

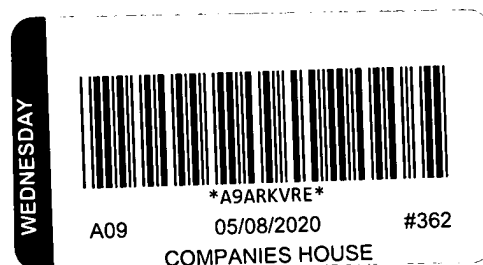
Registrar of Companies

Harris Federation

Consolidated report and financial statements

Year to 31 August 2019

Company limited by guarantee
Registration number
06228587 (England and Wales)



Contents

Reports

Reference and administrative information	1
Directors' report	2
Governance statement	14
Statement on regularity, propriety and compliance	19
Statement of directors' responsibilities	20
Independent auditor's report on the financial statements	21
Independent reporting accountant's report on regularity	24

Financial statements

Consolidated statement of financial activities	26
Balance sheets	27
Consolidated statement of cash flows	28
Principal accounting policies	30
Notes to the financial statements	37

Reference and administrative information

Members	Lord Harris of Peckham Mr P Jacobs Mr P J Saunders
Directors	Lord Harris of Peckham Mr R Alcock Mr A P Bayon Ms D Deakin-Elliott Mr K J Hoods Mr P Jacobs Mrs A Kail Mr T D Moore Sir D Moynihan Dr N Rata Mr P J Saunders Ms R Wilton
Senior Management Team	Sir D Moynihan Mr M Antoniou Mr T Webster Ms S Hasan Mr A Meighen Ms S Musgrove (resigned 31 Dec 2018) Mrs S Miles Ms C English
Secretary	Mr M Antoniou
Registered office	4 th Floor Norfolk House Wellesley Road Croydon CR0 1LH
Company registration number	06228587 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 30 Tooting High Street London SW17 0XN
Solicitors	Veale Wasbrough Vizards LLP Narrow Quay House Bristol BS1 4QA

Directors' report Year to 31 August 2019

The directors of Harris Federation, who are also trustees for the purposes of the Charities Act 2011, present their report and the audited financial statements of the Harris Federation (the Federation) and its three subsidiary companies; Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited, together 'the group', for the year to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 30 to 36 and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Federation is a company limited by guarantee, incorporated under Company Number 06228587. The Federation's Memorandum and Articles of Association are the primary governing documents of the Federation.

As at 31 August 2019 the Federation was made up of 46 open academies. On 1 September 2019, 1 additional academy joined the Federation.

The Federation was incorporated on 26 April 2007. These financial statements for the Federation, which cover the year to 31 August 2019, aggregate the activities of the 46 member academies (excluding Chobham School Academy in Stratford as it is a separate legal entity).

The principal activity of the Federation is to advance education in England for the public benefit. It does this by establishing and maintaining schools, mainly serving disadvantaged communities, that give children the ability, drive and determination to succeed and by training current and future generations of teachers.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members

The members of the company are the Principal Sponsor and two persons nominated by the Principal Sponsor.

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

Directors' indemnities

In accordance with normal commercial practice the Federation has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim.

Method of recruitment and appointment or election of directors

The articles of association require the appointment of at least three directors (unless otherwise determined by ordinary resolution). The directors of the company are also trustees of the charity. The directors delegate a number of functions to the local governing body ("LGB") of each Academy.

The Principal Sponsor may, by notice in writing to the Federation delivered to the registered office, appoint up to twelve directors.

In several cases, the Chairman of each LGB, for as long as he or she remains in office as such, shall be an Academy director ex officio provided that the total number of Academy directors shall not exceed twenty.

The term of office for any director (other than the Principal Sponsor and the Chief Executive) shall be three years. Any director may be re-appointed at the end of their term of office.

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new directors depends on their existing experience. The Federation has adopted a common policy for the induction and training of both the directors and the governors who sit on the local governing bodies. New governors are briefed in the structure and ethos of the Federation and their role within it by the CEO. In-house training in financial matters is provided by the Finance Director and his team. Training in Safer Recruitment, for governors monitoring safeguarding, and in Health & Safety is provided both in-house and by external courses organised and paid for by the Federation. All 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The following directors were in office at 31 August 2019 and served throughout the period except as stated:

Director	Appointed/Resigned
Lord Harris of Peckham	
Mr R Alcock	
Mr A P Bayon	
Ms D Deakin-Elliott	
Mr K J Hoods	
Mr P Jacobs	
Mrs A Kail	
Mr T D Moore	
Sir D Moynihan	
Dr N Rata	
Mr P J Saunders	
Ms R Wilton	

During the period under review the directors held three full meetings including full board reports.

Subsidiary companies

The Federation has three wholly owned subsidiary companies:

- ◆ Harris Academies Project Management Limited was incorporated in 2007;
- ◆ HCTC Enterprises Limited was incorporated in 1994; and
- ◆ Harris Professional Services Limited was incorporated in 2012.

The purpose and activity of each company is described in the notes to the financial statements.

Management

The board of directors of the Federation is responsible for setting general policy, adopting an annual plan and budget, and monitoring the Federation by use of budgets and reports and making major decisions about the direction of the Federation, capital expenditure and senior staff appointments.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Management (continued)

Each Academy has its own local governing body with the Chair of that Academy being a director of the Federation in several cases. Each local governing body has responsibility for setting policy, within the constraints of Federation policies, and recommending annual plans and budgets at the Academy to the Federation Board of directors.

The directors delegate the day to day responsibility of running the Federation to Sir Dan Moynihan (CEO). The day to day running of individual Academies is delegated by each local governing body to the Principal.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set by the Remuneration Committee which includes the Chairman of the Board. The pay and remuneration of the Chief Executive Officer is determined by the Remuneration Committee.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Federation to publish information on facility time arrangements for trade union officials at the Federation. The Federation confirms that there were no employees acting as trade union officials within the meaning of these regulations during the year ended 31 August 2019. Facility time is not provided by the Federation and therefore no employee spent time on facility time and no percentage of the pay bill was spent on facility time.

STRUCTURE, GOVERNANCE AND MANAGEMENT *(continued)*

Related parties and other connected charities and organisations

Chobham School Academy (Stratford) is run by the Harris Federation and sponsored by Lendlease and William Hugill. The Academy site was developed by Lendlease on behalf of the Olympic Delivery Authority. Harris Federation is responsible for running the Academy, which operates through a related academy trust, Chobham School Academy (Stratford) (Company registration number: 06846720, England and Wales).

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The aim of the Federation is to operate as a group of collaborating Academies for the benefit of young people. Our academies are deliberately located close within commuting distance of each other, so that the Federation can build and maintain a joint purpose between its schools and ensure they share the best ideas and resources.

The Sponsor's vision is that, rather than working in isolation, the Harris Academies will work together as a federation. This will enable the schools to use their combined resources and collective expertise in order to assist each other and so raise standards faster than would be the case with schools working in isolation.

Public benefit

The directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year. The directors consider that the charitable company's aims are demonstrably to the public benefit.

Equal opportunities policy

The directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Federation has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Employee involvement

Harris Federation encourages staff contributions at all levels and close collaboration between the academies; principals / head teachers also meet regularly to share knowledge and best practice. The Federation intranet provides information and access to internal and external professional development and support. Academies hold regular meetings and briefings. New staff are fully inducted and teachers take part in training before the start of and during the school year.

OBJECTIVES AND ACTIVITIES (continued)

Disabled persons

Lifts, ramps and disabled toilets have been installed and door widths have been enlarged to enable wheelchair access to all the main areas of the academies where possible. The policy of the Federation is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the academies, as well as generally through training and career development.

STRATEGIC REPORT

Achievements, performance and plans for future periods

Introduction and overview of the 2018-2019 academic year

During this period, the Harris Federation comprised 46 academies in London and Essex, and a teaching school alliance.

Three new academies opened in September 2018. All three are Free Schools, devised and run to meet the specific needs of their communities:

- With a focus on hard skills and employability, the *Harris Professional Skills Sixth Form* was established to provide an outstanding vocational education and preparation for skills-based work or transition to university for students in Croydon and the surrounding boroughs;
- *Harris Academy Wimbledon* was created hand-in-hand with a group of parents in the community who identified a need for additional high-quality secondary places;
- *Harris Academy Sutton* was opened as part of the London Cancer Hub. Its proximity to the world-leading doctors, scientists and technicians that are drawn to work at the London Cancer Hub has enabled a cutting-edge specialism in science.

Over the course of the year, nine Harris academies were inspected by Ofsted. Six of these joined the Harris Federation because they had been judged as inadequate and all six came out of their failure category. In total, by the end of the academic year, 37 Harris academies had been inspected and 28 of these were rated 'outstanding' – the same as the other six largest multi-academy trusts combined.

