

Company Registration Number: 08142275 (England & Wales)

THE HARVEY ACADEMY
(A company limited by guarantee)

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



THE HARVEY ACADEMY
(A company limited by guarantee)

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THE HARVEY ACADEMY
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REFERENCE AND ADMINISTRATIVE DETAILS

Members Mr John Dennis
Mr Martin Bridges
Mr Scott Norman (ceased as member on 4 September 2020)
Mrs Michelle Mitchell (became member on 5 September 2020)

Trustees Mrs Anne Brown
Mr Martin Bridges
Mrs Karen Callander
Mrs Alison Carney (appointed 1 October 2019)
Mr William Caudwell
Mr James Chamberlain
Mrs Polly Davis (appointed 1 October 2019)
Mr John Dennis, Chairman
Mr Charles Lancefield (appointed 24 October 2019)
Mrs Michelle Mitchell
Mr Scott Norman, Headteacher
Mr Dominic Van Der Wal

Company registered number 08142275

Company name The Harvey Academy

Principal and registered office The Harvey Academy
Cheriton Road
Folkestone
Kent
CT19 5JY

Company secretary Mr Martin Hydes

Senior leadership team Mr Scott Norman, Headteacher
Mr Simon Goodfellow, Deputy Headteacher
Mr Andy Allon, Deputy Headteacher
Mr Neil Bristow, Assistant Headteacher
Mr Paul Castle, Assistant Headteacher
Miss Sarah Bailey, Assistant Headteacher
Mr Marc Stevenson, Assistant Headteacher
Mrs Kirsty Bristow, Director of School Support

Independent auditors MHA MacIntyre Hudson
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

THE HARVEY ACADEMY
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Bankers Lloyds
 43 Sandgate Road
 Folkestone
 Kent
 CT20 1RZ

Solicitors Brachers LLP
 Somerfield House
 59 London Road
 Maidstone
 Kent
 ME16 8JH

THE HARVEY ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 18 serving a catchment area in Folkestone and Hythe. It has a pupil capacity of 978 and had a roll of 1000 for the academic year beginning 2 September 2019.

Structure, governance and management

a. Constitution

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

The charitable company's memorandum and articles of association are the primary governing documents of the Academy.

The Trustees of The Harvey Academy are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Harvey Academy. The academy trust is also known as The Harvey Grammar School.

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

b. Members' liability

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

c. Trustees' indemnities

The Academy Trust purchases 'Governors' Liability' via the Risk Protection Arrangement which gives appropriate cover for any legal action brought against its Trustees. The Academy Trust has also granted indemnities to each of its Trustees to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Trustees may incur to third parties in the course of acting as Governors or officers of the Academy Trust.

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The Academy Trust has determined that there will be up to 12 Trustees on the Board in the following categories:

- Three Members
- Five Community Trustees appointed by Members
- Two Staff Trustees elected by the staff of The Harvey Grammar School
- Two Parent Trustees elected by the parents/carers of registered pupils at the school. The elected Parent Trustee must be a parent/carer of a registered pupil at the school at the time when s/he is elected.

A Trustee's term of office is four years. The Trustees will, at their first meeting each school year, elect a Chair and a Vice Chair from among their number. A Trustee who is employed by the Academy Trust shall not be eligible for election as Chair or Vice Chair.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary induction will provide training on charity, educational, legal and financial matters. All new Trustees will be given a tour of the Academy Trust and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

f. Organisational structure

There is a Governing Body for the Trust of which the Headteacher is a member. The Headteacher is responsible for day-to-day operations in the school together with a Senior Leadership Team as outlined on page 1. The school has a Finance Manager responsible to the Headteacher for the school's finances. The Headteacher is the accounting officer. The Trustees, in conjunction with the Headteacher, are responsible for deciding strategic direction, adopting an annual school improvement plan and budget and governing the school according to its terms of reference.

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

The Headteacher's pay scale is set by the governing body. Progression within this set scale is related to performance judged by the Headteacher's Performance Review Committee who report to the full governing body. This Committee includes at least one independent member who is not a serving trustee. This is benchmarked against similar academies using data provided by our auditors. Senior leadership pay scales are set by the governing body with decisions on progression related to performance initially delegated by the governing body to the Headteacher with strategic oversight undertaken by members of the PPPF committee. Senior leadership pay is also benchmarked against similar schools. All trustees are unpaid volunteers, but may claim allowances for legitimate expenses incurred in carrying out their duties provided those costs are directly related to their work as a trustee of The Harvey Grammar School.

h. Related parties and other connected charities and organisations

The Harvey Grammar School voluntary fund, designed to benefit the school and its students, is under the control of the academy trust and so has been included within these financial statements.

