

Company Registration Number: 10760863 (England & Wales)

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023



HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|---|
| Members | G Thumpston K Turner R Henney A Ling J Woodgate |
| Trustees | G Thumpston, Chair of Trustees C Hobson, Accounting Officer M Pepper E Lacy R Train C Ridley-Moy K Pitt A Weatherley T Sampson (appointed 1 December 2022) C Birbeck |
| Company registered number | 10760863 |
| Company name | Hornchurch Academy Trust |
| Principal and registered office | Whybridge Junior School Blacksmiths Lane Rainham Essex RM13 7AH |
| Company secretary | V Wilson |
| Chief executive officer | C Hobson |
| Senior management team | C Hobson, CEO R Epps, Director of Teaching and Learning J Sladden, Chief Financial and Operations Officer |
| Independent auditors | MWS Chartered Accountants Registered Auditors Kingsridge House 601 London Road Westcliff-on-Sea Essex SS0 9PE |
| Bankers | Lloyds Bank Plc 21-25 Station Lane Hornchurch Essex RM12 6JL |

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Solicitors

Browne Jacobson LLP
Castle Meadow Roadf
Nottingham
Nottinghamshire
NG2 1BJ

HORNCHURCH ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a Trustees' report and a directors' report and strategic report under company law.

Structure, governance and management

The academy trust operates an academy for pupils aged 4 to 11 serving the catchment areas in both Havering and Kent (Gravesend). Please see below for pupil capacity:

Scargill Infant School 240
Scargill Junior School 360
Whybridge Junior 330
Upminster Infant 270
Upminster Junior 360
Shears Green Infant School 360

Total 1,920

In addition, as of 1st September 2023, the Trust operates a 24 place Nursery provision based at Scargill Infant School.

a. Constitution

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

The charitable company's Articles of Association is the primary governing document of the Academy Trust.

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

Hornchurch Academy Trust was incorporated 9th May 2017 and originally consisted of three schools. All schools have kept their original names, and obtained academy status from 1st September 2017. The Trust expanded to include Upminster Infant School and Upminster Junior School from 1st September 2018. Dated 1st July 2022, the Trust expanded with Shears Green Infant School joining, thus totalling six schools. Dated 1st September 2023, a nursery provision based at Scargill Infant School was added to the Trust.

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 Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 14 to the financial statements this indemnity is limited to £10,000,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

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

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

Each Trust school shall have its own local standards group (LSG). The LSG composition was reconstituted September 2023 and is the same in all schools with no more than 5 members. For an LSG with 5 members, the composition is as follows:

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

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

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

The term of office for any director or LSG member shall be 1 year, save that this time limit shall not apply to the Head of School or Chief Executive Officer subject to remaining eligible to be a particular type of director, any director or member may be re-appointed or re-elected.

e. Policies adopted for the induction and training of Trustees

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Structure, governance and management (continued)

f. Organisational structure

The structure consists of four management levels: The Hornchurch Academy Trust Directors Board, CEO, the Local Standards Groups and the individual School Leadership Teams. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. This structure sits within an overall framework of principles that ensures core functions are standardised whilst a degree of school autonomy and individual character is maintained so that local solutions to local issues can be quickly developed and have immediate impact. The current management structure will be subject to review as the Trust grows further. Modelling of operational structures to support growth have been presented to the Board of Trustees.

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

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

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

The setting of the pay and remuneration for the Chief Executive Officer is devolved from the Board to a panel responsible for CEO performance management. This process is benchmarked against national data sets to ensure it is set in line with market comparators. Advice is also sought from an external sector expert.

The pay and remuneration of the Heads of School is set by the Trustees on the recommendation of the CEO and is aligned with the National Teachers Pay and Conditions Document.

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

No leader in Hornchurch Academy Trust is paid more than 25% above the leadership scale, in line with national recommendations – including the CEO.

h. Related parties and other connected charities and organisations

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

i. Trade union facility time

The Trust did not have any employees during the year engaged as union officials.

Objectives and activities

a. Objects and aims

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

The Mission

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

This will drive the ultimate aim:

To Improve the Educational Outcomes for Children in Primary Education.

b. Objectives, strategies and activities

Hornchurch Academy Trust developed from the original group of 3 maintained schools under the executive leadership of the new CEO. It is a successful partnership of schools that has grown again over the past year as a response to local need and request with a Nursery opening at Scargill Infant School. We are a forward thinking, innovative and creative school group, committed to achieving excellence within meaningful and empowering contexts for learning. Fundamental to our ethos is an understanding that the way we organise our schools for learning is key to educating children for the world we would wish to see them develop and thrive in. We are committed to effective collaboration that enhances the ability to raise outcomes in all settings.

As a multi-academy trust, Hornchurch Academy Trust aims to solidify its identity as a group, as well as to protect the unique characters of each of our schools. We firmly believe that collaboration includes aligned approaches where necessary. We celebrate diversity in all its forms, and while there are some very clear consistencies across our schools, these do not undermine their individuality. We are clear that we need to be unwavering about inclusive education, quality and integrity.

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

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

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

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

Hornchurch Academy Trust is committed to the very highest professional standards. People matter to us and we invest in staff development and effectiveness at all levels. We value individuality and promote the unique ethos of each school that is reflective of its community and place. Through collaboration, we seek to build on the

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities (continued)

strengths that exist within each school so that our collective intellectual capital benefits our broader communities.

The Trust Commitments

- Commitment to the collective aims, values and ethos of the Trust.
- Commitment to achieving the high quality inclusive education and best outcomes for all children.
- Commitment to the Articles, Scheme of Delegation and financial contribution (through the top-slice agreement) of the Trust.
- Commitment to the ongoing collaborative development in pedagogy and curricula.
- Commitment to all aligned operating systems, policies and procedures.
- Commitment to all Trust branding agreements to ensure consistency across the Trust, whilst protecting individuality and school identity.
- Commitment to geographical admissions criteria requirements and nationally agreed procedures for children who are hard to place – Fair Access Protocols.
- Commitment to working in partnership with parents, carers and the local community, to ensure schools are responsive to their aspirations for their children.
- Commitment to promoting the full benefits and strength of the Trust including collaborative development, working across the group for the good of the whole.
- Commitment to sharing staff expertise and system leadership, responding to the needs of the Trust, and jointly finding solutions.
- Commitment to civic partnerships and working with schools beyond our immediate partnership.
- Commitment to teacher and support staff pay and conditions, and to professional learning for all.
- Commitment to respecting the environment and to developing green, sustainable ways of working.

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

c. Public benefit

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report

Achievements and performance

The Trust outcomes remain above National Average in both Key Stages based on 2023 outcomes. Trust outcomes continue to reflect the significant amount of lost learning, however are recovering at a faster rate than local and national averages.