Supporting our schools

In addition to a wide range of high-quality support services (HR, finance, project management, communications, legal, building maintenance, procurement, assistance with compliance, ICT, recruitment, retention and talent management) the Harris Federation provided the services of 60 full time subject experts across primary and secondary to work in our academies.

These consultants undertook coaching and mentoring, modelling outstanding teaching, helped produce and share the best schemes of work and lesson plans, reduced workload and taught classes, often alongside colleagues for extended periods of time. Their work made a major contribution to the high achievement across our group.

STRATEGIC REPORT (continued)

Supporting our schools (continued)

As a trust, we have never allowed growth to dilute our standards. In order to maintain our high standards, we have moved to a new support structure which divides our secondaries into four clusters and our primaries into three. Each cluster will be overseen by an Assistant Director, who we have recruited from amongst our most experienced Executive Principals. These Assistant Directors will share the best ideas between Academies, build teams, drive economies of scale and further raise standards for our young people working with local networks of Harris Academies.

Creating social mobility

Around a quarter of our pupils come from disadvantaged backgrounds and more than half do not have English as their first language. Because of this, driving social mobility will always be our major focus.

A high-quality education, with a good set of results and qualifications at the end of their schooling, is key to this. In January 2019, the Department for Education released its annual performance tables placing the Harris Federation as the top performing large multi-academy trust for disadvantaged pupils. The Progress 8 score for disadvantaged pupils at Harris was +0.33, as compared to a negative score nationally for disadvantaged pupils of -0.44. The Harris Federation was the only large MAT where disadvantaged pupils made positive progress.

Despite their overwhelmingly disadvantaged starting points, 19% of our outgoing Year 13 won places at Russell Group universities, substantially higher than the national average which is usually in the region of 11%. Our long-established Harris Experience programme continued to identify and nurture our most talented pupils, preparing them academically and culturally to win places at the most elite universities in the UK and worldwide, and then thrive once they get there.

Seven Harris Experience students met their Oxbridge offers and an eighth won a place on the Oxford Foundation Course. At least half of these students are the first generation in their family to go to university and all have beaten extraordinary odds to secure their places. They will all be studying subjects they love, whilst helping to change the face of two of the most elite universities in the world.

More widely within the Harris Federation, an additional 24 students from Harris Westminster Sixth Form met their offers to go to Oxbridge, one of whom took up the opportunity to study at Princeton in the USA.

Therefore, in total, 31 Harris students met their Oxbridge offers. This is a step change from previous years and a cause for celebration in terms of progress being made.

STRATEGIC REPORT (continued)

Fundraising to benefit pupils

The Harris Federation has actively raised sponsorship for our academies, with £1.433 million raised over the course of the year. This has been used to transform what is on offer for our pupils and to begin to level the playing field with their more advantaged peers. Specifically, the following are all among the initiatives this money has been spent on:

- Opening of the UK's first free for parents full time Nursery in Peckham
- Provide one-to-one tutoring in ten Harris secondary academies
- Reduce class sizes in some of our primary academies
- Remove financial stress from our sixth formers, giving our academically able but economically disadvantaged pupils bursaries to help pay for their university education
- Put in place additional counselling to support the mental health and wellbeing of our pupils
- Teach Mandarin
- Restock our libraries.

Taking a stand on youth violence

Youth violence, and in particular gun and knife crime, has continued to be a significant and deeply distressing concern for many of the communities we serve.

As always, our academies continued to provide the pastoral and sometimes physical support pupils need. We also decided to take a public stand on the issue, engaging with the media on the key issues and being the first schools group in the country to 'admit' to the problems associated with it. This carried significant reputational risk, particularly locally for our schools, but this was worthwhile to make a meaningful contribution to the debate.

We will continue to shine a light on these very important problems facing our pupils and their families.

System leadership

The Harris Federation has continued to play an active role in supporting the vibrancy of schools beyond our own group. In particular:

- Through our Initial Teacher Training, we trained 163 new teachers who will go on to staff schools across England and recruited 210 for the new academic year;
- Our Teaching School offered a variety of courses to develop the skills and careers of over 1,000 teachers, leaders and support staff;
- Our Maths Hub trained 600 teachers across London;

STRATEGIC REPORT (continued)

System leadership (continued)

- After three years of successfully running our own Diverse leaders programme we were delighted to be asked to run a version for a wider area of London. This course, which aims to train the next generation of BAME leaders, trained its first group of 20 people at Harris City Academy Crystal Palace;
- We were also proud to sponsor the The Maternity Teacher / Paternity Teacher Project, founded by one of our own teachers, to enable teachers on parental leave to complete CPD and to encourage family friendly school cultures.

Plans for the future

Our plans for the future are to maintain our high performance, despite the context of funding constraints, as we grow to 50 academies and beyond.

Going concern

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

Financial review

Financial report for the year

Most of the Federation's income comes from the Education and Skills Funding Agency (ESFA), in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the consolidated statement of financial activities.

The Federation also receives grants for fixed assets from the Department for Education (DfE). In accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (the Charities SORP 2015), these 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 year ended 31 August 2019, total income (excluding fixed asset fund income) was £212,449,000 (2018 - £195,573,000) and total expenditure was £232,550,000 (2018 - £207,325,000). The operational surplus for the year, excluding transfers to the Federation, movements on the pension reserve and restricted fixed assets funds, was £1,479,000 (2018 – deficit of £1,985,000).

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

At 31 August 2019 the net book value of fixed assets was £516,004,000 (2018 - £504,405,000). These assets were used exclusively for providing education to the Federation's pupils and related support services.

Financial and risk management objectives and policies

Harris Federation has cash balances and other working capital balances. The main risk arising from the use of financial instruments is liquidity risk.

Liquidity risk

The Federation manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested through appropriate use of financial instruments with our principal bankers so as to maximise interest income without incurring undue risk.

Interest rate risk

In the absence of borrowings and with low prevailing interest rates, the Federation is not exposed to significant interest rate risk.

Other risks

The group is exposed to price risks, but is funded by government on the same basis as other academies and budgets accordingly. Nearly all funding comes from government so credit risk is considered to be negligible.

Financial position and reserves policy

The Federation held fund balances at 31 August 2019 of £463,974,000 (2018 - £480,430,000) comprising £457,262,000 (2018 - £474,740,000) of restricted funds including a pension reserve deficit of £62,243,000 (2018 - £32,709,000) and £6,710,000 (2018 - £5,690,000) of unrestricted general funds.

The unrestricted general funds form part of the Federation's revenue reserves. Total revenue reserves, which exclude the fixed asset fund of £516,004,000 (2018 - £504,405,000) and the pension reserve deficit of £62,243,000 (2018 - £32,709,000), were £10,213,000 as at 31 August 2019 (2018 - £8,734,000). This equates to an average of £222,022 per school (2018 - £203,000 per school). This is equal to approximately 0.47 months' revenue expenditure and the directors consider that this is sufficient for the working capital and operational needs of the Federation based on historic levels of activity.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial position and reserves policy (continued)

The risk policy ensures that each Academy sets aside reserves so that in unforeseen circumstances the Academy will still have the resources to deliver its essential aims.

Operating reserves are determined by the risks facing that Academy and therefore the level of reserve both as an absolute amount and as a percentage of income will vary from Academy to Academy. The minimum operating reserve at Primary academies should be between 1% to 3% and Secondary academies between 3% to 5%.

Investment policy

The Harris Federation policy is to not operate an investment programme. The funds are held as cash with large listed banks.

Principal risks and uncertainties

Risk management

The directors are responsible for identifying risks faced by the Federation, assessing the likelihood of the risk occurring and its potential impact, and taking steps to mitigate and control these risks, and ensuring that employees are aware of any risk management procedures and of the implications of failing to implement them

They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission.

The directors acknowledge they have overall responsibility for ensuring that the Federation has an effective and appropriate system of controls, financial and otherwise. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Federation and enable them to ensure the financial statements comply with the Companies Act. The directors also acknowledge responsibility for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- ◆ the Federation is operating efficiently and effectively;
- ◆ its assets are safeguarded against unauthorised use or disposal;
- ◆ proper records are maintained and financial information used within the Federation or for its publication is reliable; and
- ◆ the Federation complies with relevant laws and regulations.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Risk management (continued)

The risks identified are recorded in the Federation Risk Register which is prepared annually and reviewed at every meeting of the Audit Committee. Risks are classified as Strategic, Reputational and Governance; Financial; Operational; and Compliance.

The directors have assessed the major risks and uncertainties to which the Harris Federation is exposed, in particular:

- ♦ The increase in National Insurance contributions and the increased cost of pension provision, both a result of changes in government policy, have increased staffing costs. The impact of this is being addressed through several cost-saving initiatives including the pooling of resources and a purchasing strategy designed to maximise the economies of scale we benefit from.
- ♦ Demographic trends mean that despite the overall increase in the school population, some academies are at risk of being undersubscribed. This is being addressed through individual academies working with their communities to demonstrate their values and achievements and therefore to build demand for places.
- ♦ The nationwide shortage of qualified teachers. This is being addressed by developing a Recruitment and Retention resource within the Federation and the expansion of the Initial Teacher Training programme to provide more newly qualified staff to our academies.