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

Objectives and activities

a. Objects and aims

The principal objective of the Academy Trust is the operation of the Harvey Grammar School to provide an outstanding education for students between the ages of 11 and 18. A more detailed summary is provided in the school prospectus and on the school's website.

b. Objectives, strategies and activities

A summary of the aims and key objectives for 2019-20, as was included in the School Improvement Plan, is provided below:

1. Ensuring that all teaching and assessment in the school is as highly effective as the best practice
 - All staff made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings
 - Ensure smooth implementation of key changes to the school curriculum and timetable
 - Ensure all teachers are supported in the delivery of outstanding teaching and learning
 - Monitor and put appropriate intervention into place for any departments that underachieve at KS4 and/or 5 in 2019 results
 - Ensure that the quality of written feedback and its impact on progress over time is outstanding and that best practice is routinely shared
 - Identify appropriate training needs and deliver through twilight programme and external training providers
 - NQTs and trainee teachers to be successfully inducted with a tailored programme of support
2. Ensuring that every pupil reaches his full potential and feels safe and happy
 - All staff made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings
 - Review and update safeguarding procedures in light of DfE 2019 KCSIE document
 - Review and implement changes to provision in the Sixth Form with a view to enhancing provision beyond the classroom
 - Ensure Y11 disadvantaged pupils are supported to achieve the best possible P8 outcomes
 - Ensure that successful strategies for supporting pupils in receipt of pupil premium (outside of Y11) are also in place and fully costed
 - Ensure the PSHE Programme at KS3 and 4 delivers outstanding outcomes
 - Ensure that behaviour remains "outstanding"
 - Pupils' spiritual, moral and cultural needs to be fully catered for through the curriculum
 - Focus work on rapidly improving the literacy levels of those boys we identify as in need of support
 - Ensure pupil voice impacts positively on school life
 - Education visits programme to be co-ordinated to ensure all groups of pupils are served well
 - Ensure that the school environment is safely maintained and conducive to learning
 - Ensure that the attendance rate for all pupils and groups is monitored and where appropriate actioned upon
 - Review CIAG provision and ensure this is meeting the needs of our pupils
 - Ensure extra-curricular provision targets all groups
 - Continue to pursue all avenues towards the procurement of a new Sixth Form and Learning Resource Centre

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

Objectives and activities (continued)

3. Ensuring we engage effectively with parents and the local community
 - All staff to be made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefing
 - Parent focus group meetings in place and feedback actioned upon
 - Parental learning walks with opportunities for parents to see the Harvey in action
 - Review and update both the Staff and Parent Handbook
 - Ensure positive news stories are widely distributed
 - Ensure data compliance with appropriate legislation
 - Parental concerns to be dealt with efficiently and sensitively
4. Ensuring we support and build links with local schools
 - All staff made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings.
 - Ensure all aspects of our KS2-3 transition processes support Primary parents, pupils and schools
 - Ensure a wide programme of outreach work is in place to support local primary schools
 - Run a programme of taster days in conjunction with FSG for Y5 pupils
 - Ensure post 16 collaboration with FSG functions effectively

c. Public benefit

The Trust is state funded and strives to promote and support the advancement of education within Folkestone and Hythe. The school has its own admissions criteria as part of the Kent County Council selective system. The Trust plays an active part in the local community including sporting activities, fund raising for charities, working with local primary schools etc. The Trust buildings and land are available for community use out of school hours. The academy trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report

Achievements and performance

The attainment 8 score achieved by pupils in Year 11 was 65 which is significantly above the national average. At A Level, attainment was above average with the pass rate 100% and 69% of all grades at A* B including equivalent qualifications.

Parental surveys consistently indicate that parents are happy with the provision in place and the number of parents placing the Harvey as first choice preference has significantly increased over the past 5 years. The school is also significantly over subscribed, indicating the popularity and success of the school within the local community.

a. Key performance indicators

All available grant funding from the ESFA generated by student numbers was used to support the education of students and the Trust continues to build on the success of the school prior to conversion to an Academy. Educational outcomes as indicated above are strong, the school's attendance rate is among the best in the country and the school is hugely popular as a parental choice. In addition, the school was rated as outstanding in all areas by Ofsted at its last inspection in March 2016.

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

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquiries and having had due consideration around the impact of COVID-19, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

During the period ended 31 August 2020, total expenditure was £5,409,718. At 31 August 2020, the net book value of fixed assets was £13,498,263 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Academy Trust held fund balances at 31 August 2020 of £12,168,167.

These funds comprised £13,498,263 of restricted fixed asset funds, £171,855 of other restricted funds, £619,325 of unrestricted funds and endowment funds of £175,724, together with a pension fund reserve deficit of £2,297,000.

The pension fund reserve deficit does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income.

a. Reserves policy

The Trustees regularly review the reserve levels of the Academy Trust. Reviews encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free cash should be approximately £300,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

At 31 August 2020 the total funds comprised:

Unrestricted	£619,325
Endowment	£175,724
Restricted:	
Fixed asset funds	£13,498,263
Pension reserve	(£2,297,000)
Other	£171,855

	£12,168,167
	=====

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

Strategic report (continued)

Financial review (continued)

b. Investment policy

The Academy Trust holds a relatively small portfolio of investments which are used, as far as the terms of the endowment will allow, to support the education of pupils at the school.

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular, those relating to teaching, facilities and other operational areas of the Academy Trust, and its finances and have ensured that robust systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls are in place in order to minimise risk. Adequate insurance cover has been put into place. The Academy Trust reviews all systems and procedures, particularly the internal financial controls, on an ongoing basis.

d. Impact of COVID-19 Virus

COVID-19 has impacted the way the school has operated and staff and pupils have responded well to the changes. As the school receives the vast majority of its income from the DfE, and has, this year, been awarded the full minimum funding level for pupils, the financial impact so far has not been as large as it might have been. The school has incurred extra costs for additional cleaning materials, PPE, materials such as fencing and so forth but thus far this has been mainly offset by savings made elsewhere. The school has also benefitted from being in a relatively strong financial position both in terms of the level of cash it holds and its reserves which means it can effectively respond to any issues as they arise. For example, we have dipped into reserves to part fund an additional canopy to provide dry outside space. The relative strength gained from our prudence in the past has been built on our existing financial and operational procedures - which have proven to be robust. While COVID-19 has not significantly impacted the school's ability to obtain value for money it has of course diverted funds from what would normally be classed as expenditure on education. Going forward, and barring unforeseen changes in the situation, the school has sufficient funds and procedures in place to minimise the financial and operational impact of COVID.

e. Trade union facility time

There was no trade union facility time during the year.

