broad and balanced curriculum.

The Mission

Hornchurch Academy Trust is fully inclusive and committed to achieving high quality educational outcomes for all of our children. Through the provision of rich and meaningful curricula, which place a strong emphasis on the arts and sport, we develop a love of learning and the motivation to succeed. We know that school is just one element of our children's experience, and work alongside our families and community to foster a sense of moral and social responsibility. Our curricula focus on providing experiences that encourage our children to become curious, enthusiastic, resilient and confident learners, enabling them to change the world for the better.

This will drive the ultimate aim:

To Improve the Educational Outcomes for Children in Primary Education.

Objectives, strategies and activities

Hornchurch Academy Trust developed from the original group of 3 maintained schools under the executive leadership of the new CEO. It is a successful partnership of schools that has grown over the past year as a response to local need and request. We are a forward thinking, innovative and creative school group, committed to achieving excellence within meaningful and empowering contexts for learning. Fundamental to our ethos is an understanding that the way we organise our schools for learning is key to educating children for the world we would wish to see them develop and thrive in. We are 'growth mindset' organisations, and we champion the message that 'everyone can'.

As a multi-academy trust, Hornchurch Academy Trust aims to retain its identity as a group, as well as to protect the unique characters of each of our schools. We firmly believe that collaboration should not equate to 'sameness'. We celebrate diversity in all its forms, and while there are some very clear consistencies across our schools, these do not undermine their individuality. We are clear that we need to be unwavering about the right things, quality and integrity.

As the Trust evolves and expands, we aim to ensure that our Constitution and Articles frame our collective aspirations for the future of our schools, while centring them at the heart of their communities. We aim to be a local group of schools that develops local hubs in other locations - an integral part of education provision across Havering and beyond.

Hornchurch Academy Trust will stand for partnership, excellence and opportunity. We aim to shape the world by empowering children to make it a more just, equitable and sustainable place for future generations to prosper in.

Hornchurch Academy Trust is passionate about securing the highest standards of provision and achievement for all children. We are committed to achieving this by creating a fully inclusive environment that actively promotes social justice and equality, thereby empowering disadvantaged communities. We provide this through the creation of cognitively challenging contexts for learning that develop children's desire to learn. We believe that by encouraging children to become agents of their own learning, they are empowered to become autonomous and independent, and to respond to challenges. This in turn enables them to grow into responsible citizens who are able to contribute to today's society in a way that maximises their strengths and individual characters.

As a group of schools, we develop ambitious, challenging and creative curricula that enable all children to flourish socially, spiritually, culturally, emotionally and academically. Whilst high academic attainment is important for all children's life chances, we also believe in the importance of providing a rich experience of the arts and physical development.

Hornchurch Academy Trust is committed to the very highest professional standards. We value individuality and promote the unique ethos of each school, firmly at the heart of its community. Through collaboration, we seek to build on the strengths that exist within each school so that our collective intellectual capital benefits our broader communities.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The Trust Commitments

- Commitment to achieving the highest standards of inclusive provision and outcomes for all children.
- Commitment to the aims, values and ethos of the Trust.
- Commitment to the Articles, Scheme of Delegation and financial contribution (through the top-slice agreement) of the Trust.
- Commitment to the Principles and to collaborative developments in pedagogy and curricula.
- Commitment to all jointly-agreed operating policies and procedures.
- Commitment to all Trust branding agreements to ensure consistency across the Trust, whilst protecting individuality and school identity.
- Commitment to locally-focused admissions criteria and nationally agreed procedures for children who are hard to place – Fair Access Protocols.
- Commitment to working in partnership with parents, carers and the local community, to ensure schools are responsive to their aspirations for their children.
- Commitment to promoting the strengths of the Trust and the benefits of collaborative development, working across the group for the good of the whole.
- Commitment to sharing staff expertise, responding to the needs of the Trust, and jointly finding solutions.
- Commitment to working with schools beyond our immediate partnership.
- Commitment to teacher and support staff pay and conditions, and to professional learning for all.
- Commitment to respecting the environment and to developing green, sustainable ways of working.

Externally validated school reviews evaluate the extent to which principles are embedded and impacting positively on provision and outcomes for all pupils.

Public benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

The Trust adopts the admission policies of the Local Authority in which it operates.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

The Trust outcomes remain above National Average in both Key Stages based on 2019 outcomes with SATs cancelled in 2020 and 2021 due to COVID-19. Teacher assessment data indicates either improvements from the previous year or sustained performance despite extended periods of school closure and remote education.

Opportunities for students continue to be varied and broad; music and sport are particular strengths with collaboration impacting on opportunities for children despite COVID restrictions. Shared resource management is developing with targeted school improvement opportunities staff to lead beyond their school on behalf of the MAT. The Trust has developed its School Improvement Strategy that has led to improvements in all areas and a clear MAT development plan and KPI's as agreed by Trustees. Priorities are informed by the new MAT SEF and evaluation using the MAT Assurance Framework. The Director of Teaching and Learning leads on consistent monitoring of performance and improvement that is reported to the Board of Trustees, whilst the Group SENCo leads on Trust wide SEN provision. All schools participate in internal and external review to facilitate quality assurance processes. Bespoke external review is also commissioned.

Vision and strategic direction for the Trust and individual Academies are clear with key priorities identified for the coming year. The MAT development plan is consistently reviewed with the Board of Trustees.