AUDITORS

In so far as the directors are aware:

- ♦ There is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ The directors 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.

Directors' report, incorporating a strategic report, approved by order of the board of directors and signed on its behalf by:

Director


P. SAUNDERS

Approved by the directors on:

14/12/19

Governance statement Year to 31 August 2019

Scope of responsibility

As directors, we acknowledge we have overall responsibility for ensuring that the Harris Federation 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 directors 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 Federation and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the directors' report and in the statement of directors' responsibilities.

As described in the directors' report, the directors delegate a number of functions to the local governing body (LGB) of each academy. These LGBs meet as appropriate, a minimum of three times, throughout the year in order to govern the affairs of the individual academies. As described in the directors' report, the chairs of several of the LGBs are also directors of the Federation. Each LGB also has a finance sub-committee which is responsible for monitoring the finances of the academy.

During financial planning for each forthcoming financial year the LGB of each academy undertakes a review of its own effectiveness comprising an assessment of its past activities, aims and objectives. The results of the review and in particular measures decided on to improve performance are incorporated into the planning cycle.

The board of directors has also formally met three times during the year. Attendance during the year at meetings of the board of directors was as follows:

Governance statement Year to 31 August 2019

Governance (continued)

Director	Number of meetings attended	Out of a possible
Lord Harris of Peckham	3	3
Mr R Alcock	3	3
Mr A P Bayon	2	3
Ms D Deakin-Elliott	3	3
Mr K J Hoods	3	3
Mrs A Kail	1	3
Mr P Jacobs	3	3
Mr T D Moore	3	3
Sir D Moynihan	3	3
Dr N Rata	2	3
Mr P J Saunders	0	3
Ms R Wilton	3	3

Governance reviews

The Federation Finance Handbook for 2018-19 in the Financial Planning section contains the following:

Each year the Governors must agree a planning cycle and timetable which allows for:

- ♦ A review of past activities, aims and objectives - "did we get it right?"
- ♦ Definition or redefinition of aims and objectives – "are the aims still relevant?"
- ♦ Development of the plan and associated budgets – "how do we go forward?"
- ♦ Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course?"
- ♦ Feedback into the next planning cycle – "what worked successfully and how can we improve?"

The first of these objectives constitutes a review of effectiveness and will be undertaken by each Governing Body within the Federation. This phase of the planning timetable will be undertaken at the end of the Spring Term when Governors will be able to review the year to date and to incorporate the results of their review into plans for the forthcoming year.

Finance Board Sub-committee

The Finance Board sub-committee is also a sub-committee of the main board of directors. Its purpose is to assist the Board with financial oversight and risk management.

Member	Meetings attended	Out of a possible
Mr A P Bayon	4	4
Ms D Deakin-Elliott	4	4
Mr P Jacobs	4	4
Mr K Morley	3	4
Mr P J Saunders (Chair)	3	4

Audit Committee

The Audit Committee is also a sub-committee of the main board of directors. Its purpose is to provide assurance to the directors that adequate controls are in place to safeguard the Federation's assets and to ensure regularity and propriety in all its transactions.

Member	Meetings attended	Out of a possible
Mr A P Bayon	3	3
Ms D Deakin-Elliott	3	3
Mr P Jacobs (Chair)	3	3
Mr K Morley	2	3
Mr P J Saunders	1	3

Review of value for money

As Accounting Officer the Chief Executive has responsibility for ensuring that the Federation delivers good value in the use of public resources. The Accounting Officer understands that value for money (VFM) refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Federation's use of its resources has provided good VFM during the academic year, and reports to the board of directors where VFM can be improved, including the use on benchmarking data where available. The Accounting Officer for the Federation has provided the framework for achieving VFM during the year by:

- ♦ Ensuring the Central Office Procurement Team work through an agreed procurement pipeline utilising their extensive public sector procurement knowledge, expertise and application, in particular in running formal tender competitions and utilising public sector buying organisations' frameworks and 'Deals for Schools' to drive commerciality and the pursuit of best value
- ♦ Ensuring the Procurement Team and, in turn, the Federation, complies with the Public Contract Regulations, the Academies' Financial Handbook and our own Scheme of Delegation in relation to procurement activities
- ♦ Ensuring that the Procurement Team offer and deliver procurement and contract management training to upskill Federation staff and provide informed advice and guidance on procurement processes and contract terms
- ♦ Ensuring that we contract on established terms and conditions which sufficiently protect our interests and do not expose us to unnecessary risk or cost.

The purpose of the system of internal control

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

Capacity to handle risk

The board of directors has reviewed the key risks to which the Federation 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 an ongoing process for identifying, evaluating and managing the Federation's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The risk and control framework

The Federation'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 Board Sub-committee and the 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; and
- ◆ identification and management of risks.

The directors have considered the need for a specific internal audit function and have appointed an internal auditor. The internal auditor reported to the Audit Committee during the year.

The role of the internal auditor is to evaluate and test the financial procedures so that the Audit Committee can provide assurance to the Board on financial matters and in particular that the Federation has robust internal control procedures in place and that all transactions are regular and represent best value for money.

Governance statement Year to 31 August 2019

The risk and control framework (continued)

This is primarily achieved through a programme of visits to each of the member academies to perform checks on internal controls and adherence to the Federation's Financial Procedures Manual.


Review of effectiveness

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

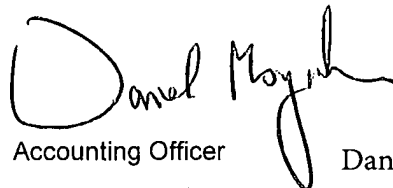
- ♦ the work of the internal and external auditors including the additional checks by the external auditors described above;
- ♦ the financial management and governance self assessment process; and
- ♦ the work of the Senior Management Team within the Federation who have responsibility for the development and maintenance of the internal control framework.

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

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


Director P Saunders

Date: 20/12/19


Accounting Officer

Daniel Moynihan


Date: 19/12/19.

Statement on regularity, propriety and compliance 31 August 2019

As Accounting Officer of Harris Federation, I have considered my responsibility to notify the Federation board of directors and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Federation and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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 directors and the ESFA.


Accounting Officer



Daniel Moynihan

Date: 19/12/19

Statement of directors' responsibilities 31 August 2019

The directors (who act as trustees for the charitable activities of the Federation) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Federation will continue in operation.

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

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

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

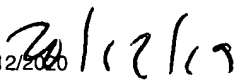
Approved by order of the members of the Board of directors and signed on its behalf by:



Director

P Saunders

Date: 19/12/2020



Independent auditor's report on the financial statements 31 August 2019

Independent auditor's report to the members of Harris Federation

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Conclusions relating to going concern (continued)

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- ♦ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ♦ the financial statements are not in agreement with the accounting records and returns; or

Independent auditor's report on the financial statements 31 August 2019

Matters on which we are required to report by exception (continued)

- ♦ certain disclosures of directors' remuneration specified by law are not made; or
- ♦ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

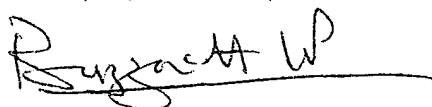
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

Date: 19 December 2019

Independent reporting accountant's report on regularity 31 August 2019

Independent reporting accountant's assurance report on regularity to Harris Federation and the Education and Skills Funding Agency

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

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

Respective responsibilities of Harris Federation's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Harris Federation's master funding agreement with the Secretary of State for Education dated 31 August 2007 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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.