Fundraising

The trust operates a sensitive approach to fundraising, offering parents the opportunity to contribute to a fund that is used for the sole purpose of enhancing the pupils' education, but only where they feel able to do so. It is made very clear that there is no expectation that parents should contribute as this is entirely voluntary. The school has not received any complaints with regard to fundraising. The school did not engage any fundraisers, professionally or otherwise, during the period.

Plans for future periods

A summary of the aims and key objectives for 2020-21, as included in the School Improvement Plan, is provided below:

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

Plans for future periods (continued)

1. Ensuring that all teaching and assessment in the school is as highly effective as the best practice

- All staff made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings
- Make appropriate changes to the school curriculum offer and timetable both during and post COVID-19
- Ensure all teachers are supported in the delivery of outstanding teaching and learning both in the classroom and where appropriate remotely
- Ensure that the quality of written feedback and its impact on progress over time is outstanding and that best practice is routinely shared
- Identify appropriate training needs and deliver through twilight programme and external training providers
- NQTs and trainee teachers to be successfully inducted with a tailored programme of support

2. Ensuring that every pupil reaches his full potential and feels safe and happy

- All staff made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings
- Review guidance to staff, parents and pupils with regard to onsite provision as and when necessary
- Review and implement changes to provision in the Sixth Form
- Review and update safeguarding procedures in light of DfE 2020 KCSIE document and COVID-19 related advice
- Ensure Y11 disadvantaged pupils are supported to achieve the best possible P8 outcomes, especially in light of the enforced closure period
- Ensure that successful strategies for supporting pupils in receipt of pupil premium (outside of Y11) are also in place and fully costed
- Ensure the PSHE Programme at KS3 and 4 delivers outstanding outcomes
- Ensure that behaviour remains "outstanding"
- Pupils' spiritual, moral and cultural needs to be fully catered for through the curriculum
- Focus work on rapidly improving the literacy levels of those boys we identify as in need of support
- Ensure pupil voice impacts positively on school life
- Education visits programme to be co-ordinated to ensure all groups of pupils are served well
- Ensure that the school environment is safely maintained and conducive to learning
- Ensure that the attendance rate for all pupils and groups is monitored and where appropriate actioned upon
- Review CIAG provision and ensure this is meeting the needs of our pupils
- Ensure extra-curricular provision targets all groups
- Continue to pursue all avenues towards the procurement of a new Sixth Form and Learning Resource Centre

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

Plans for future periods (continued)

3. Ensuring we engage effectively with parents and the local community

- All staff to be made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings
- Parent focus group meetings in place and feedback actioned upon
- Parental learning walks with opportunities for parents to see the Harvey in action
- Review and update both the Staff and Parent Handbook
- Ensure positive news stories are widely distributed
- Ensure data compliance with appropriate legislation
- Ensure reliable systems are in place for communicating with parents
- Parental concerns to be dealt with efficiently and sensitively

4. Ensuring we support and build links with local schools

- All staff made aware of our expectations with regard to this objective through the SIP, DIPs and staff meetings & briefings.
- Ensure all aspects of our KS2-3 transition processes support Primary parents, pupils and schools
- Ensure a wide programme of outreach work is in place to support local primary schools
- Run a programme of taster days in conjunction with FSG for Y5 pupils
- Ensure post 16 collaboration with FSG functions effectively

Disclosure of information to auditors

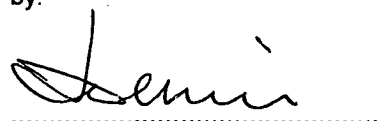
Insofar as the Trustees are aware:

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

Auditors

The auditors, MHA Macintyre Hudson, have indicated their willingness to continue in office.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 10 December 2020 and signed on its behalf by:



Mr John Dennis
Chair of Trustees

THE HARVEY ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mrs Anne Brown	4	4
Mr Martin Bridges	4	4
Mrs Karen Callander	3	4
Mrs Alison Carney (app. 1 October 2019)	4	4
Mr William Caudwell	3	4
Mr James Chamberlain	4	4
Mrs Polly Davis (app. 1 October 2019)	4	4
Mr John Dennis, Chairman	4	4
Mr Charles Lancefield (app. 24 October 2019)	3	3
Mrs Michelle Mitchell	3	4
Mr Scott Norman, Headteacher	4	4
Mr Dominic Van Der Wal	3	4

As is evidenced through governing body minutes, the board undertakes a wide range of activities to support and challenge the work of the school's leadership team. Regular reports are shared from governor visits to ensure that the reports provided by the leadership team reflect reality in school. Parental opinion is sought through regular anonymous surveys and the board ensures that any issues in that data are actioned upon by the leadership team of the school. The board oversees the benchmarking of the performance of the school using national performance measures in educational terms and financial benchmarking data provided by our auditors.

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The academy undertakes a rigorous self-evaluation process involving all trustees on an annual basis and will continue to do so. The board is confident that it provides highly effective governance with areas for improvement being identified including ensuring that all governance papers are available the expected week in advance of meetings.

