

**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**THE HOWARD ACADEMY TRUST**  
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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

A Norman  
K Brown  
D Daburn (appointed 28 June 2018, resigned 8 October 2018)  
N Ward (appointed 8 November 2018)

**Trustees**

P Morris, Chief Executive and Accounting Officer  
O McColgan, Finance & HR Director  
F Martin  
J Watson  
R McKenna  
D McDonald (appointed 1 September 2018)  
R Zaltman (appointed 20 September 2018)

**Company registered number**

09175427

**Company name**

The Howard Academy Trust

**Principal and registered office**

Derwent Way, Gillingham, Kent, ME8 0BX

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Member Schools**

The Howard School  
Derwent Way  
Rainham  
Kent  
ME8 0BX

Deanwood Primary School  
Long Catlis Road  
Parkwood  
Rainham  
Kent  
ME8 9TX

Miers Court Primary School  
Silverspot Close  
Rainham  
Kent  
ME8 8JR

Temple Mill Primary School  
Cliffe Road  
Strood  
Rochester  
Kent  
ME2 3NL

Thames View Primary School  
Bloors Lane  
Rainham  
Kent  
ME8 7DX

**Senior Leadership team**

P Morris, Principal  
O McColgan, Director of Finance and HR  
C Reid, Director of Education  
T Millar, Head of School (The Howard School)  
M McCusker, Headteacher (Temple Mill Primary School)  
D Bignell, Headteacher (Deanwood Primary School)  
K Norman, Headteacher (Thames View Primary School)  
L Lewis, Headteacher (Miers Court Primary School)

**Independent auditor**

Crowe U.K. LLP, Riverside House, 40 - 46 High Street, Maidstone, Kent, ME14 - 1JH

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
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**Advisers (continued)**

**Bankers**

Lloyds Bank, 142-146 High Street, Chatham, Kent, ME4 4DQ

**Solicitors**

Anthony Collins LLP, 134 Edmund Street, Birmingham, B3 2ES

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust acts as a strategic body helping to promote and assist education at the Academies.

The Trust operates five academies within Medway, Kent. Each academy had the following number of students on roll on census day.

<b>Academy Name</b>	<b>2017</b>	<b>2018</b>
Deanwood Primary School	195	201
The Howard School	1427	1466
Miers Court Primary School	418	421
Temple Mill Primary School	203	209
Thames View Primary School	420	409

## **Structure, governance and management**

### **CONSTITUTION**

The Howard Academy Trust is a company limited by guarantee and an exempt charity which was incorporated on 14 August 2014. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of The Howard Academy Trust are also the directors of the charitable company for the purposes of company law. They are also the Academy Trust Trustees.

On 1 December 2015, the Trust became a multi-academy and Temple Mill Primary School joined the Trust on the same date. The Trust now consists of four primary and one secondary academy.

The members delegate the management of operations of the Academy Trust to the Board of Trustees.

The Members of the Academy Trust comprise:

1. The signatories to the Memorandum
2. Any person appointed under Article 15A

From this date, an employee of the Trust cannot be a Member.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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Details of the trustees who served during the period are detailed below:

K Brown\* (resigned 31 July 2018)  
D Drizen (resigned 31 July 2018)  
P Morris, Chief Executive and Accounting Officer\*  
O McColgan, Finance & HR Director  
B Fincham\* (resigned 31 July 2018)  
F Martin\*  
G Marshall (elected 15 November 2017; resigned 31 July 2018)  
J Watson  
R McKenna\*  
J Richardson\* (resigned 8 May 2018)  
D Giles (resigned 31 July 2018)  
T Croucher (appointed 15 May 2017)\* (resigned 31 July 2018)

\* Denotes member of the Finance Committee

#### **MEMBERS LIABILITY**

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

#### **TRUSTEES' INDEMNITIES**

The Academy Trust's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a director, Trustee, or officer of the Academy Trust. See note 14 for further details.