Independent reporting accountant's report on regularity 31 August 2019

Approach (continued)

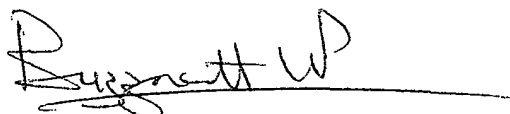
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Federation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ♦ An assessment of the risk of material irregularity and impropriety across all of the Federation's activities;
- ♦ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ♦ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 19 December 2019

Consolidated statement of financial activities Year to 31 August 2019

(including Consolidated Income and Expenditure Account)

	Notes	Un- restricted general fund £'000	Restricted funds		2019 Total Funds £'000	2018 Total Funds £'000
			General £'000	Fixed assets £'000		
Income from:						
Donations and capital grants	1	1,429	4	25,507	26,940	14,451
Transfer from Local Authority on conversion	26	—	—	—	—	1,656
Transfer of existing academies	26	—	—	—	—	78,884
Charitable activities						
. Funding for Harris Federation's educational operations	3	—	202,708	—	202,708	189,114
Teaching Schools	27	—	2,589	—	2,589	2,314
Other trading activities	2	1,913	512	—	2,425	2,763
Interest receivable		72	—	—	72	11
Other	4	—	3,222	—	3,222	3,334
Total income		3,414	209,035	25,507	237,956	292,527
Expenditure on:						
Charitable activities						
. Harris Federation's educational operations	6	2,394	212,920	14,534	229,848	220,606
Teaching Schools	27	—	2,702	—	2,702	1,849
Total expenditure	5	2,394	215,622	14,534	232,550	222,455
Net income (expenditure) before transfers		1,020	(6,587)	10,973	5,406	70,072
Gross transfers between funds	17	—	(626)	626	—	—
Net income (expenditure) before other recognised gains and losses		1,020	(7,213)	11,599	5,406	70,072
Actuarial gain on defined benefit pension scheme	20	—	(21,862)	—	(21,862)	14,783
Net movement in funds		1,020	(29,075)	11,599	(16,456)	84,855
Fund balances brought forward at 1 September 2018		5,690	(29,665)	504,405	480,430	395,575
Fund balance carried forward at 31 August 2019		6,710	(58,740)	516,004	463,974	480,430

All of the group's activities derived from continuing operations during the above financial periods. There is no difference between the net movement in funds stated above, and its historical cost equivalent.

The results of Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited have been consolidated within the financial statements of Harris Federation.

Balance sheets 31 August 2019

	Notes	2019		2018	
		Group £'000	Company £'000	Group £'000	Company £'000
Fixed assets					
Tangible assets	12	516,004	516,004	504,405	504,405
Current assets					
Debtors	15	13,530	13,376	12,101	12,115
Stock		18	18	54	54
Cash at bank and in hand		28,406	28,381	26,053	26,002
		41,954	41,775	38,208	38,171
Creditors: amounts falling due within one year	16	(31,741)	(31,562)	(29,474)	(29,472)
Net current assets		10,213	10,213	8,734	8,699
Net assets excluding pension liability		526,217	526,217	513,139	513,104
Pension scheme liability	20	(62,243)	(62,243)	(32,709)	(32,709)
Total net assets		463,974	463,974	480,430	480,395
The funds of the academy:					
Funds and reserves					
Restricted funds					
. Fixed asset fund	17	516,004	516,004	504,405	504,405
. Restricted income fund		2,902	2,902	3,044	3,044
. Pension reserve		(62,243)	(62,243)	(32,709)	(32,709)
Other restricted funds		601	601	—	—
		457,264	457,264	474,740	474,740
Unrestricted funds	17	6,710	6,710	5,690	5,655
		463,974	463,974	480,430	480,395

Approved by the directors and signed on their behalf by:


Director

P Saunders

Approved on: 19/12/2019

Harris Federation

Company Registration Number: 06228587 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2019

		2019 £'000	2018 £'000
Net cash inflow from operating activities			
Net cash provided by (used in) operating activities	A	2,907	851
Cash flows from investing activities	B	(554)	1,487
Change in cash and cash equivalents in the year		<u>2,353</u>	<u>2,338</u>
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2018		26,053	23,715
Cash and cash equivalents at 31 August 2019	C	<u>28,406</u>	<u>26,053</u>

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

	2019 £'000	2018 £'000
Net income for the year (as per the statement of financial activities)	5,406	70,072
Adjusted for:		
Inherited land and buildings	—	(83,133)
Cash transferred in conversion	—	(1,611)
Depreciation (note 12)	14,534	15,130
Loss on disposals	—	373
Capital grants from DfE and other capital income	(25,507)	(13,821)
Interest receivable	(72)	(11)
Defined benefit pension scheme obligation inherited	—	4,204
Defined benefit pension scheme cost less contributions payable (note 21)	6,734	5,858
Defined benefit pension scheme finance cost (note 21)	876	1,020
Defined benefit pension scheme administration cost (note 21)	60	58
Decrease (increase) in stocks	36	(11)
(Increase) decrease in debtors	(1,427)	6,987
Increase (decrease) in creditors	2,267	(4,264)
Net cash provided by (used in) operating activities	<u>2,907</u>	<u>851</u>

Consolidated statement of cash flows Year to 31 August 2019

B Cash flows from investing activities

	2019 £'000	2018 £'000
Cash transferred on conversion	—	1,611
Dividends, interest and rents from investments	72	11
Purchase of tangible fixed assets	(26,133)	(13,956)
Capital grants from DfE/ESFA	25,507	13,821
Net cash provided by investing activities	(554)	1,487

C Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	28,406	26,053
Total cash and cash equivalents	28,406	26,053

Statement of accounting policies

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

Basis of preparation

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

Harris Federation meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling to the nearest thousand pounds.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and those of its subsidiaries made up at the balance sheet date.

No separate statement of financial activities has been presented for Harris Federation alone, as permitted by section 408 of the Companies Act 2006 and SORP 2015.

Staff at Chobham Academy are employed by Harris Federation and the academy makes a contribution to the Federation's overheads in line with other member academies. These costs are charged to Chobham Academy (Company Registration Number 0684720), which is not consolidated in these financial statements as it is not directly controlled by Harris Federation.

Going concern

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

Income

All income is recognised when the Federation has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

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

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

Where an asset is being constructed under the ESFA Free School or Priority Schools Building Programme, the Federation recognises the value of the work completed as an *asset under construction* at the balance sheet date. On completion and handover of the asset, it is transferred to the relevant asset class and depreciated.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Federation has provided the goods or services. This is stated, where applicable, after trade discounts, other sales taxes and net of VAT.

Expenditure

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

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

All IT equipment costing more than £500 and all other assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

♦ Freehold and long leasehold buildings	2% p.a
♦ Furniture and equipment	25% p.a.
♦ Computer equipment	33% p.a.
♦ Motor vehicles	25% p.a.

Freehold land is not depreciated.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the Federation or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

Tangible fixed assets (continued)

The cost of buildings constructed under the UK Government's programmes as funded by Local Authorities, are recognised in the statement of financial activities as voluntary income in the period in which the Federation takes ownership of these buildings.

The cost of buildings that were not previously capitalised as part of capital projects at the Academies are introduced at an amount valued by the ESFA.

Investments

The company's shareholding in its wholly owned subsidiaries, Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services, are included in the company's balance sheet at the cost of the share capital owned. There is *no readily available market value and the cost of valuation exceeds the benefit derived.*

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

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

Leased assets

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

Financial instruments

The Federation only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Federation 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 as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Federation's wholly owned subsidiary are held at face value less any impairment.

Financial instruments (continued)

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Federation's wholly owned subsidiaries are held at face value less any impairment.

Private Finance Initiative

Harris Academy Morden is subject to a contract under the Private Finance Initiative (PFI). Under this contract, the school premises are maintained and managed for a period of 25 years by the PFI contractor subject to contractual annual fees paid by the Academy. Upon expiry of the PFI contract the residual benefit of the premises passes to the Academy as a result of a 125 year lease granted to them.

The transaction is accounted for as a leasing transaction. As the Academy only enjoys the benefits of the premises subject to the restrictions under the PFI agreement, in the opinion of the directors, the Academy does not hold substantially all of the risks and rewards of ownership of the premises and the property is therefore accounted for as an operating lease. The premises are therefore not recognised as asset in the financial statements of Harris Federation. The annual charges under the PFI agreement are expensed to the Statement of Financial Activities in the year they relate to as this treatment is considered to be more appropriate than recognition on a strict straight line basis.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

Pensions benefits

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

Pensions benefits (continued)

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

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

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

Fund accounting

The unrestricted general fund represents monies which may be applied for any purpose within the company's objects at the discretion of the directors.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

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

Schools joining the Federation

Schools joining the Federation transfer identifiable assets and liabilities and the operation of the predecessor School for £nil consideration, which has been accounted for under the acquisition accounting method.

Schools joining the Federation (continued)

The assets and liabilities transferred on conversion from the predecessor school to the Federation have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Federation. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates, assumptions and judgements

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of tangible fixed assets is based on the original cost of the assets net of provision for depreciation. The depreciation provision to date is based on the directors' assessment of the estimated useful economic lives of such assets.

Harris Primary Academy Beckenham Green building valuation

Harris Primary Academy Beckenham Green joined the Federation on 1 September 2017, with buildings transferred under a long leasehold arrangement. No ESFA valuation has yet been prepared. The value of the building has been estimated using the valuation of the buildings at Harris Primary Academy Crystal Palace and adjusted based on the rateable value of the property. On receipt of the ESFA valuation the directors will consider whether this valuation needs adjusting.

Other than the estimates discussed above, the directors do not consider that there are any key judgements made in the preparation of the financial statements.