Positive and negative factors

The challenges faced during the year ending August 2021 have again been significant with the global pandemic. The challenges reflect the national picture and relate directly to the COVID-19 and associated issues. Issues include: Remote education provision, management of risk, providing continuity of education, supporting vulnerable children, supporting wellbeing of staff and children and curriculum catch up. However, the Trust ends the year fully staffed and with finances controlled and managed well. Physical improvements to the school sites include completed works from CIF funding 2020, whilst additional works in all schools as a result of successful CIF funding 2020 totalling £965,176 will further improve the Trust estate, mitigate future risk and reduce liabilities.

Pupils enter the schools from a wide range of social, cultural and economic backgrounds. The schools pride themselves on being inclusive.

See below for the percentage of pupils eligible for free school meals, EAL status, Pupil Premium status and on the Special Educational Needs register for each school:

Whybridge Junior School

24.14% of pupils eligible for Free Schools Meals
19.66% of children on SEN register
28.28% of pupils eligible for Pupil Premium funding
29.31% of children registered as EAL status

Scargill Junior School

21.60% of pupils eligible for Free School Meals
14.81% of children on SEN register
21.91% of pupils eligible for Pupil Premium funding
22.99% of children registered as EAL status

Scargill Infant School

23.21% of pupils eligible for Free Schools Meals
11.81% of children on SEN register
24.05% of pupils eligible for Pupil Premium funding
19.83% of children registered as EAL status

Upminster Junior School

3.34% of pupils eligible for Free School Meals
11.42% of children on SEN register
6.69% of pupils eligible for Pupil Premium funding
5.85% of children registered as EAL status

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Upminster Infant School

2.59% of pupils eligible for Free Schools Meals

7.41% of children on SEN register

3.33% of pupils eligible for Pupil Premium funding

5.56% of children registered as EAL status

Key Performance Indicators

Key Performance indicators are established within the Trust and apply to all schools. These are reported to and agreed by Trustees and allow governance to manage associated risk factors.

The main KPI is the Ofsted Framework for Inspection. Inspectors must judge the quality of education provided in the school. This is the overarching judgement.

In order to make a judgement about the quality of education provided in the school, inspectors must first make four key judgements. These are:

- Quality of education
- Behaviour and attitudes
- Personal development
- Leadership and management

In addition, inspectors must also consider:

- the spiritual, moral, social and cultural development of pupils at the school
- the extent to which the education provided by the school meets the needs of the range of pupils at the school, and in particular the needs of:
 - pupils who have a disability for the purposes of the Equality Act 2010
 - pupils who have special educational needs.

Additionally, the Trust has Trust specific KPI indicators that are reported on termly to the Board of Trustees

The individual academies within the Hornchurch Academy Trust are judged by OfSTED as follows:

- Whybridge Junior School = Good
- Scargill Junior School = Good
- Scargill Infant School = Outstanding
- Upminster Junior School = Good
- Upminster Infant School = Outstanding

Hornchurch Academy Trust Internal monitoring systems and external validation judged the schools currently as:

- Whybridge Junior School = Good
- Scargill Junior School = Good
- Scargill Infant School = Good
- Upminster Junior School = Good
- Upminster Infant School = Good

Due to the COVID 19 pandemic and associated school closure from January 2021, all statutory national assessment testing and official submission of teacher assessment data was cancelled. This meant that SAT's testing was cancelled for 2021 and thus there would be no national performance tables published for a second year in a row.

All schools within the Trust have completed internal teacher assessment activities that have been both monitored and externally validated. This is to benchmark school performance, school progress, inform future strategic priorities and self-evaluation.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Teacher assessment data from all schools was voluntarily submitted to FFT (Fischer Family Trust) in order to receive data analysis of school performance. FFT is used by over 13,600 schools nationally including maintained schools, MATs and local authorities and has the benefit of offering the most comparable view of performance possible without.

Teacher Assessment End of Key Stage Outcomes for 2020-2021:

Whybridge Junior School:

2021	Meeting the Standard	Higher Level	Scaled Score
	Academy	Academy	Academy
Reading	88%	52%	110
Writing	90%	38%	110
Spelling & Grammar	91%	53%	111
Mathematics	88%	33%	109
Combined meeting the standard (R, W & M)	88%	28%	

Scargill Junior School:

2021	Meeting the Standard	Higher Level	Scaled Score
	Academy	Academy	Academy
Reading	89%	38%	107
Writing	90%	20%	110
Spelling & Grammar	86%	36%	111
Mathematics	85%	28%	109
Combined meeting the standard (R, W & M)	82%	15%	

Upminster Junior School:

2021	Meeting the Standard	Higher Level	Scaled Score
	Academy	Academy	Academy
Reading	96%	54%	110
Writing	93%	45%	110
Spelling & Grammar	97%	53%	111
Mathematics	96%	45%	109
Combined meeting the standard (R, W & M)	90%	35%	

Scargill Infant School:

2021	Meeting the Standard	Higher Level
	Academy	Academy
Reading	79%	26%
Writing	74%	21%
Mathematics	82%	23%
Combined meeting the standard (R, W & M)	74%	19%

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Upminster Infant School:

2021	Meeting the Standard	Higher Level
	Academy	Academy
Reading	84%	27%
Writing	82%	19%
Mathematics	85%	26%
Combined meeting the standard (R, W & M)	79%	17%

Key Performance Indicators (KPI's) – 2022-2023- Targets

Attainment and Progress:

- End of KS2 for 80%+ children to achieve the combined standard of attainment
- End of KS1 for 80%+ children to achieve the combined standard of attainment
- For all progress indicators to be positive in all schools
- For whole trust progress indicators to be above National Average
- Schools to maintain a QA grading of 2+
- For all schools to maintain Ofsted grading of 2+
- End of EYFS GLD to be above National Average