The Pay, Personnel, Premises and Finance Committee is a sub committee of the main board of trustees. Its purpose is to:

- To consider the budget for the following financial year and approve a budget on behalf of the full Governing Body
- To ensure that the systems of Performance Management for Teaching staff and Support staff are implemented and approve associated pay progression proposals
- To receive and consider regular reports from the School Finance Team including the audited accounts of School funds
- To monitor routine matters of premises maintenance and to consider and approve proposals for premises upgrades and new builds, including submissions of grant applications
- In conjunction with the Safeguarding, Pupil Progress and Curriculum committee, to agree and monitor the operation of safety policies with regard to premises related issues, staff recruitment and emotional well being.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Martin Bridges (Chair)	4	4
Mr John Dennis (Vice-Chair)	4	4
Mr Charles Lancefield (from 24 October 2019)	4	4
Mr William Caudwell	4	4
Mr Scott Norman	4	4
Mr Dominic Van der Wal	3	4

The Safeguarding, Pupil Progress and Curriculum Committee is also a sub-committee of the main board of trustees. Its purpose is to:

- To review the Curriculum and Extra Curricular Activities and report to the Governing Body on implementation and revision
- To monitor the implementation of the School Improvement Plan and the School's self-evaluation processes and report to the Governing Body on progress
- To monitor performance against targets, including external examination results at A/AS level, GCSE and Key Stage 3
- To review and monitor the school's Child Protection, Safeguarding and e-Safety policies
- In conjunction with the PPPF committee, to agree and monitor the operation of safety policies with regard to premises-related issues, staff recruitment and emotional well-being.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Michelle Mitchell (Chair)	3	3
Mrs Karen Callander (Vice Chair)	3	3
Mrs Anne Brown	3	3
Mr James Chamberlain (Staff Trustee)	3	3
Mr John Dennis	3	3
Mrs Alison Carney (from 1 October 2019)	3	3
Mrs Polly Davis (Staff Trustee) (from 1 October 2019)	3	3

Review of value for money

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

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the year by:

- Reviewing costs in areas such as IT procurement, grounds maintenance, catering, and insurance to ensure the trust has secured the most appropriate deals available.
- Benchmarking overall academy expenditure against similar trusts to ensure value for money is being delivered.

The purpose of the system of internal control

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

Capacity to handle risk

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

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk (continued)

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific audit function and has decided to continue to buy-in an internal audit service having used MHA MacIntyre Hudson for the year ended 31 August 2020.

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

- testing of banking
- testing of income and expenditure
- testing of financial monitoring and reporting
- testing of school journeys, governance and procedures

On an annual basis, the auditor reports to the Board of Trustees through the Pay, Personnel, Premises and Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. No material control issues have arisen as a result of internal auditor work.

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Pay, Personnel, Premises and Finance Committee and a plan to ensure continuous improvement of the system is in place.

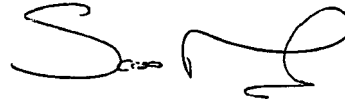
THE HARVEY ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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



.....
Mr John Dennis
Chair of Trustees



.....
Mr Scott Norman
Accounting Officer

Date: 10 December 2020

THE HARVEY ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



.....
Mr Scott Norman
Accounting Officer

Date: 10 December 2020

THE HARVEY ACADEMY
(A company limited by guarantee)

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

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

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

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

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

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

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

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


.....

Mr John Dennis
Chair of Trustees

Date: 10 December 2020

THE HARVEY ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HARVEY ACADEMY

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

THE HARVEY ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HARVEY ACADEMY (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE HARVEY ACADEMY
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HARVEY ACADEMY (CONTINUED)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Duncan Cochrane-Dyet BFP BSc FCA (Senior statutory auditor)

for and on behalf of
MHA MacIntyre Hudson
Statutory Auditors
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

Date: 21 December 2020

THE HARVEY ACADEMY
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 20 February 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Harvey Academy during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Harvey Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Harvey Academy's funding agreement with the Secretary of State for Education dated 1 August 2012 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

THE HARVEY ACADEMY
(A company limited by guarantee)

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

Approach

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

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

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

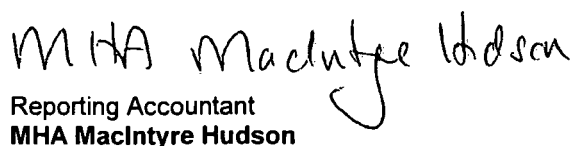
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw our conclusions includes:

- reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Trust with reference to the income streams and other information available to us as auditors of the Trust;
- testing a sample of payroll payments to staff;
- testing a sample of payments to suppliers and other third parties;
- consideration of governance issues; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

Conclusion

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


Reporting Accountant
MHA MacIntyre Hudson

Statutory Auditors
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

Date: 21 December 2020

THE HARVEY ACADEMY
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:							
Donations and capital grants	4	9,473	6,391	21,696	-	37,560	83,817
Charitable activities	5	-	4,909,386	-	-	4,909,386	4,452,449
Other trading activities	6	102,155	10,795	-	-	112,950	223,422
Investments	7	5,581	-	-	-	5,581	4,908
Total income and endowments		117,209	4,926,572	21,696	-	5,065,477	4,764,596
Expenditure on:							
Raising funds		86,820	-	-	-	86,820	187,098
Charitable activities	9	-	4,982,804	340,094	-	5,322,898	4,991,580
Total expenditure	8	86,820	4,982,804	340,094	-	5,409,718	5,178,678
Net income/(expenditure)		30,389	(56,232)	(318,398)	-	(344,241)	(414,082)
Transfers between funds	22	-	(50,992)	50,992	-	-	-
Net movement in funds before other recognised gains/(losses)		30,389	(107,224)	(267,406)	-	(344,241)	(414,082)
Other recognised gains/(losses):							