2022-23 saw opportunities for students benefit from Trust wide events that assist both building Trust culture and cultural capital. This included performance opportunities in sport, poetry and music. Shared resource management continues to develop with targeted school improvement opportunities staff to lead beyond their school on behalf of the MAT. The Trust has developed a new and updated School Improvement and QA Strategy that has led to improvements in all areas and a clear MAT development plan and KPI's as agreed by Trustees. Priorities are informed by the new MAT SEF and evaluation using the MAT Assurance Framework. The Director of Teaching and Learning leads on consistent monitoring of performance and improvement that is reported to the Board of Trustees, whilst the Group SENCo leads on Trust wide SEN provision. All schools participate in internal and external review to facilitate quality assurance processes. Bespoke external review is also commissioned.

Vision and strategic direction for the Trust and individual Academies are clear with key priorities identified for the coming year. The MAT development plan is consistently reviewed with the Board of Trustees and now reflects DfE Trust Quality Descriptions (July 2023) in a 3 year strategic plan.

Positive and negative factors

The challenges faced during the year ending August 2023 continue to be the legacy of the global pandemic, social and economic factors and disruption due to industrial action. The challenges reflect the national picture and relate directly to the COVID-19 legacy and associated issues. Issues include: Attendance, education 'catch up', disadvantaged groups, SEND provision, economic challenge, and staff workload/wellbeing.

However, the Trust ends the year fully staffed and with finances controlled and managed well. Physical improvements to the school sites include completed works from CIF funding 2022, whilst additional works in all schools as a result of successful CIF funding 2022 totalling £394k will further improve the Trust estate, mitigate future risk and reduce liabilities.

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

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

Whybridge Junior School

25.8% of pupils eligible for Free Schools Meals
17.3% of children on SEN register
26.1% of pupils eligible for Pupil Premium funding
40.0% of children registered as EAL status

Scargill Junior School

25.3% of pupils eligible for Free School Meals
14.6% of children on SEN register
26.8% of pupils eligible for Pupil Premium funding
20.7% of children registered as EAL status

Scargill Infant School

17.3% of pupils eligible for Free Schools Meals
11.9% of children on SEN register
18.3% of pupils eligible for Pupil Premium funding
19.4% of children registered as EAL status

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Achievements and performance (continued)

Upminster Junior School

4.2% of pupils eligible for Free School Meals
8.7% of children on SEN register
5.6% of pupils eligible for Pupil Premium funding
6.1% of children registered as EAL status

Upminster Infant School

2.6% of pupils eligible for Free Schools Meals
8.7% of children on SEN register
4.2% of pupils eligible for Pupil Premium funding
9.1% of children registered as EAL status

Shears Green Infant School

24.8% of pupils eligible for Free School Meals
7.6% of children on SEN register
25.6% of pupils eligible for Pupil Premium funding
17.5% of children registered as EAL status

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

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

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

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

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

In addition, inspectors must also consider:

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

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

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

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

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

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

Teacher Assessment End of Key Stage Outcomes for 2022-2023:

| Whybridge Junior School: | Meeting the Standard | Higher Level | Scaled Score |
|------------------------------|----------------------|--------------|--------------|
| Reading | 82% | 38% | 107 |
| Writing | 82% | 20% | 103 |
| Spelling & Grammar | 82% | 47% | 107 |
| Mathematics | 87% | 18% | 105 |
| Combined standard (R, W & M) | 73% | 13% | |

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

Achievements and performance (continued)

Scargill Junior School:

| | Meeting the Standard | Higher Level | Scaled Score |
|------------------------------|----------------------|--------------|--------------|
| Reading | 82% | 44% | 108 |
| Writing | 84% | 16% | 103 |
| Spelling & Grammar | 74% | 31% | 105 |
| Mathematics | 86% | 45% | 108 |
| Combined standard (R, W & M) | 72% | 13% | |

Upminster Junior School:

| | Meeting the Standard | Higher Level | Scaled Score |
|------------------------------|----------------------|--------------|--------------|
| Reading | 86% | 36% | 107 |
| Writing | 93% | 31% | 105 |
| Spelling & Grammar | 87% | 44% | 108 |
| Mathematics | 89% | 26% | 106 |
| Combined standard (R, W & M) | 79% | 14% | |

Scargill Infant School:

| | Meeting the Standard | Higher Level |
|------------------------------|----------------------|--------------|
| Reading | 82% | 36% |
| Writing | 79% | 19% |
| Mathematics | 82% | 25% |
| Combined standard (R, W & M) | 78% | 19% |

Upminster Infant School:

| | Meeting the Standard | Higher Level |
|------------------------------|----------------------|--------------|
| Reading | 86% | 32% |
| Writing | 81% | 19% |
| Mathematics | 86% | 24% |
| Combined standard (R, W & M) | 76% | 17% |

Shears Green Infant School:

| | Meeting the Standard | Higher Level |
|------------------------------|----------------------|--------------|
| Reading | 73% | 22% |
| Writing | 63% | 9% |
| Mathematics | 76% | 19% |
| Combined standard (R, W & M) | 63% | 7% |

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

Attainment and Progress:

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

Achievements and performance (continued)

Attendance:

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

Teaching and Learning:

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

Governance:

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

Financial:

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

| KPI | Trust Average | WJS | SJS | UJS | SIS | UIS | SGIS | HAT |
|--|---------------|-----|-----|-----|-----|-----|------|-----|
| For all schools not to exceed 80% of ESFA income on staffing costs | 79% | 71% | 75% | 80% | 83% | 83% | 81% | N/A |

b. Going concern

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

Financial review

Most of the Academy's income is obtained from the Education, Skills Funding Agency (ESFA) in the form of recurrent grants, some of which are restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report (continued)

During the period ended 31 August 2023, total expenditure of £10,438,739 (2022: £8,619,108) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the period (excluding pension deficit, restricted fixed asset funds and transfers to restricted fixed asset funds and donations on conversion) was £407,503 (2022: £503,000).

At 31 August 2023 the net book value of fixed assets was £32,089,655 (2022: £31,721,116). Movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government pension scheme, in which the Academy participates, showed a deficit of £68,000k (2022: £1,000,000) as at 31 August 2023.

As of July 2022, Shears Green Infant School, based in Northfleet, Kent converted to academy status and joined the Trust. The academy joined with a surplus of £237,000 (excluding LGPS deficits of £333,000).

Included within Upminster Junior School's surplus of GAG income brought forward from 21/22 is £22,000 which has been set aside to be specifically used to support a MUGA installation which due to planning and supplier delays is now scheduled to take place spring 2024.

Following another successful CIF grant awarded this year, a reserves contribution of £75,000 has been made as the Trust contribution to the project.

a. Reserves policy

The Trust will build and maintain a revenue reserve fund to provide flexibility and certainty in forward planning. The current policy is for the Trust to hold revenue reserves equivalent to a minimum of one month's GAG funding which is equivalent to £697,000 (2022: £672,000). All revenue reserves are controlled by the Trust Board including those transferred in upon conversion and cannot be spent without the approval of the Board.

The total value of free reserves was £1,171,574 (2022: £1,001,746) as at 31 August 2023.