#### **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 Trust deed.

The Academy Trust has the following Trustees and methods of appointment:

- a) Up to ten Trustees appointed under Article 50 (appointed by the Members by ordinary resolution);
- b) The Chief Executive Officer;
- c) Up to one Staff Trustee appointed through such process as they may determine and shall not exceed one third of the total number of Trustees;
- d) A minimum of two Parent Trustees appointed by parents of registered pupils at the Academy, in the event that no Local Governing Bodies are established or if no provision is made for at least 2 Parent Trustees on each established Local Governing Body.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

Upon their appointment, all new Trustees are given an induction by the Academy Trust and Board of Trustees. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

**TERM OF OFFICE**

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

**ORGANISATIONAL STRUCTURE**

The structure of the organisation has three levels; the Trustees, the Academy Trust leadership team and the operational Academy Trust managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for overall administration of the Academy Trusts finances. They are also responsible for ensuring that funding is used for the purposes intended, approve the annual budget and material changes, ensure a scheme of delegation is in place, ensure assets are managed and accounting records are maintained, ensure budget monitoring statements are a true and accurate record on income and expenditure and approve the Annual Statutory Financial Statements.

The operational Academy Trust managers are responsible for the day to day operation of the Academy Trust departments, in particular organising staff, facilities and pupils.

The Governance structure within the Trust consists of Members, Board of Directors and Local Governing Bodies within each academy to represent local stakeholder views.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

There are no connected organisations or related party relationships other than those noted in note 25 to the Financial Statements.



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Objectives and Activities**

**PRINCIPAL ACTIVITIES**

In accordance with the Articles of Association the Academy Trust has adopted a funding agreement approved by the Secretary of State for Education. The funding agreement specifies amongst other things, the basis for admitting pupils to the Academy Trust and that the Academy Trust will provide a broad and balanced curriculum.

The following schools are currently part of The Howard Academy Trust:

- The Howard School
- Temple Mill Primary School
- Deanwood Primary School
- Thames View Primary School
- Miers Court Primary School

**OBJECTS AND AIMS**

The principal object of the Academy Trust is specifically restricted to the following:

- 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 a school offering a broad and balanced curriculum.
- to promote for the benefit of individuals living in Gillingham, Kent and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The vision statement of The Howard Academy Trust is as follows:

We aim to create a close-knit family of Good and Outstanding schools through partnership, challenge, accountability and support within a cooperative framework.

We are committed to enhancing the life chances of young people by improving their educational achievement.

Schools within the Trust will retain their unique and individual character.

We strive for excellence and aim to bring about transformational change where necessary in schools.

We are truly inclusive and aim to establish the highest expectations for young people and all those who work with them.

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**TRUSTEES' REPORT (continued)**  
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As a Trust, we have four fundamental tenets:

- Our moral purpose is to make a positive difference to the lives of young people
- We strive to create a culture of dignity, respect and trust in all our schools
- There is no ceiling to achievement for young people
- All staff have the right to exceptional professional development

## **PUBLIC BENEFIT**

The Trustees acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy Trust are for the public benefit.

The Howard School, one of the academies within the Trust, is a Specialist Sports College with ICT as the second strand. It is a high achieving successful 11 to 18 school in the local area of Medway. This Academy Trust is specifically restricted to advance, for public benefit, education in the United Kingdom.

Temple Mill Primary school operates within Strood, Medway and joined the Trust as a sponsored academy. The Trust has been working closely with Senior Leaders and teachers to ensure that the quality of teaching and learning within the school improves.

Deanwood Primary School joined on 1 October 2017 and is located in Parkwood, Rainham. This is a one form entry primary school. Thames View Primary School joined on 1 April 2017 and is located in Rainham. Miers Court Primary School became a member of the Trust and operates in Rainham. Both Thames View and Miers Court are two form entry schools.