Attendance:

- For attendance to remain above National Average in all schools (96.1%)
- For persistent absence to be lower than National Average in all schools
- To diminish the difference of attendance for disadvantaged pupils to be lower than National Average

Teaching and Learning:

- For 90%+ teaching to be good/outstanding in all schools
- For 0% of teaching to be inadequate in all school
- For all schools to engage in joint moderation
- For all schools to engage in joint professional development

Governance:

- To ensure 100% skills coverage at Trustee level: Education, HR, Business, Accounting, H&S

Financial:

- For all schools not to exceed 80% of budget on staffing costs
- To establish one month reserves in each school within 2 years of joining the trust

Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Multi Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Directors continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Financial review

Most of the Academy's income is obtained from the Education, Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2021, total expenditure of £7,372k (2020: £7,155k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the period (excluding pension deficit, restricted fixed asset funds and transfers to restricted fixed asset funds and donations on conversion) was £665k (2020: £516k).

At 31 August 2021 the net book value of fixed assets was £26,142k (2020: £25,485k). Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government pension scheme, in which the Academy participates, showed a deficit of £3,574k (2020: £2,801k) as at 31 August 2021.

Reserves policy

The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning. The current policy is for the Trust to hold revenue reserves equivalent to a minimum of one month's GAG funding which is equivalent to £489k (2020: £476k). All revenue reserves are controlled by the Trust Board including those transferred in upon conversion and cannot be spent without the approval of the Board.

The total value of free reserves was £834k (2020: £808k) as at 31 August 2021.

In accordance with ESFA and charity accounting standards, the Trust will maintain financial records which identify revenue reserves by academy.

The Trust will build and maintain a capital reserve fund from unrestricted funds, in line with the reserves approved by the Board and in accordance with the Trust Investment Policy.

The Directors expect the excess in reserves to decrease over the coming years.

Investment policy

Under the Memorandum and Articles of Association, the Academy has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

The Trust has £250,000 (2020: £250,000) invested in three fixed term deposit accounts held with Lloyds Bank plc. This investment was in line with the Trust investment policy and is reviewed by the Finance and Audit Committee on a regular basis.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

The principal risks to The Hornchurch Academy Trust are:

1. Impact of COVID 19 restrictions on performance. Trust wide strategies include remote learning, cyber security and curriculum catch up via backfill curriculum. Enhanced and far reaching risk assessments aim to mitigate potential risk.
2. Failure to achieve the highest quality standards for children. In order to mitigate this risk Directors ensure high quality recruitment and performance management of all senior staff that is quality assured. All systems and processes are focussed on school improvement, there is a rigorous internal monitoring and accountability system focussing on children's outcomes.
2. Failure to use funds effectively. Financial management processes are being embedded to ensure there is clarity over financial accountability, which ensures principles of best value, transparency of information and a focus on core work.
3. The increase in portfolio means the trust has to ensure greater level of central compliance. The trust is putting in place a range of both internal and external systems to ensure compliance with statutory and industry specific guidelines.

The Hornchurch Academy Trust has a risk register that lists the key risks and discusses mitigating factors. This is reviewed on a termly basis both in terms of ensuring that the mitigating factors are still relevant and whether any of the action plans need reviewing.

The Academy Trust does not undertake any significant fundraising activities.

Plans for future periods

The Trust will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its students are fully prepared for the next steps in their school life.

The focus for the Trust following the COVID restricted period and Trust consolidation is growth by increasing the number of schools in the Trust. The Trust is currently viewed as a strong trust and aims to engage with DfE plans to promote the academy agenda. Work to promote the Trust as a preferred option for schools to join is in partnership with the RSC and DfE.

Continuing to develop flexible and robust solutions that are fit for purpose and adapt to the status of schools at any given time. This also includes diversifying risk within operating systems to cloud based solutions that reduce the potential impact of cyber attack e.g. Arbor MIS. Continued work to enhance the already high quality remote learning offer continues. This allows education, finance and admin functions of the organisation to continue whether on site or remote.

The schools know their strengths and weaknesses based on continual monitoring from the centre of the Trust and also a new and improved 4 tier QA model that embraces the Trust system leader approach. External validation through an annual programme of 'school health checks' - is well used to formulate individual action plans within schools new combined SDP/SEF. The MAT Development Plan is succinct and well-focussed on key developmental areas and follows self-evaluation using the MAT Assurance Framework. It is regularly reviewed by the Board of Trustees.

Subject areas that are underperforming are quickly identified then challenged and supported so that improvements are made. Colleagues that require support to improve their own professional practice are similarly challenged and supported. Interventions for pupils are thorough, although these continue to be modified to focus even more clearly of key strategic areas for improvement.

The Hornchurch Academy Trust is committed to the continual professional learning of all groups of staff. We have an extensive programme of in-house and external development programmes (such as NPQ's) and support staff at all levels with career progression and learning. We are committed to the highest standards of professional learning as we know it is this that makes a difference to pupil engagement and outcomes.

HORNCHURCH ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21.12.2021 and signed on its behalf by:



C Hobson
Accounting officer


G Thumpston
Chair of Trustees

HORNCHURCH ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the 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 The Hornchurch Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
C Hobson (Accounting officer)	3	3
E Lacy	3	3
G Thumpston (Chair of Trustees)	3	3
R Train	2	3
A Weatherley	1	3
M Pepper	3	3
K Pitt	3	3
C Ridley-Moy	2	3
C Birbeck	2	3

An annual skills audit is undertaken by the trustees to identify any skills gap, using the National Governors Association templates provided by the professional clerking service. This year's audit has identified there is a good balance of different skills across the board.