THE HARVEY ACADEMY
(A company limited by guarantee)

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

		Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
	Note						
Actuarial losses on defined benefit pension schemes	29	(821,000)	-	-	-	(821,000)	(252,000)
Net movement in funds		<u>(790,611)</u>	<u>(107,224)</u>	<u>(267,406)</u>	<u>-</u>	<u>(1,165,241)</u>	<u>(666,082)</u>
Reconciliation of funds:							
Total funds brought forward		588,936	(1,196,921)	13,765,669	175,724	13,333,408	13,999,490
Net movement in funds		(790,611)	(107,224)	(267,406)	-	(1,165,241)	(666,082)
Total funds carried forward		<u>(201,675)</u>	<u>(1,304,145)</u>	<u>13,498,263</u>	<u>175,724</u>	<u>12,168,167</u>	<u>13,333,408</u>

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

The notes on pages 28 to 54 form part of these financial statements.

THE HARVEY ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08142275

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	16	13,498,263	13,765,669
Current assets			
Stocks	17	7,548	5,724
Debtors	18	119,806	102,959
Investments	19	519,043	513,876
Cash at bank and in hand		375,378	430,464
		<u>1,021,775</u>	<u>1,053,023</u>
Creditors: amounts falling due within one year	20	(54,871)	(142,284)
Net current assets		<u>966,904</u>	<u>910,739</u>
Total assets less current liabilities		<u>14,465,167</u>	<u>14,676,408</u>
Net assets excluding pension liability		<u>14,465,167</u>	<u>14,676,408</u>
Defined benefit pension scheme liability	29	(2,297,000)	(1,343,000)
Total net assets		<u><u>12,168,167</u></u>	<u><u>13,333,408</u></u>
Funds of the Academy			
Endowment funds	22	175,724	175,724
Restricted funds:			
Fixed asset funds	22	13,498,263	13,765,669
Restricted income funds	22	171,855	146,079
		<u>13,670,118</u>	<u>13,911,748</u>
Restricted funds excluding pension asset	22	13,670,118	13,911,748
Pension reserve	22	(2,297,000)	(1,343,000)
Total restricted funds	22	<u>11,373,118</u>	<u>12,568,748</u>
Unrestricted income funds	22	<u>619,325</u>	<u>588,936</u>
Total funds		<u><u>12,168,167</u></u>	<u><u>13,333,408</u></u>

THE HARVEY ACADEMY

(A company limited by guarantee)

REGISTERED NUMBER: 08142275

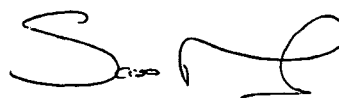
BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2020

The financial statements on pages 23 to 54 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
Mr John Dennis
Chair of Trustees



.....
Mr Scott Norman
Accounting Officer

Date: 10 December 2020

The notes on pages 28 to 54 form part of these financial statements.

THE HARVEY ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	24	(4,508)	(24,479)
Cash flows from investing activities	25	(50,578)	67,463
Change in cash and cash equivalents in the year		(55,086)	42,984
Cash and cash equivalents at the beginning of the year		430,464	387,480
Cash and cash equivalents at the end of the year	26, 27	375,378	430,464

The notes on pages 28 to 54 form part of these financial statements

THE HARVEY ACADEMY
(A company limited by guarantee)

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

1. General information

The Harvey Academy is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is The Harvey Academy, Cheriton Road, Folkestone, Kent, CT19 5JY. The principal activity of the academy trust is to provide a secondary education for pupils that satisfies the requirements of the Education Act 2002.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling which is rounded to the nearest pound.

The Harvey Academy meets the definition of a public benefit entity under FRS 102.

2.2 Going concern

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

In response to the COVID-19 pandemic, the Trustees have performed a robust analysis of forecast future cashflows taking into account the potential impact on the Academy Trust. This analysis also considers the effectiveness of available measures to assist in mitigating the impact. Based on these assessments and having regard to the resources available to the Academy Trust, the Trustees have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the Trustees' Report and financial statements.

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

2. Accounting policies (continued)

2.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

2.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

THE HARVEY ACADEMY
(A company limited by guarantee)

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

2. Accounting policies (continued)

2.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

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

2.6 Taxation

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

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

2.7 Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The valuation for leasehold property is taken from the Mouchel desktop valuation completed for the ESFA. The basis of the value is Fair Value, as defined by the International Financial Reporting Standards(IFRS). No value for land had been included.

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

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Long-term leasehold property	-	2% Straight Line
Furniture and equipment	-	10% Reducing Balance
Computer equipment	-	25% Straight Line
Motor vehicles	-	20% Straight Line

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

2.8 Stocks

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

2.9 Debtors

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

2.10 Cash at bank and in hand

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

2.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

2.12 Provisions

Provisions are recognised when the Academy has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

2. Accounting policies (continued)

2.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 20. 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.

2.14 Operating leases

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

2.15 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy 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.