## **Strategic report**

### **Achievements and performance**

#### Overview

The academic year 2017/18 has been a period of success for The Howard Academy Trust (THAT). The Trust is made up of five academies; one very large non-selective boys' (mixed in Sixth Form) 11 to 18 secondary and four primary schools. Our key driver remains improving student achievement outcomes, particularly in regard to progress measures. There remains a strong focus on delivering success particularly for those students who trigger the Pupil Premium. The Trust is entering a period of growth and in 2018/19 is scheduled to formally absorb Medway University Technical College as a full member from 1 December 2018. The Trust has effectively been working with and supporting the school from January 2018. A new mixed 11 to 16 non-selective secondary school sponsored by the Trust in Thanet is scheduled to open in 2020. Recruitment for Year 7 will start from September 2019. The Trust is confident that we have the capacity and that this planned growth is timely and appropriate at this point in our development.

Significant building work is scheduled to take place at The Howard School in 2018/19 where new Science and Technology buildings will be created. This is an exciting project which will deliver fresh and up to date facilities for the Trust. There has been much to celebrate across THAT in 2017/18 with success for students evident in all academies. Students attending THAT primary academies have performed well, delivering impressive and improved outcomes under many key headings. This achievement is particularly commendable given a proportion of academies are placed at the centre of disadvantaged communities where there exists volatility of student mobility and academic profiles are below National Averages.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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Secondary academies have faced increasing demands when engaging in examinations this summer. At A level, this was the first year of the more challenging 2-year linear programmes in a number of subjects. Applied and vocational qualifications have been revised and specifications changed. There is now the requirement for more rigorous assessment and the sitting of public examinations. Despite these changes, performance of the existing THAT secondary was comparatively strong and achievements at the UTC exponentially improved. The new GCSEs Grade 1-9 have been introduced at KS4. Courses are now more academically challenging, and the content volume significantly increased. Assessments are now based entirely on performance at the terminal examination. At THAT Secondary academy, 63% of students achieved grade 4 (formerly C grade) in both English and Maths.

**Across the Trust:**

- 74% of EYFS students achieved GDL
- 79% of students in Year 1 passed the Phonics screening test
- 78% of students in KS1 achieved expected levels in Reading
- 75% of students in KS1 achieved expected levels in Writing
- 78% of students in KS1 achieved expected levels in Maths
- 71% of students in KS2 achieved expected levels in Reading
- 77% of students in KS2 achieved expected levels in Writing
- 77% of students in KS4 achieved a Grade 4 in English
- 69% of students in KS4 achieved a Grade 4 in Maths
- 64% of students in KS4 achieved two Grade 4 in Science

*The Howard School*

The Howard School clearly exceeded existing government floor targets in the summer of 2018 at GCSE. Using key indicators in KS4 (students achieving grades 4 to 9 in both English and Maths), 63% of students were successful. This represented an impressive 8% increase on 2017 outcomes. This is clearly ahead of average outcomes for non-selective schools and a particularly strong performance in relation to boys nationally. An impressive proportion of students achieved the EBacc and the provisional Progress 8 figure stands at or around 0. This is at or around 0.25 above boys nationally and a full 0.5 above all boys in Medway non-selective schools. It is fair to say that boys at The Howard make better progress and achieve more than in other local schools. The average GCSE grade for exams taken was C/4.

The School achieved an average C grade in Level 3 academic qualifications and delivered an impressive 'average' grade Merit+ in vocational equivalents at KS5. Average Points for Entry (APE) for academic subjects continue to improve.

*Temple Mill Primary School*

In 2018, Temple Mill Primary School delivered improvements under 6 of 9 key performance indicators in EYFS, KS1 and KS2. Strong performance in the other 3 areas was maintained.

EYFS: Good levels of development. School (2017) 77%. School (2018) 74% (1 pupil variance).

Year 1 Phonics: School (2017) 80%. School (2018) 90% (up 10%).