Whole school reviews are undertaken annually, by members of the SLT and external consultants. During this review process, members of the schools' Local Standards Groups are interviewed to provide assurance of their knowledge, skills and effectiveness of the local governors.

An annual governance day has taken place for trustees and local standards groups to review expectations, standards, effectiveness of governance, and to establish how different levels of governors interact with each other. As a result of this governance review, central Trust staff have arranged additional support and school visits for all levels of governance. In addition, the CEO attends LSG meeting on a regular and rotated basis in order to link governance and be available to discuss strategic direction.

The next self-evaluation of governance will be undertaken spring 2022.

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to discuss finance matters. The finance and audit committee meets a minimum of four times per year.

The board of trustees meet a minimum of three times per year. Full management accounts are submitted 12 times a year to the full board of trustees with an open dialogue between the trustees and CEO/CFO in order to ensure effective and robust financial oversight is maintained by the board.

HORNCHURCH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Attendance at meetings of the finance and audit committee in the year was as follows:

Trustees	Meetings attended	Out of possible
C Hobson (Accounting officer)	3	3
E Lacy	3	3
A Weatherley	2	3
K Pitt	3	3

Review of value for money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of directors where value for money can be improved, including the use of benchmarking data where available.

The accounting officer for the Trust has delivered improved value for money by:

- Reducing supply teacher and improving efficiencies by sharing staff resources across Trust schools
- Employing apprentice TAs in three schools
- Negotiating new utility contracts
- Robust contract management, centrally procuring whenever possible
- Rigorous scrutiny of new appointments of staff
- Ensuring competitive quotations for products, services and contracts are obtained
- Ensuring robust budget monitoring systems are in place
- Ensuring the allocation of resources to best promote the aims and values of the school
- Ensuring budgets are set against strict pre-agreed criteria to control the levels of contingency 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 Multi 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 Hornchurch Academy Trust the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Directors has reviewed the key risks to which the Multi Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

HORNCHURCH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The risk and control framework

The Multi 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 Directors;
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Finance and Audit Committee have considered the need for a specific internal audit function and have appointed Baxters Accountants to undertake this on their behalf. The role includes giving advice on financial matters and performing a range of checks on the Multi Academy Trust's financial systems.

Internal audits take place throughout the academic year as directed by the finance and audit committee. The scope of works are determined according to the current risk profile. An annual summary report is produced outlining the key findings. This academic year the internal audit took place across five days in the summer term and included:

- Testing of payroll processes
- Testing of purchasing processes
- Testing of banking processes
- Testing of accounting system
- Testing of census data
- Compliance with ESFA transparency requirements

Review of effectiveness

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

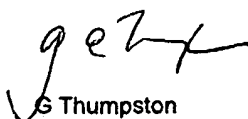
- the work of the external auditor;
- the work of the internal auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Multi Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on ~~21.12.2021~~ 21.12.2021 and signed on its behalf by:



C Hobson
Accounting officer



G Thumpston
Chair of Trustees

HORNCHURCH ACADEMY TRUST

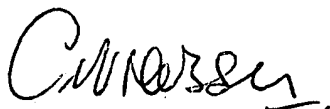
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2021

As accounting officer of Hornchurch Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the 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 2020.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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



C Hobson
Accounting Officer

21/2/2021

HORNCHURCH ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors of Hornchurch Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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.

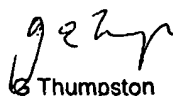
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 21/12/2021 and signed on its behalf by:



C Hobson
Accounting officer



G Thompson
Chair of Trustees

HORNCHURCH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNCHURCH ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of Hornchurch Academy Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

HORNCHURCH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNCHURCH ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 incorporated 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

HORNCHURCH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNCHURCH ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Auditor's responsibilities for the audit of the accounts

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

HORNCHURCH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORNCHURCH ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Use of our report

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

Azets Audit Services

**David Cary LLB FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor**

6 December 2021

5 Yeomans Court
Ware Road
Hertford
Hertfordshire
United Kingdom
SG13 7HJ

HORNCHURCH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HORNCHURCH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 8 July 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hornchurch Academy Trust during the period 1 September 2020 to 31 August 2021 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 Hornchurch Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hornchurch Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hornchurch Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hornchurch Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Hornchurch Academy Trust's funding agreement with the Secretary of State for Education dated 14 August 2017 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

HORNCHURCH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HORNCHURCH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Azets Audit Services

Reporting Accountant

Azets Audit Services
5 Yeomans Court
Ware Road
Hertford
Hertfordshire
SG13 7HJ
United Kingdom

Dated: 06 December 2021

HORNCHURCH ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total 2021 £'000s	Total 2020 £'000s
Income and endowments from:						
Donations and capital grants	3	-	86	689	775	737
Charitable activities:						
- Funding for educational operations	4	-	7,236	-	7,236	6,832
Other trading activities	5	26	-	-	26	100
Investments	6	-	-	-	-	2
Total		<u>26</u>	<u>7,322</u>	<u>689</u>	<u>8,037</u>	<u>7,671</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	-	7,137	235	7,372	7,155
Total	8	<u>-</u>	<u>7,137</u>	<u>235</u>	<u>7,372</u>	<u>7,155</u>
Net income		26	185	454	665	516
Transfers between funds	19	-	(194)	194	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	21	-	(456)	-	(456)	(250)
Net movement in funds		<u>26</u>	<u>(465)</u>	<u>648</u>	<u>209</u>	<u>266</u>
Reconciliation of funds						
Total funds brought forward		808	(2,622)	25,549	23,735	23,469
Total funds carried forward		<u>834</u>	<u>(3,087)</u>	<u>26,197</u>	<u>23,944</u>	<u>23,735</u>