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

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

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

The reserves are currently sitting above target level. This is largely due to the level of reserves brought in previously from joining schools and a prudent approach to in-year spends. The reserves are in place to fund capital projects across the trust and CIF contributions to future projects. For example, in financial year 23/24 plans are to demolish a building on the Upminster site which is no longer fit for purpose, to expand kitchen/dining facilities and to renovate pupil toilets. Also the delayed Multi Use Games Area at Upminster Junior School is due to finally be completed Easter 2024. The healthy level of reserves in place also allow for anticipated future funding challenges

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

b. Investment policy

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

The Trust has £513,000 (2022: £420,000) invested in six fixed term deposit accounts held with Lloyds Bank plc. This investment was in line with the Trust investment policy and is reviewed by the Finance and Audit Committee on a regular basis.

c. Principal risks and uncertainties

The principal risks to The Hornchurch Academy Trust are:

1. Impact of legislation review and outcomes. Pro-active Trust response to the DfE Regulatory and Commissioning Review (March 2023), DfE Commissioning High Quality Trusts (July 2023) movement towards a fully academised system. This includes the potential political change.
2. Failure to achieve the highest quality standards for children. In order to mitigate this risk Directors ensure high quality recruitment and performance management of all senior staff that is quality assured. All systems and processes are focussed on school improvement, there is a rigorous internal monitoring and accountability system focussing on children's outcomes.
3. Finance. Inflation and cost of living challenges for families, staff and organisation e.g. utility costs, ability to source resources. Current and future unfunded staff pay awards.
4. Failure to use funds effectively. Financial management processes are being embedded to ensure there is clarity over financial accountability, which ensures principles of best value, transparency of information and a focus on core work.
5. The increase in portfolio means the trust has to ensure greater level of central compliance. The trust is putting in place a range of both internal and external systems to ensure compliance with statutory and industry specific guidelines.

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

Fundraising

The Academy Trust does not undertake any significant fundraising activities.

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TRUSTEES' REPORT (CONTINUED)
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Plans for future periods

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

The focus for the Trust following the publication of the DfE Regulatory and Commissioning Review (March 2023) and subsequent Commissioning High Quality Trusts (July 2023) is to engage with the DfE, Regional Director, education sector and local communities to scale and grow the Trust. The pro-actively aims to grow the number of schools in the Trust. The Trust is currently viewed as a 'strong trust' that is viable for growth and has been recognised by the DfE to support other schools and Trusts through the DfE TSIO initiative. Work to promote the Trust by building Trust to Trust networks has begun with the formation of the Havering Educational Trust Alliance (HETA).

Continuing to develop flexible and robust solutions that are fit for purpose and adapt to the status of schools at any given time. This also includes ensuring there is sufficient central capacity to fulfil its core functions including finance and school improvement. A new School Improvement and QA Strategy alongside a People Strategy, SEND Strategy and Disadvantaged Strategy are being implemented, as have an increased central school improvement resource of Lead Practitioners and Teaching and Learning Advisors that are available to all Trust schools.

The schools know their strengths and weaknesses based on continual monitoring from the centre of the Trust linked to the 4 tier QA model that embraces the Trust ethos and system leader approach. External validation through an annual programme of 'school health checks' - is well used to formulate individual action plans within schools new combined SDP/SEF. The 3 year strategic MAT Development Plan is succinct and focussed on the Trust Quality Descriptions. It is regularly reviewed by the Board of Trustees.

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

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

Funds held as custodian on behalf of others

The Trust does not hold or intend to hold funds on behalf of others.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2023

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, MWS, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 7 December 2023 and signed on its behalf by:


.....
G Thumpston
Chair of Trustees


.....
C Hobson
Accounting Officer

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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 Principal, 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 Hornchurch Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of trustees' responsibilities. 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 |
|--------------------------------|-------------------|-------------------|
| G Thumpston, Chair of Trustees | 4 | 4 |
| C Hobson, Accounting Officer | 4 | 4 |
| M Pepper | 4 | 4 |
| E Lacy | 3 | 4 |
| R Train | 4 | 4 |
| C Ridley-Moy | 4 | 4 |
| K Pitt | 4 | 4 |
| A Weatherley | 2 | 4 |
| T Sampson | 2 | 2 |
| C Birbeck | 4 | 4 |

An annual skills audit is undertaken by the trustees to identify any skills gap, using the National Governors Association templates provided by the governance professional. This year's audit has identified there is a good balance of different skills across the board, however the need to implement a succession plan. The next self-evaluation of governance will be undertaken spring 2024.

Whole school reviews are undertaken at least annually, by members of the SLT and external professionals. During this review process, members of the schools' Local Standards Groups are interviewed to provide assurance of their knowledge, skills and effectiveness of local governance. This review is also added to regular meetings between the CEO and LSG Chairs.

In addition, an External Review of Governance (ERG) is undertaken every 3 years as is recommended by the Charity Governance Code. The ERG was undertaken 2022.

The third annual governance day has taken place for trustees and local standards groups to review the strategic vision for the Trust within the national landscape and also potential growth of the Trust.

Continued links with a MAT in Kent have been developed. A variety of work including leadership, quality of education and governance have been undertaken and include elements of peer review.

A formal partnership has been formed with other MATs within Havering that includes a memorandum of understanding. The aim of this partnership is to promote collaboration between different trusts that supports achieving HAT trust objectives.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

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

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

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| G Thumpston | 4 | 4 |
| C Hobson | 4 | 4 |
| E Lacy | 4 | 4 |
| K Pitt | 4 | 4 |
| A Weatherley | 3 | 4 |

Review of value for money

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

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

- Sharing staff resources across Trust schools
- Negotiating new utility contracts
- By increasing the centralised finance provision improving efficiencies and streamlining services
- By purchasing a new MIS to provide a more cost effective and efficient data management solution
- Robust contract management, centrally procuring whenever possible
- Rigorous scrutiny of new appointments of staff
- Ensuring competitive quotations for products, services and contracts are obtained
- Ensuring robust budget monitoring systems are in place
- Ensuring the allocation of resources to best promote the aims and values of the school
- Ensuring budgets are set against strict pre-agreed criteria to control the levels of contingency reserves.
- Ensuring that the trust's management of estates and health and safety compliance system has been aligned across all the schools
- Reviewing the provision of local authority services and outsourcing more competitively priced contracts

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hornchurch Academy Trust for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Audit Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks
- Maintained risk register that is reported to Trustees which includes estates safety management and compliance

The Board of Trustees has decided to buy-in an internal audit service from Baxters Accountants to undertake this on their behalf.

The reviewer's role includes giving advice on financial and other matters and performing a range of checks on the Multi Academy Trust's financial systems.

On an annual basis, the reviewer reports to the Board of Trustees through the audit and risk committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

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

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

The Internal Auditor delivered its schedule of work as planned and there were no material control issues arising as a result of the Internal Auditor's work.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

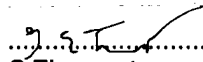
Review of effectiveness

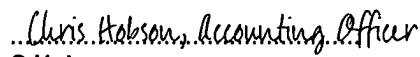
As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Trustees on 7 December 2023 and signed on their behalf by:


.....
G Thumpston
Chair of Trustees


.....
C Hobson
Accounting Officer

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Hornchurch Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding including for estates safety and management, under the funding agreement between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2022.

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.