Year 2/KS1 Reading expected standard School (2017) 78%. School (2018) 90% (up 12%).

Year 2/KS1 Writing expected standard School (2017) 78%. School (2018) 87% (up 9%).

Year 2/KS1 Maths expected standard School (2017) 74%. School (2018) 83% (up 9%).

Year 6/KS2 Reading expected standard School (2017) 63%. School (2018) 68% (up 5%).

Year 6/KS2 Writing expected standard School (2017) 83%. School (2018) 82% (strong performance maintained).

Year 6/KS2 Maths expected standard School (2017) 77%. School (2018) 76% (strong performance maintained).

Year 6/KS2 Combined expected standard School (2017) 50%. School (2018) 57% (up 7%).

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**TRUSTEES' REPORT (continued)**  
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The number and proportion of students achieving a higher standard increased under all headings at KS1 and progress across the board is positive. The school is identified as being in the bottom 40% by the IDACI Index and the bottom 20% nationally for pupil mobility. Outcomes indicate that, in terms of progress, the school is in the top 10% for Writing and the top 30% for Reading and Maths at KS2. It should also be noted that 26% of the school is identified as SEN which is significantly above NA.

Progress from KS1 to KS2 was between +1.0 and +1.5 which places the school at least in the top 40% for progress under all headings.

*Deanwood Primary School*

In 2018, Deanwood delivered improvements under the majority of the 9 key performance indicators in EYFS, KS1 and KS2.

EYFS: Good levels of development. School (2017) 74%. School (2018) 70% (1 pupil variance).

Year 1 Phonics: School (2017) 76%. School (2018) 80% (up 4%).

Year 2/KS1 Reading expected standard School (2017) 72%. School (2018) 70% (less than 1 pupil variance).

Year 2/KS1 Writing expected standard School (2017) 76%. School (2018) 70% (1.5 student variance).

Year 2/KS1 Maths expected standard School (2017) 76%. School (2018) 73% (less than 1 student variance).

Year 6/KS2 Reading expected standard School (2017) 61%. School (2018) 77% (up 16% and ahead of NA).

Year 6/KS2 Writing expected standard School (2017) 83%. School (2018) 77% (less than 2 student variance and ahead of NA).

Year 6/KS2 Maths expected standard School (2017) 78%. School (2018) 77% (strong performance maintained).

Year 6/KS2 Combined expected standard School (2017) 52%. School (2018) 68% (up 16% and ahead of NA).

Generally, the strong outcomes evident in 2017 were maintained in 2018.

The Year 6 cohort was relatively small and made up of 24 students where the performance of 2 to 3 students can have a dynamic impact on overall outcomes. Each student = 4% approx.

Each pupil in Year 2 = 3.3%. In Year 1, each pupil is 3.3%. In EYFS, each pupil is 3.3%.

The performance of Pupil Premium students was strong and there were minimal gaps evident at KS1 and KS2.

*Thames View Primary School*

In 2018, Thames View was presented with a most challenging year group and one that is not typical or reflective of the whole school community. In the Year 6 cohort, 27% of students were identified on the SEN register and there was a significant gender imbalance. There were 40 boys and just 18 girls. A minority of students exhibited a range of extreme behaviours and 3 boys were involved in the criminal justice system. There was clear evidence that a significant group within the cohort experienced genuine levels of social deprivation. The school's performance at KS1 was improved and outcomes at KS2 generally secure after intense support and intervention from the Trust.

EYFS: Good levels of development. School (2017) 67.5% (2 pupil variance). School (2018) 72% (up 4.5%).

Year 1 Phonics: NA (2016) 81%. School (2017) 85%. School (2018) 81% (at NA).

Year 2/KS1 Reading expected standard School (2017) 68%. School (2018) 70% (up 2%).

Year 2/KS1 Writing expected standard School (2017) 65% (less than 1 pupil variance). School (2018) 61% (1+ student variance).