HORNCHURCH ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2020		funds	General	Fixed asset	2020
	Notes	£'000s	£'000s	£'000s	£'000s
Income and endowments from:					
Donations and capital grants	3	-	155	582	737
Charitable activities:					
- Funding for educational operations	4	-	6,832	-	6,832
Other trading activities	5	100	-	-	100
Investments	6	2	-	-	2
Total		102	6,987	582	7,671
Expenditure on:					
Charitable activities:					
- Educational operations	9	-	6,975	180	7,155
Total	8	-	6,975	180	7,155
Net income					
		102	12	402	516
Transfers between funds	19	(15)	(142)	157	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	21	-	(250)	-	(250)
Net movement in funds		87	(380)	559	266
Reconciliation of funds					
Total funds brought forward		721	(2,242)	24,990	23,469
Total funds carried forward		808	(2,622)	25,549	23,735

HORNCHURCH ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

		2021	2020
	Notes	£'000s	£'000s
Fixed assets			
Tangible assets	14	26,142	25,485
Current assets			
Debtors	15	357	335
Cash at bank and in hand		1,694	1,480
		2,051	1,815
Current liabilities			
Creditors: amounts falling due within one year	16	(557)	(651)
Net current assets		1,494	1,164
Total assets less current liabilities		27,636	26,649
Creditors: amounts falling due after more than one year	17	(118)	(113)
Net assets before defined benefit pension scheme liability		27,518	26,536
Defined benefit pension scheme liability	21	(3,574)	(2,801)
Total net assets		23,944	23,735
Funds of the academy trust:			
Restricted funds	19		
- Fixed asset funds		26,197	25,549
- Restricted income funds		487	179
- Pension reserve		(3,574)	(2,801)
Total restricted funds		23,110	22,927
Unrestricted income funds	19	834	808
Total funds		23,944	23,735

The accounts on pages 26 to 50 were approved by the trustees and authorised for issue on 02 December 2021 and are signed on their behalf by:

C Hobson
Accounting officer

G Thumpston
Chair of Trustees

Company Number 10760863

HORNCHURCH ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000s	2020 £'000s
Cash flows from operating activities			
Net cash provided by operating activities	22	407	104
Cash flows from investing activities			
Dividends, interest and rents from investments		-	2
Capital grants from DfE Group		689	582
Purchase of tangible fixed assets		(892)	(797)
Net cash used in investing activities		(203)	(213)
Cash flows from financing activities			
Repayment of other loan		10	84
Net cash provided by financing activities		10	84
Net increase/(decrease) in cash and cash equivalents in the reporting period		214	(25)
Cash and cash equivalents at beginning of the year		1,480	1,505
Cash and cash equivalents at end of the year		<u>1,694</u>	<u>1,480</u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Hornchurch Academy Trust is a charitable company which is limited by guarantee. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hornchurch Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

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.

Grants

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

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

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

Donations

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.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Interest receivable

Interest receivable is included in the statement of financial activities on a receivable basis.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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.

The land and buildings at Upminster Infant School and Upminster Junior School have been included at the valuation provided by the ESFA when completing their desktop valuation and then transferred from the previous Trust at Net Book Value. Scargill Infant School, Scargill Junior School and Whybridge Junior School's land and buildings have been included at the desktop valuation carried out by the ESFA.

All schools have a 125 year lease from conversion on the land and buildings with their local authorities.

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

Leasehold land and buildings	Buildings 2% (land not depreciated)
Leasehold improvements	2% inline with buildings
Computer equipment	33%
Fixtures, fittings & equipment	25%

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 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.

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

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

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 projected unit method. The 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 are 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 net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 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 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.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying value of the property, plant and equipment and note 1.6 for the useful economic lives for each class of assets.

LGPS

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There are no critical areas of judgement.

3 Donations and capital grants

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Capital grants	-	689	689	582
Other donations	-	86	86	155
	-	775	775	737

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
DfE / ESFA grants				
General annual grant (GAG)	-	5,890	5,890	5,711
Other DfE / ESFA grants:				
UIFSM	-	189	189	194
Pupil premium	-	317	317	326
Covid catch up premium	-	118	118	-
Teachers pension grants	-	213	213	211
Teachers pay grants	-	76	76	75
Others	-	109	109	106
	<u>-</u>	<u>6,912</u>	<u>6,912</u>	<u>6,623</u>
Other government grants				
Local authority grants	-	324	324	209
	<u>-</u>	<u>324</u>	<u>324</u>	<u>209</u>
Total funding	<u>-</u>	<u>7,236</u>	<u>7,236</u>	<u>6,832</u>

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals, Pupil Premium, and Teachers Pension and Pay Grants is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

5 Other trading activities

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Hire of facilities	5	-	5	9
Other income	21	-	21	91
	<u>26</u>	<u>-</u>	<u>26</u>	<u>100</u>

6 Investment income

	Unrestricted funds £'000s	Restricted funds £'000s	Total 2021 £'000s	Total 2020 £'000s
Other investment income	-	-	-	2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

7 Central services

The academy trust has provided the following central services to its academies during the year:

- Company secretarial;
- Governor services;
- CEO;
- CFO;
- DOL/ PLfTI ;
- Human resources;
- Financial services;
- Legal services;

The academy trust charges for these services on the following basis:
9.8% (2020: 6.5%) of each school's GAG.