Chris Hobson, Accounting Officer

C Hobson
Accounting Officer
Date: 7 December 2023

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2023 and signed on its behalf by:


.....
G Thumpston
Chair of Trustees

Chris Hobson, Accounting Officer
.....
C Hobson
Accounting Officer

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HORNCHURCH ACADEMY TRUST**

Opinion

We have audited the financial statements of Hornchurch Academy Trust (the 'academy trust') for the year ended 31 August 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006, Safeguarding (including statutory guidance Keeping Children Safe in Education), employment law and public sector pay and conditions. We enquired of management to obtain an understanding of how the Academy Trust is complying with those legal and regulatory frameworks and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes for the year. We did not identify any matters relating to material non compliance with laws and regulation or matters in relation to fraud; as non-material breaches would not normally be communicated within this report.

We obtained an understanding of how the Company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures;

In assessing the potential risks of material misstatement, we obtained an understanding of the Company's operations, including its objectives and strategies to understand the expected financial statement disclosures and business risks that may result in risks of material misstatement;

In assessing the appropriateness of the collective competence and capabilities of the engagement team, the engagement partner considered the engagement team's:

- understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
- the specialist skills required and
- knowledge of the industry in which the client operates.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Challenging assumptions and judgements made by management in its significant accounting estimates; identifying and testing journal entries, in particular manual journal entries made at year end for financial statement preparation; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

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

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Jason Lamont

Jason Lamont ACA (Senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants

Registered Auditors

Kingsridge House

601 London Road

Westcliff-on-Sea

Essex

SS0 9PE

Date: 11 December 2023

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated June 2023 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hornchurch Academy Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Hornchurch Academy Trust's funding agreement with the Secretary of State for Education dated March 2018 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

In line with the Framework and guide for external auditors and reporting accountants of academy trusts issued April 2023, we have not performed any additional procedures regarding the Trust's compliance with safeguarding, health and safety and estates management.

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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MWS

Reporting Accountant
MWS
Chartered Accountants

Date: 11 December 2023

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2023**

| | Note | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 7,458 | - | 436,988 | 444,446 | 5,316,091 |
| Other trading activities | | 69,980 | 600 | - | 70,580 | 64,394 |
| Investments | 6 | 7,857 | - | - | 7,857 | 499 |
| Charitable activities | | 167,172 | 10,257,455 | - | 10,424,627 | 8,232,413 |
| Total income | | 252,467 | 10,258,055 | 436,988 | 10,947,510 | 13,613,397 |
| Expenditure on: | | | | | | |
| Charitable activities | 8 | - | 10,218,019 | 335,720 | 10,553,739 | 8,619,108 |
| Total expenditure | | - | 10,218,019 | 335,720 | 10,553,739 | 8,619,108 |
| Net income | | 252,467 | 40,036 | 101,268 | 393,771 | 4,994,289 |
| Transfers between funds | 19 | (82,639) | (204,459) | 287,098 | - | - |
| Net movement in funds before other recognised gains/(losses) | | 169,828 | (164,423) | 388,366 | 393,771 | 4,994,289 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains on defined benefit pension schemes | 28 | - | 1,047,000 | - | 1,047,000 | 3,456,000 |
| Net movement in funds | | 169,828 | 882,577 | 388,366 | 1,440,771 | 8,450,289 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 1,001,746 | (328,504) | 31,721,000 | 32,394,242 | 23,943,953 |
| Net movement in funds | | 169,828 | 882,577 | 388,366 | 1,440,771 | 8,450,289 |
| Total funds carried forward | | 1,171,574 | 554,073 | 32,109,366 | 33,835,013 | 32,394,242 |

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

The notes on pages 33 to 61 form part of these financial statements.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10760863

BALANCE SHEET
AS AT 31 AUGUST 2023

| | Note | 2023 £ | 2022 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 32,089,655 | 31,721,116 |
| | | <u>32,089,655</u> | <u>31,721,116</u> |
| Current assets | | | |
| Debtors | 16 | 426,101 | 595,836 |
| Cash at bank and in hand | | 2,418,925 | 2,259,119 |
| | | <u>2,845,026</u> | <u>2,854,955</u> |
| Creditors: amounts falling due within one year | 17 | (972,235) | (1,086,485) |
| Net current assets | | <u>1,872,791</u> | <u>1,768,470</u> |
| Total assets less current liabilities | | <u>33,962,446</u> | <u>33,489,586</u> |
| Creditors: amounts falling due after more than one year | 18 | (59,433) | (95,344) |
| Net assets excluding pension liability | | <u>33,903,013</u> | <u>33,394,242</u> |
| Defined benefit pension scheme liability | 28 | (68,000) | (1,000,000) |
| Total net assets | | <u><u>33,835,013</u></u> | <u><u>32,394,242</u></u> |
| Funds of the Academy Trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 19 | 32,109,366 | 31,721,000 |
| Restricted income funds | 19 | 622,073 | 671,496 |
| | | <u>32,731,439</u> | <u>32,392,496</u> |
| Restricted funds excluding pension asset | 19 | 32,731,439 | 32,392,496 |
| Pension reserve | 19 | (68,000) | (1,000,000) |
| Total restricted funds | 19 | <u>32,663,439</u> | <u>31,392,496</u> |
| Unrestricted income funds | 19 | 1,171,574 | 1,001,746 |
| Total funds | | <u><u>33,835,013</u></u> | <u><u>32,394,242</u></u> |

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10760863

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

The financial statements on pages 29 to 61 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
G Thumpston
Chair of Trustees



.....
C Hobson
Accounting Officer

Date: 7 December 2023

The notes on pages 33 to 61 form part of these financial statements.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

| | Note | 2023 £ | 2022 £ |
|---|--------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 22 | 387,872 | 1,029,289 |
| Cash flows from investing activities | 24 | (189,149) | (444,000) |
| Cash flows from financing activities | 23 | (38,917) | (20,000) |
| Change in cash and cash equivalents in the year | | 159,806 | 565,289 |
| Cash and cash equivalents at the beginning of the year | | 2,259,119 | 1,693,830 |
| Cash and cash equivalents at the end of the year | 25, 26 | <u>2,418,925</u> | <u>2,259,119</u> |

The notes on pages 33 to 61 form part of these financial statements

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

• **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.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

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

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

1.6 Interest receivable

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

1.7 Tangible fixed assets

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

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

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

HORNCHURCH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

| | |
|-----------------------------------|---------------------------------------|
| Long-term leasehold property | - Buildings 2% (land not depreciated) |
| Furniture, fittings and equipment | - 25% |
| Computer equipment | - 33% |
| Leasehold improvements | - 2% in line with buildings |

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

HORNCHURCH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.12 Pensions

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

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

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

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

1.13 Fund accounting

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying value of the property, plant and equipment and note 1.6 for the useful economic lives for each class of assets.