Year 2/KS1 Maths expected standard NA (2016) 73%. School (2017) 75%. School (2018) 72% (1 student variance).

Year 6/KS2 Reading expected standard School (2017) 67%. School (2018) 67% (performance maintained).

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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Year 6/KS2 Writing expected standard School (2017) 67%. School (2018) 69% (up 2%).  
Year 6/KS2 Maths expected standard School (2017) 72%. School (2018) 67% (1+ student variance).  
Year 6/KS2 Combined expected standard School (2017) 58%. School (2018) 59% (up 1%).

The school has made genuine progress but acknowledges there remains more work to do. Outcomes were further impacted by 1 student who ceased attending just before the KS2 SATS but is included in the statistics.

*Miers Court Primary School*

In 2018, the performance of Miers Court was strong other than in Year 1 Phonics and KS2 Maths which were extremely disappointing.

EYFS 77% (2018) good levels of development (above NA).  
Year 1 Phonics (2018) 61%  
Year 2/KS1 Reading 88% (2017). School (2018) 80% (above NA).  
Year 2/KS1 Maths 77% (2017). School (2018) 83% (up 6% and above NA).  
Year 2/KS1 Writing 77% (2017). School (2018) 82% (up 5% and above NA).  
Year 6/KS2 Reading 78% (2017). School (2018) 68%  
Year 6/KS2 Maths 75% (2017). School (2018) 47%  
Year 6/KS2 Writing 77% (2017). School (2018) 77% (above NA)  
Year 6/KS2 Combined RWM 63% (2017). School (2018) 44%

The Year 6 cohort were an extremely complex and challenging group of students whose progress had been impacted by poor learning experiences in Year 4 and part of Year 5. At that time, there had been no substantive teacher for a protracted period and little progress had been delivered. At the end of Year 5, assessments indicated significantly lower attainment despite more than expected progress. On the basis of available data, the school's predictions at the start of Year 6 of students making expected progress in the summer SATS was disastrously low (30%+). 25% of students were identified and on the SEN register of whom 80% were boys. Much of Year 6 was spent 'backfilling' and re-visiting areas of learning where gaps were clearly evident. There was an intense level of support and intervention put in place by the Trust. Potential damage to headline figures was ameliorated by said interventions in writing and, to some extent, Reading, but it appears to have less impact in Maths. The historical damage affected students' deeper understanding and, although appearing confident, many in the cohort did not perform when formally assessed.

THAT have implemented a 3-year strategic plan with the aim of moving all its schools towards achieving ever-improved outcomes. Senior teams have been refined and are in place to bring about improvements in all Ofsted key areas. Performance management for teachers has been embedded, linked to a new pay policy directly related to student progress, professional conduct and the standards of quality of teaching and learning.

*Medway UTC*

THAT effectively took over the management of the school from January 2018 at a point when the school was judged to require Special Measures. Results for Medway UTC in 2016/17 were amongst the lowest in the country. Predictions relating to outcomes made in January 2018 for the summer of 2018 were potentially catastrophic. As a consequence of significant intervention and intense support from the Trust, eventual outcomes showed exponential improvement. The proportion of students achieving both English and Maths at Grade 5 or above was 19% in 2017/18 compared to 10% in the previous year. The proportion of students achieving Maths and English at Grade 4+ increased from 24% to 40%. There were improvements in both the Attainment and Progress 8 scores. The school compared well with many other Medway secondary schools under these and a number of other headings. At A Level, the Average Point Score (APS) for academic entry increased to 11.1 from 10.

As of 1 December 2018, The Howard Academy Trust will formally sponsor this academy and it will be renamed Waterfront UTC.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Educational Management**

We strive to create a culture of dignity, respect and trust in all our schools and insist there is no ceiling to the achievement of young people. We endeavour to promote high expectations of what all groups of students can achieve. Improved tracking and assessment tools have been introduced which provide detailed knowledge of students' abilities and progress. This ensures that across the Trust planned activities build securely on students' prior learning and helps them make more rapid progress. Success of this strategy is evidenced by improvements in many of the key indicators across schools in the Trust.