The amounts charged during the year were as follows:

	2021 £'000s	2020 £'000s
Scargill Infant School	101	69
Scargill Junior School	132	82
Whybridge Junior School	116	68
Central Services	-	-
Upminster Junior School	133	85
Upminster Infant School	101	67
	<u>583</u>	<u>371</u>

8 Expenditure

	Staff costs £'000s	Non-pay expenditure Premises £'000s	Other £'000s	Total 2021 £'000s	Total 2020 £'000s
Academy's educational operations					
- Direct costs	4,736	-	307	5,043	4,898
- Allocated support costs	1,193	676	460	2,329	2,257
	<u>5,929</u>	<u>676</u>	<u>767</u>	<u>7,372</u>	<u>7,155</u>

Net income/(expenditure) for the year includes:

	2021 £'000s	2020 £'000s
Fees payable to auditor for:		
- Audit	13	15
- Other services	7	5
Operating lease rentals	68	82
Depreciation of tangible fixed assets	235	180
Net interest on defined benefit pension liability	50	43
	<u></u>	<u></u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

9 Charitable activities

	2021	2020
	£'000s	£'000s
All from restricted funds:		
Direct costs		
Educational operations	5,043	4,898
Support costs		
Educational operations	2,329	2,257
	<u>7,372</u>	<u>7,155</u>
	<u><u>7,372</u></u>	<u><u>7,155</u></u>
Analysis of costs	2021	2020
	£'000s	£'000s
Direct costs		
Teaching and educational support staff costs	4,743	4,510
Staff development	33	22
Educational supplies and services	230	237
Other direct costs	37	129
	<u>5,043</u>	<u>4,898</u>
	<u><u>5,043</u></u>	<u><u>4,898</u></u>
Support costs		
Support staff costs	1,193	1,116
Depreciation	235	180
Technology costs	107	106
Maintenance of premises and equipment	192	232
Cleaning	62	64
Energy costs	73	59
Rent, rates and other occupancy costs	39	28
Insurance	66	55
Security and transport	12	12
Catering	115	172
Finance costs	50	43
Legal costs	2	-
Other support costs	157	170
Governance costs	26	20
	<u>2,329</u>	<u>2,257</u>
	<u><u>2,329</u></u>	<u><u>2,257</u></u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Governance costs

	Total 2021 £'000s	Total 2020 £'000s
All from restricted funds:		
Amounts included in support costs		
Legal costs	2	-
Auditor's remuneration		
- Audit of financial statements	13	15
- Other audit costs	13	5
	<u>28</u>	<u>20</u>

11 Staff

Staff costs

Staff costs during the year were:

	2021 £'000s	2020 £'000s
Wages and salaries	4,270	4,012
Social security costs	368	365
Pension costs	1,221	1,140
	<u>5,859</u>	<u>5,517</u>
Staff costs - employees	5,859	5,517
Agency staff costs	70	50
Staff restructuring costs	-	11
	<u>5,929</u>	<u>5,578</u>
Staff development and other staff costs	40	70
	<u>5,969</u>	<u>5,648</u>
Staff restructuring costs comprise:		
Severance payments	-	11
	<u>-</u>	<u>11</u>

Staff numbers

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

	2021 Number	2020 Number
Teachers	61	59
Administration and support	133	116
Management	8	8
	<u>202</u>	<u>183</u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

11 Staff

(Continued)

Higher paid staff

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

	2021 Number	2020 Number
£60,001-£70,000	5	5
£70,001-£80,000	1	1
£90,001- £100,000	-	1
£100,001 - £110,000	1	-
	<u> </u>	<u> </u>

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 £267k (2020: £272k).

12 Trustees' remuneration and expenses

One or more of the 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, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

C Hobson (CEO and Trustee)

Remuneration £100,001 - £110,000 (2020: £95,001-£100,000)

Employers Pension Contributions £20,001-£25,000 (2020: £20,001-£25,000)

Trustee expenses

During the year, travel payments totalling £nil (2020: £540) were reimbursed or paid directly to one trustee.

13 Trustees' and officers' insurance

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

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

14 Tangible fixed assets

	Leasehold land and buildings £'000s	Leasehold improvements £'000s	Computer equipment £'000s	Fixtures, fittings & equipment £'000s	Total £'000s
Cost					
At 1 September 2020	24,311	1,240	263	66	25,880
Additions	-	775	98	19	892
At 31 August 2021	24,311	2,015	361	85	26,772
Depreciation					
At 1 September 2020	249	-	123	23	395
Charge for the year	121	-	95	19	235
At 31 August 2021	370	-	218	42	630
Net book value					
At 31 August 2021	23,941	2,015	143	43	26,142
At 31 August 2020	24,062	1,240	140	43	25,485

Included in cost of land and buildings is land valued at £19,798k which is not depreciated.

15 Debtors

	2021 £'000s	2020 £'000s
VAT recoverable	83	76
Other debtors	3	-
Prepayments and accrued income	271	259
	357	335

16 Creditors: amounts falling due within one year

	2021 £'000s	2020 £'000s
Other loans	17	12
Trade creditors	78	172
Other taxation and social security	98	88
Other creditors	104	96
Accruals and deferred income	260	283
	557	651

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Creditors: amounts falling due after more than one year

	2021 £'000s	2020 £'000s
Other loans	118	113
	<u>118</u>	<u>113</u>
Analysis of loans	2021 £'000s	2020 £'000s
Wholly repayable within five years	135	125
Less: included in current liabilities	(17)	(12)
	<u>118</u>	<u>113</u>
Amounts included above	<u>118</u>	<u>113</u>
Loan maturity		
Debt due in one year or less	17	12
Due in more than one year but not more than two years	17	12
Due in more than two years but not more than five years	53	38
Due in more than five years	48	63
	<u>135</u>	<u>125</u>

Other loans include a Salix loan of £19,923 repayable over 8 years with no interest.
 Other loans include a CIF loan of £58,658 repayable over 10 years at an interest rate of 2.29%.
 Other loans include a CIF loan of £24,701 repayable over 10 years at an interest rate of 2.29%.
 Other loans include a CIF loan of £15,000 repayable over 5 years at an interest rate of 1.91%.
 Other loans include a CIF loan of £21,886 repayable over 10 years at an interest rate of 2.29%.
 Other loans include a CIF loan of £8,000 repayable over 5 years at an interest rate of 1.91%.