Notes to the financial statements 31 August 2019

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Donations	1,429	4	1,433	630
Capital grants	—	25,507	25,507	13,821
	1,429	25,511	26,940	14,451

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Donations	610	20	630
Capital grants	—	13,821	13,821
	610	13,841	14,451

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Lettings and other income	1,913	—	1,913	1,897
School uniform and book sales income	—	512	512	866
	1,913	512	2,425	2,763

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Lettings and other income	1,897	—	1,897
School uniform and book sales income	—	866	866
	1,897	866	2,763

3 Funding for Harris Federation's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
ESFA revenue grants				
· General Annual Grant (GAG)	—	170,652	170,652	160,012
· Start Up	—	1,509	1,509	1,078
· Other ESFA grants	—	14,054	14,054	11,672
	—	186,215	186,215	172,762
Other grants				
· LEA and other grants	—	16,493	16,493	16,352
	—	202,708	202,708	189,114

3 Funding for Harris Federation's educational operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
<i>ESFA revenue grants</i>			
. General Annual Grant (GAG)	—	160,012	160,012
. Start Up	—	1,078	1,078
. Other ESFA grants	—	11,672	11,672
	—	172,762	172,762
<i>Other grants</i>			
. LEA and other grants	—	16,352	16,352
	—	189,114	189,114

4 Other income

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Academy trips	—	775	775	834
Primary clubs	—	1,151	1,151	701
Sundry income	—	1,296	1,296	1,799
	—	3,222	3,222	3,334

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Academy trips	—	834	834
Primary clubs	—	701	701
Sundry income	—	1,799	1,799
	—	3,334	3,334

5 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations (note 6)					
. Direct costs	143,760	14,534	11,540	169,834	161,813
. Allocated support costs	35,116	13,781	11,117	60,014	58,793
	178,876	28,315	22,657	229,848	220,606
Teaching school (note 27)					
. Direct costs	1,046	—	1,000	2,046	1,143
. Allocated support costs	353	—	303	656	706
	1,399	—	1,303	2,702	1,849
	180,275	28,315	23,960	232,550	222,455

Notes to the financial statements 31 August 2019

5 Expenditure (continued)

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2018 £'000
<i>Academy's educational operations (note 6)</i>				
. Direct costs	133,545	15,130	13,138	161,813
. Allocated support costs	28,957	14,899	14,937	58,793
	162,502	30,029	28,075	220,606
<i>Teaching school (note 27)</i>				
. Direct costs	718	—	425	1,143
. Allocated support costs	358	—	348	706
	1,076	—	773	1,849
	163,578	30,029	28,848	222,455

Net income (expenditure) for the period includes:

	2019 £'000	2018 £'000
Operating lease rentals	905	938
Depreciation	14,534	15,130
Fees payable to auditor for:		
. Audit	82	77
. Other services	34	33

6 Harris Federation's educational operations

	2019 Total funds £'000	2018 Total funds £'000
Direct costs		
. Teaching and educational support staff costs	143,760	133,545
. Educational resources	11,540	13,138
. Depreciation	14,534	15,130
	169,834	161,813
Support costs		
. Support staff costs	35,116	28,957
. Technology costs	1,099	168
. Premises costs	13,781	14,899
. Governance costs	413	498
. Other support costs	9,605	14,271
	60,014	58,793
	229,848	220,606

Notes to the financial statements 31 August 2019

7 Analysis of support costs – governance costs

	2019 Total funds £'000	2018 Total funds £'000
Legal and professional fees	297	388
Audit of group financial statements	82	77
Non statutory audit and other services	34	33
	413	498

8 Comparative information

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

			Restricted funds		
	Notes	Un-restricted general fund £'000	General £'000	Fixed assets £'000	2018 Total Funds £'000
Income from:					
Donations and capital grants	1	610	20	13,821	14,451
Transfer from Local Authority on conversion		247	—	1,409	1,656
Transfer of existing academies		1,364	(4,204)	81,724	78,884
Charitable activities					
· Funding for Harris Federation's educational operations	3	—	189,114	—	189,114
Teaching Schools	27	—	2,314	—	2,314
Other trading activities	2	1,897	866	—	2,763
Interest receivable		11	—	—	11
Other	4	—	3,334	—	3,334
Total income		4,129	191,444	96,954	292,527
Expenditure on:					
Charitable activities					
· Harris Federation's educational operations	6	4,084	201,392	15,130	220,606
Teaching Schools	27	—	1,849	—	1,849
Total expenditure	5	4,084	203,241	15,130	222,455
Net income (expenditure) before transfers		45	(11,797)	81,824	70,072
Gross transfers between funds	17	—	238	(238)	—
Net income (expenditure) before other recognised gains and losses		45	(11,559)	81,586	70,072
Other recognised gains and losses					
Actuarial gain on defined benefit pension scheme	20	—	14,783	—	14,783
Net movement in funds		45	3,224	81,586	84,855
Fund balances brought forward at 1 September 2017		5,645	(32,889)	422,819	395,575
Fund balance carried forward at 31 August 2018		5,690	(29,665)	504,405	480,430

Notes to the financial statements 31 August 2019

9 Staff

a) Staff costs

Staff costs during the year were as follows:

	2019 Total funds £'000	2018 Total funds £'000
Wages and salaries	134,020	118,723
Social security costs	13,300	12,808
Pension contributions	17,515	22,391
	164,835	153,922
Supply staff costs	5,741	4,678
Recruitment and other staff related costs	9,280	4,339
Restructuring costs	419	639
Total staff costs	180,275	163,578

	2019 £'000	2018 £'000
Staff restructuring costs comprise		
Statutory redundancy payments	80	227
Other statutory restructuring costs	135	60
Non-statutory / non-contractual severance payments	204	352
	419	639

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £204,499 (2018 - £352,422). The non-statutory/non-contractual payments individually were for £21,100; £20,387; £20,000; £15,321; £12,875; £12,000; £10,500; £10,500; £10,396; £9,483; £8,744; £7,924; £7,842; £7,420; £5,386; £5,142; £5,000; £5,000; £3,350; £3,000; £1,552; £1,228; £349.

c) Staff numbers

The average number of persons (including the senior management team) employed by the Federation during the year ended 31 August 2019 was as follows:

	2019 Number	2018 Number
Activities		
Teachers	1,790	1,706
Administration and support	1,584	1,553
Management	282	202
School sports partnership	5	3
	3,661	3,464

9 Staff (continued)

d) *Higher paid staff*

The number of employees who earned more than £60,000 per annum (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2019 Number	2018 Number
£60,001 - £70,000	137	128
£70,001 - £80,000	43	37
£80,001 - £90,000	20	16
£90,001 - £100,000	4	7
£100,001 - £110,000	4	4
£110,001 - £120,000	3	5
£120,001 - £130,000	4	3
£130,001 - £140,000	6	6
£140,001 - £150,000	2	2
£150,001 - £160,000	1	2
£160,001 - £170,000	3	3
£170,001 - £180,000	3	1
£190,001 - £200,000	—	—
£200,001 - £210,000	1	1
£230,001 - £240,000	—	—
£240,001 - £250,000	2	1
£250,001 - £260,000	—	1
£260,001 - £270,000	—	—
£290,001 - £300,000	1	1
£440,001 - £450,000	—	1
£450,001 - £455,000	1	—
	235	219

All of the above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme.

e) *Key management personnel*

The key management personnel of the Federation comprise the directors 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 Federation was £2,586,250 (2018 - £2,603,627).

The pay and remuneration of key management personnel is set by the Remuneration Committee which includes the Chairman of the Board. The pay and remuneration of the Chief Executive Officer is determined by the Remuneration Committee.

10 Directors' emoluments and expenses

One director has been paid remuneration and employer's pension contributions from full time employment with the Federation.

The employed director only receives remuneration in respect of services they provide undertaking the roles under their contract of employment and not in respect of their services as director. The value of director's remuneration and other benefits was as follows:

Chief Executive Officer:

- ♦ Remuneration £450,000 - £455,000 (2018 - £440,000 - £445,000).
- ♦ Employer's pension contributions £50,000 - £55,000 (2018 - £50,000 - £55,000).

No other directors of the company received any payment or other emoluments from the Federation in the period. No directors received any payment for reimbursement of travel and subsistence expenses incurred in the course of their duties as directors in the period (2018-none). Other related party transactions involving the directors are set out in note 21.

11 Directors', Governors' and Officers' Insurance

In accordance with normal commercial practice the Federation has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2019 was £15,744 (2018 - £32,721).