Critical areas of judgment:

There are not critical areas of judgement:

3. Income from donations and capital grants

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 7,458 | - | - | 7,458 | 4,510,964 |
| Government grants | - | - | 436,988 | 436,988 | 805,127 |
| | <u>7,458</u> | <u>-</u> | <u>436,988</u> | <u>444,446</u> | <u>5,316,091</u> |
| <i>Total 2022</i> | <u>259,379</u> | <u>(333,000)</u> | <u>5,389,712</u> | <u>5,316,091</u> | |

HORNCHURCH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

4. Funding for the Academy Trust's charitable activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Educational operations | | | | |
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 8,374,945 | 8,374,945 | 6,859,397 |
| Other DfE/ESFA grants | | | | |
| Other DfE/ESFA grants | - | 265,454 | 265,454 | 302,322 |
| UIFSM | - | 271,536 | 271,536 | 202,544 |
| Pupil premium | - | 448,831 | 448,831 | 323,024 |
| Schools Supplementary Grants | - | 249,863 | 249,863 | - |
| Mainstream Schools Additional Grants | - | 116,412 | 116,412 | - |
| | - | 9,727,041 | 9,727,041 | 7,687,287 |
| Other Government grants | | | | |
| Local authority grants | - | 505,311 | 505,311 | 408,738 |
| | - | 505,311 | 505,311 | 408,738 |
| Other income from the Academy Trust's educational operations | 167,172 | 25,103 | 192,275 | 136,388 |
| | 167,172 | 10,257,455 | 10,424,627 | 8,232,413 |
| Total 2022 | 136,388 | 8,096,025 | 8,232,413 | |

5. Income from other trading activities

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|--------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 23,822 | - | 23,822 | 12,092 |
| Other income | 46,158 | 600 | 46,758 | 52,302 |
| | 69,980 | 600 | 70,580 | 64,394 |
| Total 2022 | 64,394 | - | 64,394 | |

HORNCHURCH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

6. Investment income

| | Unrestricted funds 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-------------------|------------------------------------|-----------------------------|-----------------------------|
| Investment income | 7,857 | 7,857 | 499 |

7. Expenditure

| | Staff Costs 2023 £ | Premises 2023 £ | Other 2023 £ | Total 2023 £ | Total 2022 £ |
|-------------------------|--------------------------|-----------------------|--------------------|--------------------|--------------------|
| Educational operations: | | | | | |
| Direct costs | 6,698,580 | - | 684,797 | 7,383,377 | 5,576,493 |
| Allocated support costs | 1,265,760 | 1,063,619 | 840,983 | 3,170,362 | 3,042,615 |
| | <u>7,964,340</u> | <u>1,063,619</u> | <u>1,525,780</u> | <u>10,553,739</u> | <u>8,619,108</u> |
| <i>Total 2022</i> | <u>6,588,160</u> | <u>913,000</u> | <u>1,117,948</u> | <u>8,619,108</u> | |

8. Analysis of expenditure on charitable activities

Summary by fund type

| | Restricted funds 2023 £ | Total 2023 £ | Total 2022 £ |
|------------------------|----------------------------------|--------------------|--------------------|
| Educational operations | 10,553,739 | 10,553,739 | 8,619,108 |

HORNCHURCH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

9. Analysis of expenditure by activities

| | Activities undertaken directly 2023 £ | Support costs 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|------------------------|---|-------------------------------|-----------------------------|-----------------------------|
| Educational operations | 7,383,377 | 3,170,362 | 10,553,739 | 8,619,108 |
| <i>Total 2022</i> | 5,576,493 | 3,042,615 | 8,619,108 | |

Analysis of direct costs

| | Educational operations 2023 £ | Total funds 2023 £ | Total funds 2022 £ |
|-----------------------------------|--|-----------------------------|-----------------------------|
| Staff costs | 6,698,580 | 6,698,580 | 5,061,002 |
| Educational supplies and services | 421,184 | 421,184 | 314,659 |
| Staff development | 35,924 | 35,924 | 32,886 |
| Other direct costs | 196,262 | 196,262 | 160,518 |
| Technology costs | 11,349 | 11,349 | - |
| Other staff costs | 20,078 | 20,078 | 7,428 |
| | 7,383,377 | 7,383,377 | 5,576,493 |

HORNCHURCH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

9. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Educational operations 2023 £ | Total funds 2023 £ | <i>Total funds 2022 £</i> |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Pension finance costs | 41,000 | 41,000 | 65,000 |
| Staff costs | 1,265,760 | 1,265,760 | 1,527,158 |
| Depreciation | 335,720 | 335,720 | 253,777 |
| Technology costs | 93,035 | 93,035 | 113,292 |
| Maintenance of premises and equipment | 351,152 | 351,152 | 388,750 |
| Cleaning | 107,511 | 107,511 | 66,364 |
| Energy costs | 176,361 | 176,361 | 92,868 |
| Rent, rates and other occupancy costs | 92,875 | 92,875 | 36,153 |
| Insurance | 92,392 | 92,392 | 63,338 |
| Security and transport | 31,583 | 31,583 | 16,533 |
| Catering | 301,612 | 301,612 | 205,684 |
| Finance costs | 170 | 170 | 120 |
| Legal costs - other | - | - | 20,057 |
| Other support costs | 243,284 | 243,284 | 162,206 |
| Governance costs | 34,894 | 34,894 | 31,315 |
| Other staff costs | 3,013 | 3,013 | - |
| | <u>3,170,362</u> | <u>3,170,362</u> | <u>3,042,615</u> |

Within support costs this year includes £14,000 (2022: £17,953) for the audit of the financial statements, £13,350 (2022: £13,722) for other services provided by the auditor, and £7,544 for other audit services including the internal auditor.

10. Net income

Net income for the year includes:

| | 2023 £ | <i>2022 £</i> |
|---------------------------------------|-------------------|-------------------|
| Operating lease rentals | 24,898 | 69,000 |
| Depreciation of tangible fixed assets | 335,720 | 253,777 |
| Fees paid to auditors for: | | |
| - audit | 14,000 | 17,593 |
| - other services | 13,350 | 13,722 |

HORNCHURCH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

11. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2023 £ | 2022 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 5,915,690 | 4,569,582 |
| Social security costs | 547,872 | 429,000 |
| Pension costs | 1,388,554 | 1,499,578 |
| | <u>7,852,116</u> | <u>6,498,160</u> |
| Agency staff costs | 109,964 | 90,000 |
| Restructuring costs | 2,260 | - |
| | <u>7,964,340</u> | <u>6,588,160</u> |

Staff restructuring costs comprise:

| | 2023 £ | 2022 £ |
|--------------------|--------------|-----------|
| Severance payments | 2,260 | - |
| | <u>2,260</u> | <u>-</u> |

b. Severance payments

The Academy Trust paid 1 severance payments in the year (2022 - -), disclosed in the following bands:

| | 2023 No. | 2022 No. |
|--------------|-------------|-------------|
| £0 - £25,000 | 1 | - |

c. Staff numbers

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

| | 2023 No. | 2022 No. |
|----------------------------|-------------|-------------|
| Teachers | 81 | 75 |
| Administration and support | 159 | 107 |
| Management | 8 | 9 |
| | <u>248</u> | <u>191</u> |

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

11. Staff (continued)

d. Higher paid staff

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

| | 2023 No. | 2022 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 3 | 4 |
| In the band £70,001 - £80,000 | 4 | 3 |
| In the band £80,001 - £90,000 | 3 | - |
| In the band £100,001 - £110,000 | - | 1 |
| In the band £130,000 - £140,000 | 1 | - |
| | <u>1</u> | <u>-</u> |

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £328,957 (2022 - £279,000).