18 Deferred income

	2021 £'000s	2020 £'000s
Deferred income is included within:		
Creditors due within one year	150	116
	<u>150</u>	<u>116</u>
Deferred income at 1 September 2020	116	116
Released from previous years	(116)	(116)
Resources deferred in the year	150	116
	<u>150</u>	<u>116</u>
Deferred income at 31 August 2021	150	116

At the balance sheet date the academy was holding Universal Free School Meals income and rates relief received in advance.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

	Balance at 1 September 2020 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2021 £'000s
Restricted general funds					
General Annual Grant (GAG)	179	5,890	(5,388)	(194)	487
Covid catch up premium	-	118	(118)	-	-
Other DfE / ESFA grants	-	904	(904)	-	-
Other government grants	-	324	(324)	-	-
Other restricted funds	-	86	(86)	-	-
Pension reserve	(2,801)	-	(317)	(456)	(3,574)
	<u>(2,622)</u>	<u>7,322</u>	<u>(7,137)</u>	<u>(650)</u>	<u>(3,087)</u>
Restricted fixed asset funds					
DfE group capital grants	25,549	689	(235)	194	26,197
	<u>25,549</u>	<u>689</u>	<u>(235)</u>	<u>194</u>	<u>26,197</u>
Total restricted funds	<u>22,927</u>	<u>8,011</u>	<u>(7,372)</u>	<u>(456)</u>	<u>23,110</u>
Unrestricted funds					
General funds	808	26	-	-	834
	<u>808</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>834</u>
Total funds	<u>23,735</u>	<u>8,037</u>	<u>(7,372)</u>	<u>(456)</u>	<u>23,944</u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

(Continued)

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

General Annual Grant (GAG)

This represents funding from the ESFA to cover the normal running costs of the Academy.

Other DfE/ESFA grants

This includes universal free school meals, pupil premium, teachers pay grant, teachers pension grant, Covid 19 catch up premium, and the PE and sports grant.

Other government grants

This represents allocated funding for special educational needs pupils.

Other restricted funds

This includes other non government restricted donations for educational purposes.

Pension Reserve

This fund represents the Academy's share of the deficit of the Local Government Pension Scheme (LGPS) transferred to the Academy on conversion from being a state controlled school.

Restricted Fixed Asset Fund - Inherited on conversion

This fund represents capital brought into the trust on conversion of non-academies schools and transfer in of academy schools.

DfE/ESFA capital grants

This represents income received from both the Department for Education and the Education and Skills Funding Agency for capital projects undertaken by the Academy.

Transfers

The transfer between funds represents the net adjustment for additions purchased using GAG funding and DfE/ESFA capital funding.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

(Continued)

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

	Balance at 1 September 2019 £'000s	Income £'000s	Expenditure £'000s	Gains, losses and transfers £'000s	Balance at 31 August 2020 £'000s
Restricted general funds					
General Annual Grant (GAG)	33	5,711	(5,423)	(142)	179
Other DfE / ESFA grants	-	912	(912)	-	-
Other government grants	-	209	(209)	-	-
Other restricted funds	-	155	(155)	-	-
Pension reserve	(2,275)	-	(276)	(250)	(2,801)
	<u>(2,242)</u>	<u>6,987</u>	<u>(6,975)</u>	<u>(392)</u>	<u>(2,622)</u>
Restricted fixed asset funds					
DfE group capital grants	24,990	582	(180)	157	25,549
	<u>24,990</u>	<u>582</u>	<u>(180)</u>	<u>157</u>	<u>25,549</u>
Total restricted funds	<u>22,748</u>	<u>7,569</u>	<u>(7,155)</u>	<u>(235)</u>	<u>22,927</u>
Unrestricted funds					
General funds	721	102	-	(15)	808
	<u>721</u>	<u>102</u>	<u>-</u>	<u>(15)</u>	<u>808</u>
Total funds	<u>23,469</u>	<u>7,671</u>	<u>(7,155)</u>	<u>(250)</u>	<u>23,735</u>

Total funds analysis by academy

	2021 £'000s	2020 £'000s
Fund balances at 31 August 2021 were allocated as follows:		
Scargill Infant School	140	93
Scargill Junior School	292	157
Whybridge Junior School	313	228
Central Services	44	29
Upminster Junior School	128	91
Upminster Infant School	404	389
	<u>1,321</u>	<u>987</u>
Total before fixed assets fund and pension reserve	1,321	987
Restricted fixed asset fund	26,197	25,549
Pension reserve	(3,574)	(2,801)
	<u>23,944</u>	<u>23,735</u>
Total funds	<u>23,944</u>	<u>23,735</u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £'000s	Other support staff costs £'000s	Educational supplies £'000s	Other costs excluding depreciation £'000s	Total 2021 £'000s	Total 2020 £'000s
Scargill Infant School	803	157	30	169	1,159	1,263
Scargill Junior School	968	149	38	192	1,347	1,404
Whybridge Junior School	892	186	43	163	1,284	1,380
Central Services	288	378	60	156	882	354
Upminster Junior School	967	218	32	136	1,353	1,448
Upminster Infant School	825	105	27	154	1,111	1,126
	<u>4,743</u>	<u>1,193</u>	<u>230</u>	<u>970</u>	<u>7,136</u>	<u>6,975</u>