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

2. Accounting policies (continued)

2.16 Fund accounting

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

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

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

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

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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4. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	9,473	6,391	-	15,864	11,294
Capital Grants	-	-	21,696	21,696	72,523
Total 2020	9,473	6,391	21,696	37,560	83,817
<i>Total 2019</i>	<i>4,686</i>	<i>6,608</i>	<i>72,523</i>	<i>83,817</i>	

5. Funding for the Academy's educational operations

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	4,477,678	4,477,678	4,240,695
Pupil premium	112,839	112,839	111,103
Other DfE / ESFA revenue grants	248,665	248,665	48,960
Teachers pay grant	67,862	67,862	44,270
	4,907,044	4,907,044	4,445,028
Other government grants			
Other Government revenue grants	2,342	2,342	7,421
Total 2020	4,909,386	4,909,386	4,452,449
<i>Total 2019</i>	<i>4,452,449</i>	<i>4,452,449</i>	

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6. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
School trip income	85,183	-	85,183	188,842
GTP income	-	-	-	4,030
Exam fees	1,130	-	1,130	1,727
Uniform sales	892	-	892	899
Catering income	-	423	423	569
Other income	14,950	10,372	25,322	27,355
Total 2020	102,155	10,795	112,950	223,422
<i>Total 2019</i>	<i>205,420</i>	<i>18,002</i>	<i>223,422</i>	

7. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Short term deposits	5,581	5,581	4,908
<i>Total 2019</i>	<i>4,908</i>	<i>4,908</i>	

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8. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	<i>Total</i> <i>2019</i> £
Expenditure on raising voluntary income:					
Direct costs	-	-	86,820	86,820	187,098
Educational operations:					
Direct costs	3,262,779	-	160,528	3,423,307	3,409,481
Allocated support costs	875,910	391,758	631,923	1,899,591	1,582,099
Total 2020	4,138,689	391,758	879,271	5,409,718	5,178,678
<i>Total 2019</i>	<i>3,764,895</i>	<i>345,142</i>	<i>1,068,641</i>	<i>5,178,678</i>	

9. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total</i> <i>funds</i> <i>2019</i> £
Educational operations	3,423,307	1,899,591	5,322,898	4,991,580
<i>Total 2019</i>	<i>3,409,481</i>	<i>1,582,099</i>	<i>4,991,580</i>	

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9. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	3,262,779	3,262,779	3,067,188
Teaching and learning costs	148,976	148,976	327,138
Other costs	11,552	11,552	15,155
Total 2020	3,423,307	3,423,307	3,409,481
<i>Total 2019</i>	<i>3,409,481</i>	<i>3,409,481</i>	

Analysis of support costs

	Educational operations 2020 £	Total funds 2020 £	Total funds 2019 £
Defined benefit pension scheme finance cost	24,000	24,000	24,000
Technology costs	37,537	37,537	23,726
Depreciation	340,094	340,094	343,115
Other costs	237,105	237,105	153,538
Premises costs	391,758	391,758	345,142
Governance costs	17,187	17,187	18,871
Staff costs	851,910	851,910	673,707
Total 2020	1,899,591	1,899,591	1,582,099

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10. Governance Costs

	2020 £	2019 £
Professional fees	4,112	7,746
Auditors' remuneration	13,075	11,125
	<u>17,187</u>	<u>18,871</u>

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Depreciation of tangible fixed assets	340,094	343,115
Fees paid to auditors for:		
- audit	8,850	8,750
- other services	4,225	2,375
	<u>13,075</u>	<u>11,125</u>

12. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Academy's auditor for the audit of the Academy's annual accounts	8,850	8,750
Fees payable to the Academy's auditor in respect of:		
All assurance services not included above	700	-
All non-audit services not included above	3,525	2,375
	<u>13,075</u>	<u>11,125</u>

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FOR THE YEAR ENDED 31 AUGUST 2020**

13. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,039,739	2,882,404
Social security costs	314,645	290,214
Pension costs	747,980	557,217
	<u>4,102,364</u>	<u>3,729,835</u>
Agency staff costs	12,325	11,060
Defined benefit pension scheme finance cost	24,000	24,000
	<u>4,138,689</u>	<u>3,764,895</u>

b. Staff numbers

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

	2020 No.	As restated 2019 No.
Teachers	55	55
Admin & Support	33	35
Management	4	4
	<u>92</u>	<u>94</u>

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FOR THE YEAR ENDED 31 AUGUST 2020**

13. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £70,001 - £80,000	2	2
In the band £110,001 - £120,000	1	1

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £724,889 (2019 £768,695).

14. Trustees' remuneration and expenses

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

		2020 £	2019 £
Mr Scott Norman	Remuneration	115,000 - 120,000	110,000 - 115,000
	Pension contributions paid	25,000 - 30,000	15,000 - 20,000
Mr James Chamberlain	Remuneration	45,000 - 50,000	40,000 - 45,000
	Pension contributions paid	10,000 - 15,000	5,000 - 10,000
Mrs Polly Davis (appointed 1 October 2019)	Remuneration	20,000 - 25,000	
	Pension contributions paid	0 - 5,000	
Kim Bridgland (resigned 31 July 2019)	Remuneration		20,000 - 25,000
	Pension contributions paid		0 - 5,000

During the year ended 31 August 2020, expenses totalling £250 were reimbursed or paid directly to 1 Trustee (2019 - £1,827 to 3 Trustees). The expenses reimbursed relate to travel expenses.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

16. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2019	15,045,668	692,617	519,326	90,000	16,347,611
Additions	22,250	40,500	9,938	-	72,688
Disposals	-	(2,000)	-	(30,000)	(32,000)
At 31 August 2020	15,067,918	731,117	529,264	60,000	16,388,299
Depreciation					
At 1 September 2019	1,450,709	557,444	483,789	90,000	2,581,942
Charge for the year	300,913	13,517	25,664	-	340,094
On disposals	-	(2,000)	-	(30,000)	(32,000)
At 31 August 2020	1,751,622	568,961	509,453	60,000	2,890,036
Net book value					
At 31 August 2020	13,316,296	162,156	19,811	-	13,498,263
At 31 August 2019	13,594,959	135,173	35,537	-	13,765,669

Long-term leasehold property was last valued using the Mouchel desktop for the ESFA. The property is owned by Kent County Council and is leased to The Harvey Academy for a term of 125 years.

17. Stocks

	2020 £	2019 £
Stock	7,548	5,724

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18. Debtors

	2020 £	As restated 2019 £
Due within one year		
Trade debtors	902	-
Other debtors	37,634	30,623
Prepayments and accrued income	81,270	72,336
	<u>119,806</u>	<u>102,959</u>

19. Current asset investments

	2020 £	As restated 2019 £
Investments	519,043	513,876

20. Creditors: Amounts falling due within one year

	2020 £	As restated 2019 £
Trade creditors	12,205	29,551
Other creditors	752	6,915
Accruals and deferred income	41,914	105,818
	<u>54,871</u>	<u>142,284</u>

	2020 £	2019 £
Deferred income at 1 September 2019	75,376	97,515
Resources deferred during the year	8,320	75,376
Amounts released from previous periods	(75,376)	(97,515)
	<u>8,320</u>	<u>75,376</u>

At the balance sheet date, the academy trust was holding funds received in advance for school trips in respect of the following financial year.

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21. Prior year adjustments

A prior year adjustment was made in the year to remove incorrect brought forward balances relating to payroll. The prior year balance sheet, debtors and creditors note have been restated.

A prior year adjustment has been made to reclassify balances held in a deposit account from cash at bank to current asset investments.

A prior year adjustment has been made in respect of average staff numbers to restate these based on headcount.

There has been no impact on reserves as a result of the above adjustments.

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	588,936	117,209	(86,820)	-	-	619,325
Endowment funds						
Endowment Fund	175,724	-	-	-	-	175,724
Restricted general funds						
General Annual Grant	146,079	4,477,678	(4,400,910)	(50,992)	-	171,855
Pupil Premium	-	112,839	(112,839)	-	-	-
Other government grants	-	2,342	(2,342)	-	-	-
Non-Government revenue grants	-	67,862	(67,862)	-	-	-
Other DfE/ESFA Grants	-	248,665	(248,665)	-	-	-
Other activities	-	17,186	(17,186)	-	-	-
Pension reserve	(1,343,000)	-	(133,000)	-	(821,000)	(2,297,000)
	<u>(1,196,921)</u>	<u>4,926,572</u>	<u>(4,982,804)</u>	<u>(50,992)</u>	<u>(821,000)</u>	<u>(2,125,145)</u>
Restricted fixed asset funds						
Assets Held for Depreciation	13,765,669	-	(318,196)	50,790	-	13,498,263
DfE/ESFA capital grants	-	21,696	(21,898)	202	-	-

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

22. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
	<u>13,765,669</u>	<u>21,696</u>	<u>(340,094)</u>	<u>50,992</u>	<u>-</u>	<u>13,498,263</u>
Total Restricted funds	<u>12,568,748</u>	<u>4,948,268</u>	<u>(5,322,898)</u>	<u>-</u>	<u>(821,000)</u>	<u>11,373,118</u>
Total funds	<u><u>13,333,408</u></u>	<u><u>5,065,477</u></u>	<u><u>(5,409,718)</u></u>	<u><u>-</u></u>	<u><u>(821,000)</u></u>	<u><u>12,168,167</u></u>

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

Endowment funds are applied specifically for the purposes set out in the objectives of the funds, which were set out when the original endowments were made. Investment income arising from these funds is not retained endowment fund but accrues to the unrestricted fund.

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

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NOTES TO THE FINANCIAL STATEMENTS
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22. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
Unrestricted funds	561,020	215,014	(187,098)	-	-	588,936
Endowment funds						
Endowment Fund	175,724	-	-	-	-	175,724
Restricted general funds						
General Annual Grant	130,930	4,240,695	(4,288,101)	62,555	-	146,079
Pupil Premium	-	111,103	(111,103)	-	-	-
Other DfE/ESFA Grants	-	48,960	(48,960)	-	-	-
Government Grants	-	7,421	(7,421)	-	-	-
Other Generated Funds	-	18,002	(18,002)	-	-	-
Restricted Donations	-	6,608	(6,608)	-	-	-
Teachers pay grant	-	44,270	(44,270)	-	-	-
Pension reserve	(967,000)	-	(124,000)	-	(252,000)	(1,343,000)
	(836,070)	4,477,059	(4,648,465)	62,555	(252,000)	(1,196,921)