12 Central services

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

- ♦ **Careers advice** and support from a central careers service for all secondary Academies;
- ♦ **Compliance team** assisting Academies with GDPR, admissions and Health and Safety;
- ♦ **Data team** providing analysis of data for academy and Federation use remotely extracted from Academy ICT systems;
- ♦ **Educational Support** from:
 - i. a team of 60 subject experts across primary and secondary who coach and mentor, produce work schemes, model excellent teaching and take classes as needed for extended periods
 - ii. a team of highly experienced Executive Principals

Notes to the financial statements 31 August 2019

12 Central services (continued)

- ♦ **Finance** including Finance Business Partners providing finance support across groups of schools leading to significant savings. This includes preparing monthly accounts, budgets and meeting all external reporting requirements;
- ♦ **IT services** including a low cost cloud network and common Management Information System, central software and hardware procurement driving economies of scale;
- ♦ **Legal** support and advice;
- ♦ **Post 16** central team managing admissions across ten Academies and advice and training across all secondary academies;
- ♦ **Procurement service** for contracts and group purchasing generating significant savings and provision of advice and contract management;
- ♦ **Projects team** management of all build projects, maintenance and estates;
- ♦ **Public Relations and marketing** from media handling to web sites and prospectuses;
- ♦ **Recruitment and retention** using a range of media including extensive use of social media and highly effective cost reducing methods;
- ♦ **Talent Management** including suites of National Professional Qualifications for middle leaders, senior leaders, aspiring Head teachers and Executive Leaders.
- ♦ **Fundraising** raising £1.433 million from external sponsors for academy improvement projects;
- ♦ **Human resources** providing advice and guidance and case work. Business partner model for groups for schools providing high quality advice at low cost;

Notes to the financial statements 31 August 2019

12 Central services (continued)

The Federation charges for these services on the following basis: Between 3.7% and 5.5% (2018 – between 3.7% and 5.5%) of School Budget Share and ESG income. The actual amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Harris Aspire Academy	34	37
Harris Academy Battersea	327	255
Harris Academy Beckenham	269	266
Harris Primary Academy Beckenham	33	24
Harris Primary Academy Beckenham Green	36	30
Harris Primary Academy Benson	52	55
Harris Academy Bermondsey	352	314
Harris Academy Bromley	195	184
Harris Junior Academy Carshalton	52	52
Harris Academy Chafford Hundred	269	226
Harris Primary Academy Chafford Hundred	81	83
Harris Primary Academy Coleraine Park	93	91
Chobham Academy	593	504
Harris City Academy Crystal Palace	285	290
Harris Primary Academy Crystal Palace	68	71
Harris Boys' Academy East Dulwich	313	324
Harris Girls' Academy East Dulwich	346	343
Harris Primary Academy East Dulwich	62	38
Harris Academy Falconwood	209	209
Harris Garrard Academy	185	255
Harris Academy Greenwich	368	355
Harris Primary Academy Haling Park	45	38
Harris Invictus Academy Croydon	215	147
Harris Primary Academy Kenley	57	58
Harris Primary Academy Kent House	74	72
Harris Primary Academy Mayflower	77	57
Harris Academy Merton	273	269
Harris Primary Academy Merton	75	75
Harris Academy Morden	215	193
Harris Academy Orpington	218	230
Harris Primary Academy Orpington	74	72
Harris Academy Peckham	220	316
Harris Primary Free School Peckham	87	82
Harris Primary Academy Peckham Park	84	93
Harris Primary Academy Philip Lane	87	86
Harris Professional Skills	25	—
Harris Academy Purley	247	236
Harris Primary Academy Purley Way	19	15
Harris Academy Rainham	220	190
Harris Academy Riverside	68	26
Harris Primary Academy Shortlands	44	36
Harris Academy South Norwood	477	428
Harris Academy St John's Wood	458	503
Harris Academy Sutton	44	—
Harris Academy Tottenham	234	186
Harris Westminster Sixth Form	107	118
Harris Academy Wimbledon	30	—
	7,996	7,532

13 Tangible fixed assets (group and company)

	Freehold land and buildings £'000	Long lease- hold land and buildings £'000	Assets under constru- ction £'000	Furniture and equip- ment £'000	Computer equip- ment £'000	Motor vehicles £'000	Total £'000
Cost / valuation							
At 1 September 2018	166,066	389,461	4,608	22,108	26,467	374	609,084
Additions	82	12,780	7,038	4,872	1,361	—	26,133
Disposals	—	—	—	—	(22)	—	(22)
Transfers	4,731	420	(6,732)	521	1,060	—	—
At 31 August 2019	170,879	402,661	4,914	27,501	28,866	374	635,195
Depreciation							
At 1 September 2018	4,595	58,590	—	17,342	23,796	356	104,679
Charge for period	3,111	7,124	—	2,231	2,062	6	14,534
Disposals	—	—	—	—	(22)	—	(22)
At 31 August 2019	7,706	65,714	—	19,573	25,836	362	119,191
Net book values							
At 31 August 2019	163,173	336,947	4,914	7,928	3,030	12	516,004
At 31 August 2018	161,471	330,871	4,608	4,766	2,671	18	504,405

The leasehold land on which the individual academies are sited are leased from the Local Authorities at a peppercorn rent over various lease terms. No value has been placed on this land in the financial statements due to the restrictive covenants on the asset.

Harris Westminster Sixth Form resides in a building that was purchased by the ESFA. The Federation owns the freehold to the building and this is included within freehold land and buildings in the balance sheet at the value of the purchase by the ESFA. There is a legal charge over the freehold building that entitles the Secretary of State for Education to give notice to Harris Federation and for the building to revert to the government.

Assets under construction are academy buildings that have been funded from DfE capital grants.

14 Investments

(a) Harris Academies Project Management Limited

The issued share capital of Harris Academies Project Management Limited, a company registered in England and Wales (Company number 588735) was transferred to the company on 21 May 2007 and Harris Academies Project Management Limited began trading on that date. The company is used for construction work on a number of Harris Federation academy buildings.

The following is a summary of the financial statements of Harris Academies Project Management Limited which have been included in the consolidated financial statements.

Notes to the financial statements 31 August 2019

14 Investments (continued)

(a) Harris Academies Project Management Limited

	2019 £'000	2018 £'000
Turnover	—	—
Cost of sales	—	—
Gross profit	—	—
Interest received	59	—
Administrative expenses	(59)	(26)
Retained profit at 31 August 2018	—	26
Retained profits brought forward at 1 September 2018	26	5
Distribution	(26)	(5)
Retained profits carried forward at 31 August 2019	—	26
Called up share capital	—	—
Retained earnings	—	26
Net assets at 31 August 2019	—	26

The issued share capital of the company at 31 August 2019 was £1.

(b) Investments – HCTC Enterprises Limited

The issued share capital of HCTC Enterprises Limited, a company registered in England and Wales (Company number 2962551), was transferred to the Federation on 31 August 2007. The company is used to carry on business as a general commercial company for the benefit of Harris City Academy Crystal Palace. To this end, the company operates the Lewis Sports and Leisure Centre.

The following is a summary of the financial statements of HCTC Enterprises Limited for the year to 31 August 2019, which have been included in the consolidated financial statements.

	2019 £'000	2018 £'000
Turnover	48	31
Cost of sales	(5)	(5)
Gross profit	43	26
Administrative expenses	(4)	(3)
Retained profit at 31 August 2019	39	23
Retained profits brought forward at 1 September 2018	103	100
Profit for the year	39	23
Distribution	(23)	(20)
Retained profits carried forward at 31 August 2019	119	103
Called up share capital	—	—
Net assets at 31 August 2019	119	103

The issued share capital of the company at 31 August 2019 was £2.

Notes to the financial statements 31 August 2019

14 Investments (continued)

(c) Harris Professional Services Limited

The share capital of Harris Professional Services Ltd, a company registered in England and Wales (company number 08002423), was issued to the company on 22 March 2012. The company is used for the provision of staff and support to Chobham Academy.

	2019 £'000	2018 £'000
Turnover	9,534	8,026
Cost of sales	(8,712)	(7,361)
Gross profit	822	665
Administrative expenses	(822)	(665)
Retained profit at 31 August 2019	—	—
Retained profits brought forward at 1 September 2018	—	—
Retained profits carried forward at 31 August 2019	—	—
Called up share capital	—	—
Net assets at 31 August 2019	—	—

The issued share capital of the company at 31 August 2019 was £1 and represented its net assets at that date.

15 Debtors

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Trade debtors	4,812	4,730	1,541	794
Prepayments	1,595	1,595	1,548	1,548
Sundry debtors	2,233	2,233	3,188	3,178
Amount due from subsidiary undertakings	—	—	—	772
Accrued income	71	—	—	—
VAT recoverable	208	207	597	596
Grant and other income	4,611	4,611	5,227	5,227
	13,530	13,376	12,101	12,115

16 Creditors: amounts falling due within one year

	Group 2019 £'000	Company 2019 £'000	Group 2018 £'000	Company 2018 £'000
Trade creditors	1,124	870	3,231	3,229
Taxation and social security	3,300	3,300	3,057	3,057
Sundry Creditors	3,960	4,040	2,864	2,864
Accruals and deferred income	19,102	19,097	16,091	16,091
Retention building costs	273	273	651	651
EFA VAT	1,303	1,303	1,303	1,303
ESFA creditor: Abatement of GAG	2,679	2,679	2,277	2,277
	31,741	31,562	29,474	29,472

Notes to the financial statements 31 August 2019

16 Creditors: amounts falling due within one year (continued)

Deferred income

	2019 £'000	2018 £'000
Deferred income at 1 September 2018	2,526	1,678
Resources deferred in the year	3,245	2,197
Amounts released from previous years	(2,726)	(1,349)
Deferred income at 31 August 2019	3,045	2,526

At the balance sheet date, the Federation was holding funds received in advance for the new academies that opened in September 2018 and devolved formula capital received for 2019-20.