HORNCHURCH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

12. Central services

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

- Chief Executive Officer (CEO)
- Director of Teaching and Learning (DTL)
- Chief Finance and Operations Officer (CFOO)
- Group SENCo
- Human Resources
- Company Secretary
- Clerking Services
- Financial Services
- Legal Services
- Governor Services

The Academy Trust charges for these services on the following basis:

6.5% (2022: 9.4%) of each schools' GAG. In addition, the Havering Schools (all but Shears Green Infant School) are recharged directly for services that they have access to.

The actual amounts charged during the year were as follows:

| | 2023 £ | 2022 £ |
|----------------------------|----------------|----------------|
| Scargill Infant School | 105,359 | 105,000 |
| Scargill Junior School | 134,838 | 144,000 |
| Whybridge Junior School | 133,712 | 137,000 |
| Upminster Junior School | 135,306 | 140,000 |
| Upminster Infant School | 101,591 | 106,000 |
| Shears Green Infant School | 92,593 | 23,000 |
| Total | 703,399 | 655,000 |

13. Trustees' remuneration and expenses

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

| | | 2023 £ | 2022 £ |
|----------------------------|----------------------------|----------------------|----------------------|
| C Hobson (CEO and Trustee) | Remuneration | 130,000 - 135,000 | 100,000 - 105,000 |
| | Pension contributions paid | 30,000 - 35,000 | 25,000 - 30,000 |

During the year, retirement benefits were accruing to 1 Trustees (2022 - 1) in respect of defined benefit pension schemes.

During the year ended 31 August 2023, no Trustee expenses have been incurred (2022 - £340).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

14. Trustees' and Officers' insurance

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

15. Tangible fixed assets

| | Long-term leasehold property £ | Leasehold Improvements £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|--------------------------|---|--------------------------------|------------------------------------|----------------------------|------------|
| Cost or valuation | | | | | |
| At 1 September 2022 | 28,881,715 | 3,031,532 | 277,911 | 414,257 | 32,605,415 |
| Additions | - | 560,169 | 136,089 | 8,000 | 704,258 |
| At 31 August 2023 | 28,881,715 | 3,591,701 | 414,000 | 422,257 | 33,309,673 |
| Depreciation | | | | | |
| At 1 September 2022 | 458,942 | 55,822 | 69,382 | 300,153 | 884,299 |
| Charge for the year | 141,387 | 53,215 | 69,720 | 71,397 | 335,719 |
| At 31 August 2023 | 600,329 | 109,037 | 139,102 | 371,550 | 1,220,018 |
| Net book value | | | | | |
| At 31 August 2023 | 28,281,386 | 3,482,664 | 274,898 | 50,707 | 32,089,655 |
| At 31 August 2022 | 28,422,773 | 2,975,710 | 208,529 | 114,104 | 31,721,116 |

16. Debtors

| | 2023 £ | 2022 £ |
|--------------------------------|-----------|-----------|
| Due within one year | | |
| Trade debtors | 30,928 | - |
| Other debtors | 165,245 | 308,484 |
| Prepayments and accrued income | 229,928 | 287,352 |
| | 426,101 | 595,836 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

17. Creditors: Amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------------|----------------|------------------|
| Other loans | 16,710 | 19,716 |
| Trade creditors | 21,707 | 37,000 |
| Other taxation and social security | 127,455 | 120,280 |
| Other creditors | 166,875 | 132,466 |
| Accruals and deferred income | 639,488 | 777,023 |
| | <u>972,235</u> | <u>1,086,485</u> |

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Deferred income at 1 September 2022 | 214,000 | 150,000 |
| Resources deferred during the year | (214,000) | (150,000) |
| Amounts released from previous periods | 227,227 | 214,000 |
| | <u>227,227</u> | <u>214,000</u> |

Deferred income includes the following received in advance of entitlement:

| | |
|-------------------------|----------|
| Rates relief | £42,002 |
| UIFSM | £166,284 |
| Residential trip income | £18,941 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

18. Creditors: Amounts falling due after more than one year

| | 2023 £ | 2022 £ |
|-------------|-----------|-----------|
| Other loans | 59,433 | 95,344 |

Included within the above are amounts falling due as follows:

| | 2023 £ | 2022 £ |
|-----------------------------------|-----------|-----------|
| Between one and two years | | |
| Other loans | 13,376 | 16,344 |
| Between two and five years | | |
| Other loans | 34,429 | 48,000 |
| Over five years | | |
| Other loans | 11,628 | 31,000 |

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

| | 2023 £ | 2022 £ |
|-------------------------------------|-----------|-----------|
| Payable or repayable by instalments | 11,628 | 31,000 |
| | 11,628 | 31,000 |

Other loans include CIF loans as follows:

| Loan value | Loan period | Interest rate |
|------------|-------------|---------------|
| £59k | 10 years | 2.29% |
| £25k | 10 years | 2.29% |
| £15k | 5 years | 1.91% |
| £22k | 10 years | 2.29% |
| £8k | 5 years | 1.91% |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

19. Statement of funds

| | Balance at 1 September 2022 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2023 £ |
|-------------------------------------|--|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 1,001,746 | 252,467 | - | (82,639) | - | 1,171,574 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 671,496 | 8,374,945 | (7,946,309) | (674,459) | - | 425,673 |
| Other DfE/ESFA grants | - | 1,352,096 | (1,155,696) | - | - | 196,400 |
| Other government grants | - | 505,311 | (505,311) | - | - | - |
| Other restricted income | - | 25,703 | (25,703) | - | - | - |
| Pension reserve | (1,000,000) | - | (585,000) | 470,000 | 1,047,000 | (68,000) |
| | <u>(328,504)</u> | <u>10,258,055</u> | <u>(10,218,019)</u> | <u>(204,459)</u> | <u>1,047,000</u> | <u>554,073</u> |
| Restricted fixed asset funds | | | | | | |
| Inherited on conversion | 28,435,289 | - | (153,088) | - | - | 28,282,201 |
| DfE group capital grants | 3,285,711 | 436,988 | (182,632) | 287,098 | - | 3,827,165 |
| | <u>31,721,000</u> | <u>436,988</u> | <u>(335,720)</u> | <u>287,098</u> | <u>-</u> | <u>32,109,366</u> |
| Total Restricted funds | <u>31,392,496</u> | <u>10,695,043</u> | <u>(10,553,739)</u> | <u>82,639</u> | <u>1,047,000</u> | <u>32,663,439</u> |
| Total funds | <u>32,394,242</u> | <u>10,947,510</u> | <u>(10,553,739)</u> | <u>-</u> | <u>1,047,000</u> | <u>33,835,013</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

19. Statement of funds (continued)

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

General Annual Grant (GAG)

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

Other DfE/ESFA grants

This includes universal infant free school meals, pupil premium, teachers pay grant, teachers pension grant, and MSAG and the PE and sports grant.