20 Analysis of net assets between funds

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	26,142	26,142
Current assets	1,509	487	55	2,051
Creditors falling due within one year	(557)	-	-	(557)
Creditors falling due after one year	(118)	-	-	(118)
Defined benefit pension liability	-	(3,574)	-	(3,574)
Total net assets	<u>834</u>	<u>(3,087)</u>	<u>26,197</u>	<u>23,944</u>

	Unrestricted Funds £'000s	Restricted funds: General £'000s	Fixed asset £'000s	Total Funds £'000s
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	25,485	25,485
Current assets	1,572	179	64	1,815
Creditors falling due within one year	(651)	-	-	(651)
Creditors falling due after one year	(113)	-	-	(113)
Defined benefit pension liability	-	(2,801)	-	(2,801)
Total net assets	<u>808</u>	<u>(2,622)</u>	<u>25,549</u>	<u>23,735</u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £104k (2020: £96k) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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 latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- 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. The 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 the TPS in the period amounted to £627k (2020: £575k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.1%% for employers and 5.5% to 12.5%% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

Total contributions made	2021 £'000s	2020 £'000s
Employer's contributions	327	338
Employees' contributions	81	76
Total contributions	408	414

Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	3.6	3.0
Rate of increase for pensions in payment/inflation	2.9	2.3
Discount rate for scheme liabilities	1.65	1.7

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

	2021 Years	2020 Years
Retiring today		
- Males	21.8	21.6
- Females	24.1	23.7
Retiring in 20 years		
- Males	22.9	22.4
- Females	25.9	25.2

Scheme liabilities would have been affected by changes in assumptions as follows:

	2021 £'000	2020 £'000
Discount rate -0.5%	930	749
Mortality assumption + 1 year	340	
Salary increase rate +0.5%	80	70
Pension rate increase +0.5%	840	665

Defined benefit pension scheme net liability

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations

(Continued)

Scheme assets	4,921	3,845
Scheme obligations	(8,495)	(6,646)
	<u> </u>	<u> </u>
Net liability	(3,574)	(2,801)
	<u> </u>	<u> </u>

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

	2021 Fair value £'000s	2020 Fair value £'000s
Equities	2,559	1,730
Bonds	1,378	1,269
Cash	246	231
Property	738	615
	<u> </u>	<u> </u>
Total market value of assets	4,921	3,845
	<u> </u>	<u> </u>

The actual return on scheme assets was £730,000 (2020: £(147,000)).

Amount recognised in the Statement of Financial Activities

	2021 £'000s	2020 £'000s
Current service cost	594	571
Interest income	(68)	(69)
Interest cost	118	112
	<u> </u>	<u> </u>
Total operating charge	644	614
	<u> </u>	<u> </u>

Changes in the present value of defined benefit obligations

	2021 £'000s	2020 £'000s
At 1 September 2020	6,646	5,928
Current service cost	594	571
Interest cost	118	112
Employee contributions	81	76
Actuarial loss	1,118	34
Benefits paid	(62)	(75)
	<u> </u>	<u> </u>
At 31 August 2021	8,495	6,646
	<u> </u>	<u> </u>

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

21 Pension and similar obligations

(Continued)

Changes in the fair value of the academy trust's share of scheme assets

	2021 £'000s	2020 £'000s
At 1 September 2020	3,845	3,653
Interest income	68	69
Actuarial (gain)/loss	662	(216)
Employer contributions	327	338
Employee contributions	81	76
Benefits paid	(62)	(75)
At 31 August 2021	4,921	3,845

22 Reconciliation of net income to net cash flow from operating activities

	2021 £'000s	2020 £'000s
Net income for the reporting period (as per the statement of financial activities)	665	36
Adjusted for:		
Capital grants from DfE and other capital income	(689)	(582)
Investment income receivable	-	(2)
Defined benefit pension costs less contributions payable	267	233
Defined benefit pension scheme finance cost	50	43
Depreciation of tangible fixed assets	235	180
(Increase) in debtors	(22)	(110)
(Decrease) in creditors	(99)	(174)
Net cash provided by/(used in) operating activities	407	(376)

23 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and;
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

HORNCHURCH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

24 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000s	2020 £'000s
Amounts due within one year	40	43
Amounts due in two and five years	34	46
	<u>74</u>	<u>89</u>

25 Capital commitments

	2021 £'000s	2020 £'000s
Expenditure contracted for but not provided in the accounts	675	633
	<u>675</u>	<u>633</u>

The majority of this commitment is covered by CIF funding, with £208k committed as revenue contributions by the Trust.

26 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 trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

The following related party transactions took place during the year:

During the year C Hobson, mother of C Hobson, the CEO, was employed as a midday assistant. C Hobson is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

During the year C Birbeck's children, W Birbeck and A Birbeck were employed as teachers. They were employed prior to C Birbeck's appointment and are paid within the normal pay scale for their roles. They receive no special treatment as a result of their relationship to a trustee.

27 Post balance sheet events

Since the year end an academy order has been granted for Shears Green Primary School to convert to academy status and join the trust. This is expected to take place in 2022.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.