17 Funds

The income funds of the group include restricted funds comprising the following unexpended balances of grants for specific purposes:

	At 1 September 2018 £'000	Income £'000	Expend- -iture £'000	Gains, losses and transfers £'000	At 31 August 2019 £'000
General restricted fund					
General Annual Grant (GAG)	3,009	170,652	(170,945)	(626)	2,090
Start Up grants	34	1,509	(1,263)	—	280
Other ESFA grants	1	14,054	(13,523)	—	532
LA and other grants	—	7,787	(7,787)	—	—
Other restricted funds	—	15,033	(14,432)	—	601
Pension reserve	(32,709)	—	(7,672)	(21,862)	(62,243)
	(29,665)	209,035	(215,622)	(22,488)	(58,740)
Fixed asset fund					
Fixed asset fund	504,405	25,507	(14,534)	626	516,004
	504,405	25,507	(14,534)	626	516,004
Total restricted funds	474,740	234,542	(230,156)	(21,862)	457,264
Unrestricted funds	5,690	3,414	(2,394)	—	6,710
Total funds	480,430	237,956	(232,550)	(21,862)	463,974

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, academies within the Federation were not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other funds

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

17 Funds (continued)

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the development and building of the new academy, assets transferred on conversion and other tangible fixed assets.

Transfers between funds

Transfers from the ESFA General Annual Grant Fund and from general funds to the fixed asset fund relate to fixed assets purchases from these funds.

Notes to the financial statements 31 August 2019

17 Funds (continued)

Analysis of fund balance by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £'000	2018 £'000
Harris Aspire Academy	266	349
Harris Academy Battersea	216	17
Harris Academy Beckenham	147	118
Harris Primary Academy Beckenham	16	—
Harris Primary Academy Beckenham Green	146	148
Harris Primary Academy Benson	24	41
Harris Academy Bermondsey	309	308
Harris Academy Bromley	—	102
Harris Junior Academy Carshalton	—	—
Harris Academy Chafford Hundred	10	11
Harris Primary Academy Chafford Hundred	—	—
Harris Primary Academy Coleraine Park	166	240
Harris City Academy Crystal Palace	255	257
Harris Primary Academy Crystal Palace	—	57
Harris Boys' Academy East Dulwich	390	287
Harris Girls' Academy East Dulwich	295	166
Harris Primary Academy East Dulwich	—	—
Harris Academy Falconwood	505	215
Harris Garrard Academy	—	—
Harris Academy Greenwich	82	31
Harris Primary Academy Haling Park	36	35
Harris Invictus Academy Croydon	4	4
Harris Primary Academy Kenley	—	9
Harris Primary Academy Kent House	3	40
Harris Primary Academy Mayflower	3	4
Harris Academy Merton	198	188
Harris Primary Academy Merton	105	103
Harris Academy Morden	64	9
Harris Academy Orpington	74	74
Harris Primary Academy Orpington	49	59
Harris Academy Peckham	—	13
Harris Primary Free School Peckham	185	185
Harris Primary Academy Peckham Park	179	179
Harris Primary Academy Philip Lane	107	106
Harris Academy Professional 6th Form	1	—
Harris Academy Purley	3	4
Harris Primary Academy Purley Way	27	17
Harris Academy Rainham	5	4
Harris Academy Riverside	54	34
Harris Primary Academy Shortlands	—	—
Harris Academy South Norwood	21	21
Harris Academy St John's Wood	—	—
Harris Academy Sutton	—	—
Harris Academy Tottenham	—	—
Harris Westminster Sixth Form	49	49
Harris Academy Wimbledon	30	—
Merton Sports Partnership	414	290
Collective benefit and other Federation funds	5,752	4,953
HCTC	23	7
Total before fixed assets and pension reserve	10,213	8,734
Restricted fixed assets fund	516,004	504,405
Pension liability	(62,243)	(32,709)
Total	463,974	480,430

* includes Harris Academies Project Management Limited and Harris Teaching School Alliance (HIT)

Notes to the financial statements 31 August 2019

17 Funds (continued) Analysis of cost by academy

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2019 £'000
Harris Aspire Academy	1,193	281	97	13	1,584
Harris Academy Battersea	5,250	431	472	843	6,996
Harris Academy Beckenham	4,867	563	466	799	6,695
Harris Primary Academy Beckenham	686	147	57	25	915
Harris Primary Academy Beckenham Green	742	140	65	292	1,239
Harris Primary Academy Benson	1,161	265	78	88	1,592
Harris Academy Bermondsey	4,970	667	434	508	6,579
Harris Academy Bromley	3,449	655	424	631	5,159
Harris Junior Academy Carshalton	1,268	188	78	17	1,551
Harris Academy Chafford Hundred	4,973	706	309	783	6,771
Harris Primary Academy Chafford Hundred	1,902	372	113	323	2,710
Harris Primary Academy Coleraine Park	1,856	265	172	298	2,591
Harris City Academy Crystal Palace	5,264	1,613	623	623	8,123
Harris Primary Academy Crystal Palace	1,656	266	216	147	2,285
Harris Boys' Academy East Dulwich	4,267	609	371	924	6,171
Harris Girls' Academy East Dulwich	4,666	598	355	887	6,506
Harris Primary Academy East Dulwich	1,102	191	158	161	1,612
Harris Academy Falconwood	4,343	702	345	541	5,931
Harris Garrard Academy	5,124	829	327	1,184	7,464
Harris Academy Greenwich	5,821	804	400	916	7,941
Harris Primary Academy Haling Park	936	184	75	32	1,227
Harris Invictus Academy Croydon	3,548	767	290	645	5,250
Harris Primary Academy Kenley	1,533	273	130	132	2,068
Harris Primary Academy Kent House	1,705	331	108	238	2,382
Harris Primary Academy Mayflower	1,699	415	116	336	2,566
Harris Academy Merton	5,046	1,123	390	756	7,315
Harris Primary Academy Merton	2,142	390	146	241	2,919
Harris Academy Morden	3,713	677	241	544	5,175
Harris Academy Orpington	4,091	966	333	839	6,229
Harris Primary Academy Orpington	1,727	288	232	132	2,379
Harris Academy Peckham	3,155	1,124	191	611	5,081
Harris Primary Free School Peckham	1,618	260	183	186	2,247
Harris Primary Academy Peckham Park	1,471	310	224	209	2,214
Harris Primary Academy Philip Lane	1,641	286	143	299	2,369
Harris Professional Skills Sixth Form	604	79	22	87	792
Harris Academy Purley	4,471	917	490	722	6,600
Harris Primary Academy Purley Way	518	95	47	231	891
Harris Academy Rainham	3,745	560	322	634	5,261
Harris Academy Riverside	1,124	135	176	278	1,713
Harris Primary Academy Shortlands	955	153	101	15	1,224
Harris Academy St John's Wood	6,288	1,183	515	866	8,852
Harris Academy South Norwood	8,962	983	943	964	11,852
Harris Academy Sutton	905	193	11	165	1,274
Harris Academy Tottenham	4,386	504	207	1,008	6,105
Harris Westminster Sixth Form	2,641	477	156	544	3,818
Harris Academy Wimbledon	633	144	27	224	1,028
Merton Sports Partnership	1	175	103	39	318
Collective benefit fund and Federation	2,681	10,929	246	1,261	15,117
HCTC	0	5	0	26	31
HPS	7,491	1,220	594	0	9,305
HIT	817	31	218	2,985	4,051
Total	144,807	35,469	12,540	25,252	218,068

Notes to the financial statements 31 August 2019

17 Funds (continued)

Comparative information

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

	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2018 £'000
General restricted fund					
General Annual Grant (GAG)	1,086	160,012	(157,991)	(98)	3,009
Start Up grants	799	1,078	(1,843)	—	34
Other ESFA grants	840	13,986	(14,825)	—	1
Other restricted funds	738	20,572	(21,646)	336	—
Pension reserve	(36,352)	(4,204)	(6,936)	14,783	(32,709)
	(32,889)	191,444	(203,241)	15,021	(29,665)
Fixed asset fund					
Fixed asset fund	422,819	96,954	(15,130)	(238)	504,405
	422,819	96,954	(15,130)	(238)	504,405
Total restricted funds	389,930	288,398	(218,371)	14,783	474,740
Unrestricted funds	5,645	4,129	(4,084)	—	5,690
Total funds	395,575	292,527	(222,455)	14,783	480,430

18 Analysis of net assets between funds

Group	General fund £'000	Restricted funds		Total 2019 £'000
		General £'000	Fixed asset fund £'000	
Fund balances at 31 August 2019 are represented by				
Tangible fixed assets	—	—	516,004	516,004
Current assets	6,710	35,244	—	41,954
Current liabilities	—	(31,741)	—	(31,741)
Pension scheme liability	—	(62,243)	—	(62,243)
Total net assets	6,710	(58,740)	516,004	463,974

19 Members' liability

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

20 Pension and similar obligations

The Federation'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 a number of Local Authorities in the London borough's and counties in which the Federation operates. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £3,316 were payable to the schemes at 31 August 2019 (2018 - £60,187) and are included within creditors.