Other government grants

This represents allocated funding for special educational needs pupils.

Other restricted funds

This includes other non government restricted donations for educational purposes

Pension reserve

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

Restricted Fixed Asset Fund - Inherited on conversion

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

DfE group capital grants

This represents income received from both the Department for Education, and the Education and Skills Funding Agency for capital projects undertaken by the Academy, and amounts spent from other government grants towards capital projects.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

19. Statement of funds (continued)

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

| | <i>Balance at 1 September 2021 £</i> | <i>Income £</i> | <i>Expenditure £</i> | <i>Transfers in/out £</i> | <i>Balance at 31 August 2022 £</i> |
|-------------------------------------|--|---------------------|--------------------------|-----------------------------------|--|
| Unrestricted funds | | | | | |
| General Funds - all funds | 834,746 | 301,000 | - | (134,000) | 1,001,746 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 486,496 | 6,884,000 | (6,445,000) | (254,000) | 671,496 |
| Other DfE/ESFA grants | - | 803,000 | (803,000) | - | - |
| Other government grants | - | 409,000 | (409,000) | - | - |
| Other restricted income | - | 159,000 | (159,000) | - | - |
| Pension reserve | (3,574,000) | (333,000) | (549,000) | 3,456,000 | (1,000,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | (3,087,504) | 7,922,000 | (8,365,000) | 3,202,000 | (328,504) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Restricted fixed asset funds | | | | | |
| Inherited on conversion | 23,947,487 | 4,585,000 | (109,125) | - | 28,423,362 |
| DfE group capital grants | 2,249,513 | 805,000 | (144,875) | 388,000 | 3,297,638 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 26,197,000 | 5,390,000 | (254,000) | 388,000 | 31,721,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Restricted funds | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 23,109,496 | 13,312,000 | (8,619,000) | 3,590,000 | 31,392,496 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total funds | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 23,944,242 | 13,613,000 | (8,619,000) | 3,456,000 | 32,394,242 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

| | 2023 £ | 2022 £ |
|--|-------------------|-------------------|
| Scargill Infant School | 205,573 | 166,000 |
| Scargill Junior School | 321,781 | 270,000 |
| Whybridge Junior School | 502,175 | 455,000 |
| Upminster Junior School | 51,169 | 51,000 |
| Upminster Infant School | 393,753 | 426,000 |
| Shears Green Infant School | 264,557 | 244,000 |
| Central services | 54,639 | 61,242 |
| | <hr/> | <hr/> |
| Total before fixed asset funds and pension reserve | 1,793,647 | 1,673,242 |
| Restricted fixed asset fund | 32,109,366 | 31,721,000 |
| Pension reserve | (68,000) | (1,000,000) |
| | <hr/> | <hr/> |
| Total | 33,835,013 | 32,394,242 |

Total cost analysis by academy

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2023 £ | Total 2022 £ |
|----------------------------|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Scargill Infant School | 923,311 | 190,660 | 35,255 | 268,539 | 1,417,765 | 1,234,000 |
| Scargill Junior School | 1,143,810 | 175,140 | 77,546 | 263,312 | 1,659,808 | 1,525,000 |
| Whybridge Junior School | 1,072,618 | 175,239 | 92,262 | 312,490 | 1,652,609 | 1,431,000 |
| Upminster Junior School | 1,117,519 | 224,636 | 47,322 | 250,480 | 1,639,957 | 1,542,000 |
| Upminster Infant School | 876,041 | 160,876 | 42,040 | 238,244 | 1,317,201 | 1,193,000 |
| Shears Green Infant School | 1,151,366 | 178,384 | 65,366 | 333,750 | 1,728,866 | 253,000 |
| Central services | 371,423 | 129,317 | 61,393 | 124,680 | 686,813 | 1,187,331 |
| LGPS Adjustment | 42,492 | 31,508 | - | 41,000 | 115,000 | - |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

19. Statement of funds (continued)

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2023 £ | Total 2022 £ |
|---------------|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Academy Trust | 6,698,580 | 1,265,760 | 421,184 | 1,832,495 | 10,218,019 | 8,365,331 |

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Restricted fixed asset funds 2023 £ | Total funds 2023 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 32,089,655 | 32,089,655 |
| Current assets | 1,190,515 | 1,634,800 | 19,711 | 2,845,026 |
| Creditors due within one year | (18,941) | (953,294) | - | (972,235) |
| Creditors due in more than one year | - | (59,433) | - | (59,433) |
| Provisions for liabilities and charges | - | (68,000) | - | (68,000) |
| Total | 1,171,574 | 554,073 | 32,109,366 | 33,835,013 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Restricted fixed asset funds 2022 £ | Total funds 2022 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | 116 | - | 31,721,000 | 31,721,116 |
| Current assets | 1,002,249 | 1,852,706 | - | 2,854,955 |
| Creditors due within one year | - | (1,086,485) | - | (1,086,485) |
| Creditors due in more than one year | - | (95,344) | - | (95,344) |
| Provisions for liabilities and charges | (619) | (999,381) | - | (1,000,000) |
| Total | 1,001,746 | (328,504) | 31,721,000 | 32,394,242 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

21. Funds Transfers

£260,774 was transferred from restricted funds to restricted fixed asset funds representing capital spending from GAG.

Transfers also include employer contributions paid to the LGPS out of GAG funding totalling £470,000.

£26,324 was transferred from unrestricted general funds to restricted fixed asset funds representing capital spending from unrestricted funding.

£56,315 was transferred from unrestricted general funds to restricted GAG to cover deficits on GAG funds.

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

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Net income for the year (as per Statement of financial activities) | 393,771 | 4,994,289 |
| Adjustments for: | | |
| Depreciation | 335,719 | 254,000 |
| Capital grants from DfE and other capital income | (308,839) | (805,000) |
| Defined benefit pension scheme cost less contributions payable | 74,000 | 484,000 |
| Defined benefit pension scheme finance cost | 41,000 | 65,000 |
| Decrease/(increase) in debtors | 297,884 | (237,000) |
| (Decrease)/increase in creditors | (445,663) | 526,000 |
| Net surplus on conversion to academy | - | (4,489,000) |
| Stocks, debtors and creditors transferred on conversion | - | 237,000 |
| Net cash provided by operating activities | 387,872 | 1,029,289 |

23. Cash flows from financing activities

| | 2023 £ | 2022 £ |
|--|-----------------|-----------------|
| Repayments of borrowing | (38,917) | (20,000) |
| Net cash used in financing activities | (38,917) | (20,000) |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

24. Cash flows from investing activities

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Purchase of tangible fixed assets | (497,988) | (5,834,000) |
| Capital grants from DfE Group | 308,839 | 805,000 |
| Inherited on conversion | - | 4,585,000 |
| Net cash used in investing activities | (189,149) | (444,000) |

25. Analysis of cash and cash equivalents

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| Cash in hand and at bank | 2,418,925 | 2,259,119 |
| Total cash and cash equivalents | 2,418,925 | 2,259,119 |

26. Analysis of changes in net debt

| | At 1 September 2022 £ | Cash flows £ | At 31 August 2023 £ |
|--------------------------|--------------------------------|-----------------|---------------------------|
| Cash at bank and in hand | 2,259,119 | 159,806 | 2,418,925 |
| Debt due within 1 year | (19,716) | 3,006 | (16,710) |
| Debt due after 1 year | (95,344) | 35,911 | (59,433) |
| | 2,144,059 | 198,723 | 2,342,782 |

27. Capital commitments

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Contracted for but not provided in these financial statements | | |
| Repairs, maintenance or enhancements to leasehold property | 29,184 | 174,000 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

28. Pension commitments

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

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

Contributions amounting to £145,000 were payable to the schemes at 31 August 2023 (2022 - £132,000) and are included within creditors.