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22. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Assets Held for Depreciation	14,098,816	-	(343,115)	9,968	-	13,765,669
DfE / ESFA capital grants	-	72,523	-	(72,523)	-	-
	<u>14,098,816</u>	<u>72,523</u>	<u>(343,115)</u>	<u>(62,555)</u>	<u>-</u>	<u>13,765,669</u>
Total Restricted funds	<u>13,262,746</u>	<u>4,549,582</u>	<u>(4,991,580)</u>	<u>-</u>	<u>(252,000)</u>	<u>12,568,748</u>
Total funds	<u>13,999,490</u>	<u>4,764,596</u>	<u>(5,178,678)</u>	<u>-</u>	<u>(252,000)</u>	<u>13,333,408</u>

23. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	13,498,263	-	13,498,263
Current assets	674,196	171,855	-	175,724	1,021,775
Creditors due within one year	(54,871)	-	-	-	(54,871)
Provisions for liabilities and charges	-	(2,297,000)	-	-	(2,297,000)
Total	<u>619,325</u>	<u>(2,125,145)</u>	<u>13,498,263</u>	<u>175,724</u>	<u>12,168,167</u>

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23. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Endowment funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	13,765,669	-	13,765,669
Current assets	588,936	288,363	-	175,724	1,053,023
Creditors due within one year	-	(142,284)	-	-	(142,284)
Provisions for liabilities and charges	-	(1,343,000)	-	-	(1,343,000)
Total	588,936	(1,196,921)	13,765,669	175,724	13,333,408

24. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of financial activities)	(344,241)	(414,082)
Adjustments for:		
Depreciation	340,094	343,115
Capital grants from DfE and other capital income	(21,696)	(72,523)
Interest receivable	(5,581)	(4,908)
Defined benefit pension scheme finance cost	133,000	124,000
(Increase)/decrease in stocks	(1,824)	278
(Increase)/decrease in debtors	(16,847)	33,944
Decrease in creditors	(87,413)	(34,303)
Net cash used in operating activities	(4,508)	(24,479)

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25. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	414	4,908
Purchase of tangible fixed assets	(72,688)	(9,968)
Capital grants from DfE	21,696	72,523
Net cash (used in)/provided by investing activities	(50,578)	67,463

26. Analysis of cash and cash equivalents

	2020 £	As restated 2019 £
Cash in hand	375,378	430,464
Total cash and cash equivalents	375,378	430,464

27. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	430,464	(55,086)	375,378
Liquid investments	513,876	5,167	519,043
	944,340	(49,919)	894,421

28. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the ESFA.

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

29. Pension commitments

The Academy'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 Kent County Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

The employer's pension costs paid to TPS in the year amounted to £498,890 (2019 - £353,864).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £140,000 (2019 - £139,000), of which employer's contributions totalled £107,000 (2019 - £106,000) and employees' contributions totalled £ 33,000 (2019 - £33,000). The agreed contribution rates for future years are 20 per cent for employers and 5.5-12.5 per cent for employees.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.75
Rate of increase for pensions in payment/inflation	2.30	2.25
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.30	2.25
Commutation of pensions to lump sums	50	50

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	22.1
Females	23.8	24.0
<i>Retiring in 20 years</i>		
Males	23.2	23.7
Females	25.2	25.8

THE HARVEY ACADEMY
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NOTES TO THE FINANCIAL STATEMENTS
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29. Pension commitments (continued)

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	4,782	3,264
Discount rate -0.1%	5,012	3,398
Mortality assumption - 1 year increase	5,079	3,452
Mortality assumption - 1 year decrease	4,719	3,212
CPI rate +0.1%	4,998	3,393
CPI rate -0.1%	4,796	3,269

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

	2020	2019
	£	£
Equities	1,683,000	1,355,000
Gilts	17,000	14,000
Corporate bonds	336,000	179,000
Property	286,000	232,000
Cash and other liquid assets	79,000	53,000
Absolute return fund	198,000	154,000
Total market value of assets	2,599,000	1,987,000

The actual return on scheme assets was £150,000 (2019 - £84,000).

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

	2020	2019
	£	£
Current service cost	(215,000)	(205,000)
Interest income	37,000	49,000
Interest cost	(61,000)	(73,000)
Administrative expenses	(1,000)	(1,000)
Total amount recognised in the Statement of financial activities	(240,000)	(230,000)

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

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

	2020 £	2019 £
At 1 September	3,330,000	2,758,000
Current service cost	215,000	190,000
Interest cost	61,000	73,000
Employee contributions	33,000	33,000
Actuarial losses	1,328,000	287,000
Benefits paid	(71,000)	(26,000)
Losses on curtailments	-	15,000
At 31 August	4,896,000	3,330,000

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

	2020 £	2019 £
At 1 September	1,987,000	1,791,000
Interest income	37,000	49,000
Actuarial gains	507,000	35,000
Employer contributions	106,000	105,000
Employee contributions	33,000	33,000
Benefits paid	(71,000)	(26,000)
At 31 August	2,599,000	1,987,000

30. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	4,117	3,773
Later than 1 year and not later than 5 years	7,610	3,242
	11,727	7,015

**NOTES TO THE FINANCIAL STATEMENTS
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31. 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.

32. Related party transactions

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

During the year, an amount of £5,162 (2019: £Nil) was invoiced by IIS South East Ltd, for which M Bridges, a trustee of The Harvey Academy also acts as an employee, for insurance costs. As at the year end, no amounts were outstanding (2019: £Nil).

33. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the trust received £18,156 (2019: £18,776) and disbursed £18,500 (2019: £17,680) from the fund. An amount of £752 (2019: £1,096) is included in other creditors relating to undistributed funds that is repayable to the ESFA.