Teachers' Pension Scheme

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

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

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

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

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

20 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

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

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

The employer's pension costs paid to TPS in the period amounted to £12,531,780 (2018 - £11,281,882).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £7,241,000 (2018 - £6,866,000), of which employer's contributions totalled £5,341,000 (2018 - £5,082,000) and employees' contributions totalled £1,900,000 (2018 - £1,784,000). The agreed contribution rates for future years are between 7.2% and 25.5% for employers and between 5.5% and 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.

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.4%	3.4%
Rate of increase for pensions in payment / inflation	2.2%	2.2%
Discount rate for scheme liabilities	1.9%	2.7%
Inflation assumption (CPI)	2.2%	2.2%

Notes to the financial statements 31 August 2019

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.5	22.9
Females	24.9	25.5
<i>Retiring in 20 years</i>		
Males	24.3	25.1
Females	26.8	27.5

The sensitivity of the present value of defined benefit obligations is as follows:

	At 31 August 2019 £'000
Discount rate +0.1%	153
Discount rate -0.1%	162
Mortality assumption – 1 year increase	158
Mortality assumption – 1 year decrease	148
CPI rate +0.1%	161
CPI rate -0.1%	154

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	56,490	50,847
Gilts	5,184	4,949
Other bonds	12,507	8,407
Property	10,134	8,286
Cash and other liquid assets	1,776	1,258
Other	9,624	8,943
Total market value of assets	95,715	82,690

20 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2019 £'000	2018 £'000
Service cost (including business combinations)	(6,734)	(5,858)
Net interest cost	(876)	(1,020)
Admin expenses	(60)	(58)
Total amount recognised in the SOFA	7,670	(6,936)

Movement in deficit during the year	2019 £'000	2018 £'000
Deficit at 1 September 2018	32,709	36,352
Current service cost	9,942	10,697
Past service cost	2,134	68
Employer contributions	(5,341)	(5,082)
Net return on assets	876	1,020
Administration expense	60	58
Business combinations	—	4,379
Actuarial (loss) gain	21,862	(14,783)
Liabilities at 31 August 2019	62,242	32,709

Changes in the present value of defined benefit obligations were as follows:	2019 £'000	2018 £'000
At 1 September 2018	115,399	98,553
Conversion of academy trusts	—	14,090
Current service cost	9,941	10,697
Past service cost	2,134	68
Losses on business combinations and curtailments	—	400
Interest cost	3,248	2,897
Employee contributions	1,900	1,784
Actuarial (gain)/loss	26,422	(11,752)
Benefits paid	(1,088)	(1,338)
At 31 August 2019	157,956	115,399

Changes in the fair value of the Federation's share of scheme assets:	2019 £'000	2018 £'000
At 1 September 2018	82,690	62,201
Upon conversion	—	9,886
Interest income	2,372	1,877
Actuarial gain	4,560	3,030
Employer contributions	5,341	5,082
Employee contributions	1,900	1,784
Business combinations	—	226
Benefits paid	(1,088)	(1,338)
Administration expense	(60)	(58)
At 31 August 2019	95,715	82,690

21 Related party transactions

Owing to the nature of the Federation and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Federations's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Transactions with subsidiary companies

Harris Academies Project Management Limited generated taxable profits of £nil (2018 - £26,475) during the year.

HCTC Enterprises Limited generated taxable profits of £39,112 (2018 - £23,219) during the year, which it is intended will be donated to the Federation under the gift aid scheme in the 2019/20 financial year.

Harris Professional Services Limited is used for the provision of staff from the Federation to Chobham School Academy (Stratford). During the year, the Federation was reimbursed by Harris Professional Services Limited for the cost of staff provided of £8,711,926 (2018 - £7,361,473) and administrative costs of £822,026 (2018 - £664,663). At the balance sheet date, £nil was owed to the Federation (2018 - £747,419).

Transactions with other connected entities

The transactions with Chobham School Academy (Stratford) were as follows:

	2019			
	Income during the year £'000	Expenditure during the year £'000	Owed at 31 August £'000	Due at 31 August £'000
Harris Federation	593	132	70	4
Harris Professional Services Limited	8,941	—	—	3,148
	9,534	132	70	3,152

	2018			
	Income during the year £'000	Expenditure during the year £'000	Owed at 31 August £'000	Due at 31 August £'000
Harris Federation	504	—	2	142
Harris Professional Services Limited	7,522	—	—	747
	8,026	—	2	889

Notes to the financial statements 31 August 2019

21 Related party transactions (continued)

Transactions with other related parties

There were no transactions with other related parties during the year ended 31 August 2019.

In the prior year ended 31 August 2018, expenditure of £8,811 was incurred to purchase goods from Tapi Carpets & Floors Limited, of which Paul Jacobs is a director and Philip Saunders was a director until May 2017. Lord Harris, Paul Jacobs and Philip Saunders have an interest in the company. These goods were purchased at cost and a statement of assurance was received.

22 Capital commitments

At 31 August 2019 the group had the following capital commitments:

	2019 £'000	2018 £'000
Contracted for, but not provided in the financial statements	4,347	3,717

The above capital commitments will be met from DfE capital grants to be received in future years.

23 Commitments under operating leases and PFI arrangements

Operating leases

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

Land and buildings	2019 £'000	2018 £'000
Amounts due within one year	217	217
Amounts due between two and five years inclusive	869	869
Amounts due after five years	308	525
	<u>1,394</u>	<u>1,611</u>
 Other	 2019 £'000	 2018 £'000
Amounts due within one year	502	528
Amounts due between two and five years inclusive	692	790
Amounts due after five years	515	479
	<u>1,709</u>	<u>1,797</u>

23 Commitments under operating leases and PFI arrangements (continued)

Academies with Private Finance Initiative (PFI)

Harris Academy Morden joined the Federation on 1 March 2013. Its main school building was financed under a PFI arrangement which also provides services to the school including cleaning and catering. The school pays an annual amount based on pupil numbers which will run until 2030. In the year ended 31 August 2019, £438,000 (2018 - £398,000) of costs relating to this has been recognised in expenditure, being included in the total operating lease rentals figure in note 5.

At 31 August 2019, the total of the Federation's future minimum payments under PFI arrangements was as follows:

Land and buildings	2019 £'000	2018 £'000
Amounts due within one year	468	417
Amounts due between two and five years inclusive	2,018	1,796
Amounts due after five years	1,678	2,022
	4,164	4,235

24 Post balance sheet events

From September 2019, Harris Academy Ockendon joined the Federation: The operations, buildings, pension obligations and fund balances from this academy were transferred to the Federation for £nil consideration.

25 Agency arrangements

The Federation distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the trust received £543,077 (2018 - £496,728) and disbursed £215,653 (2018 - £484,902) from the fund. An amount of £806,371 (2018 - £508,947) is included in Other Creditors relating to undistributed funds that will be distributed in 2019/20.

26 Transfer of academies to the Federation

During the year ended 31 August 2019, three academies joined the Federation; Harris Professional Skills Sixth Form, Harris Academy Wimbledon and Harris Academy Sutton. The operations, buildings, pension obligations and fund balances from these academies were transferred to the Federation for £nil consideration.

Notes to the financial statements 31 August 2019

27 Teaching School trading account

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Income				
Direct income				
. Other income	2,534		2,222	
Other income				
. Fundraising and other trading activities	56		92	
Total income		2,590		2,314
Expenditure				
Direct costs				
. Direct staff costs	1,046		696	
. Other direct costs	1,000		828	
Total direct costs		2,046		1,524
Other costs				
. Support staff costs	353		369	
. Technology costs	4		—	
. Recruitment and support	—		61	
. Security and support	5		—	
. Other support costs	294		369	
		656		799
Total expenditure		2,702		2,323
(Deficit) surplus from all sources		(112)		(9)
Teaching school balances at 1 September 2018		370		379
Teaching school balances at 31 August 2019		258		370