Teachers' Pension Scheme

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

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

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 2024.

The employer's pension costs paid to TPS in the year amounted to £845,000 (2022 - £630,000).

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £587,000 (2022 - £463,000), of which employer's contributions totalled £470,000 (2022 - £371,000) and employees' contributions totalled £11,700 (2022 - £92,000). The agreed contribution rates for future years are 22.5 - 23.6 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

Kent County Council

| | 2023 | 2022 |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 3.85 | 3.95 |
| Rate of increase for pensions in payment/inflation | 2.85 | 2.95 |
| Discount rate for scheme liabilities | 5.3 | 4.25 |

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

| | 2023 | 2022 |
|-----------------------------|--------------|--------------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 20.7 | 22 |
| Females | 23.2 | 23.9 |
| <i>Retiring in 20 years</i> | | |
| Males | 22 | 23.4 |
| Females | 24.6 | 25.4 |

London Borough of Havering

| | 2023 | 2022 |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 3.7 | 3.9 |
| Rate of increase for pensions in payment/inflation | 3 | 3.2 |
| Discount rate for scheme liabilities | 5.2 | 4.25 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

28. Pension commitments (continued)

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

| | 2023 Years | 2022 Years |
|-----------------------------|---------------|---------------|
| <i>Retiring today</i> | | |
| Males | 20.9 | 21.6 |
| Females | 24.2 | 24 |
| <i>Retiring in 20 years</i> | | |
| Males | 20.1 | 22.6 |
| Females | 25.4 | 25.7 |

Sensitivity analysis

Kent County Council

| | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Discount rate +0.1% | (18) | - |
| Discount rate -0.1% | 19 | - |
| Mortality assumption - 1 year increase | 20 | - |
| Mortality assumption - 1 year decrease | (20) | - |
| CPI rate +0.1% | 2 | - |
| CPI rate -0.1% | (2) | - |

London Borough of Havering

| | 2023 £000 | 2022 £000 |
|--|--------------|--------------|
| Discount rate +0.1% | (109) | - |
| Discount rate -0.1% | 109 | - |
| Mortality assumption - 1 year increase | 207 | - |
| Mortality assumption - 1 year decrease | (207) | - |
| CPI rate +0.1% | 6 | - |
| CPI rate -0.1% | (6) | - |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

28. Pension commitments (continued)

Due to a change in Actuaries disclosures comparative sensitivity data is not available.

Share of scheme assets

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

| | At 31 August 2023 £ | At 31 August 2022 £ |
|-------------------------------------|---------------------------|---------------------------|
| Equities | 2,696,000 | 2,528,000 |
| Gilts & other bonds | 1,648,000 | 1,427,000 |
| Absolute return fund | 56,000 | 51,000 |
| Property | 1,102,000 | 1,412,000 |
| Cash and other liquid assets | 366,000 | 209,000 |
| Infrastructure | 30,000 | - |
| Total market value of assets | 5,898,000 | 5,627,000 |

The actual return on scheme assets was £(111,000) (2022 - £341,000).

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

| | 2023 £ | 2022 £ |
|---|------------------|------------------|
| Current service cost | (544,000) | (855,000) |
| Interest income | 250,000 | 88,000 |
| Interest cost | (291,000) | (153,000) |
| Total amount recognised in the Statement of financial activities | (585,000) | (920,000) |

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

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| At 1 September | 6,627,000 | 8,495,000 |
| Transferred in on existing academies joining the trust | - | 989,000 |
| Current service cost | 544,000 | 855,000 |
| Interest cost | 291,000 | 153,000 |
| Employee contributions | 117,000 | 92,000 |
| Actuarial gains | (1,518,000) | (3,885,000) |
| Benefits paid | (94,000) | (72,000) |
| At 31 August | 5,967,000 | 6,627,000 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

28. Pension commitments (continued)

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

| | 2023 £ | 2022 £ |
|--|------------------|------------------|
| At 1 September | 5,627,000 | 4,921,000 |
| Transferred in on existing academies joining the trust | - | 656,000 |
| Interest income | 250,000 | 88,000 |
| Actuarial losses | (471,000) | (429,000) |
| Employer contributions | 470,000 | 371,000 |
| Employee contributions | 117,000 | 92,000 |
| Benefits paid | (94,000) | (72,000) |
| At 31 August | 5,899,000 | 5,627,000 |

HORNCHURCH ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

28. Pension commitments (continued)

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

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

The estimated impact on the total liabilities at 31 August 2019 was allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2023.

This adjustment is an estimate of the potential impact on the Trust's defined benefit obligation as provided by the scheme's actuary.

On 13 May 2021, the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. It is not anticipated that there are any material differences between the approach underlying the estimated allowance in 2019 and the proposed remedy.

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court's Lloyds ruling on the equalisation of GMPs between genders, it is anticipated that the Fund will pay limited increases for members that have reached State Pension Age (SPA) by 6 April 2016, with the Government providing the remainder of the inflationary increase.

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

Goodwin case

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

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

Sufficient information is not currently available to assess the actual impact on the Academy Trust as such no provision has been included within these financial statements.

HORNCHURCH ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

29. Operating lease commitments

At 31 August 2023 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2023 £ | 2022 £ |
|--|---------------|----------------|
| Not later than 1 year | 24,898 | 31,087 |
| Later than 1 year and not later than 5 years | 54,133 | 86,918 |
| | <u>79,031</u> | <u>118,005</u> |

30. 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.

31. Related party transactions

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

The following related party transactions took place during the year:

C Hobson, mother of C Hobson, the CEO, was employed as a midday assistant with gross remuneration of £3,020. They received no special treatment as a result of their relationship to a trustee.

A Birbeck, child of C Birbeck, trustee, was employed as a teacher. She was employed prior to C Birbeck's appointment and was paid gross remuneration of £40,066. They received no special treatment as a result of their relationship to a trustee.

R Sampson, sister of T Sampson, trustee, was employed as a teacher. She was employed prior to R Sampson's appointment and was paid gross remuneration of £39,820 during the year after the date of T Sampson's appointment. They received no special treatment as a result of their relationship to a trustee.

C Raal, son in law of R Henney, member, was employed as a teacher. She was employed prior to R Henney's appointment and was paid gross remuneration of £53,755 during the year. They received no special treatment as a result of their relationship to a trustee.

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