Reporting to parents/carers is completed a minimum of three times per year. Data Managers collate, analyse and disseminate information to enable all teachers and support staff to intervene when students fall behind. Systems are supported via the effective use of IT and training for staff.

Managers ensure that teachers mark students' work regularly and thoroughly. The quality of marking is systematically monitored by senior staff. Detailed written and verbal feedback enables pupils to know what they have done well and how they can improve further. Student responses are informed and effective. Student Voice remains positive about the quality of teaching across the Trust.

There has been a genuine focus at improving the quality of teaching across the Trust via the provision of intense Continuing Professional Development. Teachers' improved practice, coupled with their ability to stimulate and maintain interest, enables students to gain deeper and more accurate understanding. Reviews indicate that teachers create a positive climate for learning across the Trust. Teaching is assessed as 'Good' overall with some evidence of 'Outstanding' in all academies. Our aim is to deliver a greater proportion of outstanding lessons in the coming year.

Ofsted Reports presently show that 4 of our 6 schools are considered Good.

The Howard School Ofsted Report of November 2016 rated the Academy as Good under all inspection judgements. Full details are available on the school's website.

Temple Mill Primary School is sponsored by THAT, having been placed in Special Measures in 2014. Support from the Trust has delivered significant improvements under all headings. Regular monitoring and evaluation indicate that the school is now in a position where it can secure 'Good' judgements from Ofsted.

Deanwood Primary School was rated a Good school by Ofsted in 2012. External reviews indicate that the school remains Good under all headings.

Miers Court Primary School was rated a Good school by Ofsted in 2015. External reviews indicate that the school is at least Good under all headings.

Thames View Primary School was rated as a Good school by Ofsted in 2015. External reviews indicated that after a very difficult period the school requires improvement but with Trust support is making good progress towards Good under all headings.

Medway University Technical College was judged as requiring Special Measures in January 2018 and will be formally sponsored by the Trust in December 2018.

Full details of the most recent Ofsted reports are available on school websites.

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**TRUSTEES' REPORT (continued)**  
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**Attendance, Behaviour and Safety**

*The Howard School*

Available data indicates the attendance for 2017/18 stood at 95.1% for years 7-11, which is at or around NA for secondary schools. Attendance for the whole year 2016/17 was 95% which means that there was a marginal improvement during this school year. Analysis indicates that sickness and bad weather (snow) during Terms 3 and 4 in 2018 were the most significant factors impacting on attendance.

Years 12 and 13 attendance stood at 93% for 2017/18. The school is particularly pleased with the improvements secured in Sixth Form attendance. There are now restrictions on Sixth Form movement during the school day.

Unauthorised absence remains low compared to other schools nationally. Absence data indicates that no ethnic group has significantly better or worse attendance than the published whole school percentage figure. However, pupils on the SEN register have marginally worse attendance than the published percentage figure. There was a concern that the changes to the structure of the school week would have a negative impact on attendance on Mondays and Fridays. There was the potential that the longer day on Monday might have a demotivating effect on a proportion of pupils and that the shorter day on Friday could appear to have less value. Data indicates that attendance on both Mondays and Fridays was actually slightly up on 2016/17 figures.

FTEs have continued their downward trend which were down by 15% in 2016/17 when compared to the previous year. From September 2017 to August 2018, FTEs were a further 25%. This is an impressive reduction and not been achieved by diluting expectations of what can be interpreted as acceptable behaviour. There were 8 PEs in 2016/17 which reduced to 5 in 2017/18.

Trust Primary Schools

Attendance for 2017/18 across the Trust's primary schools stood at 96.1%.

*Deanwood*

Attendance from September 2017 to August 2018 was 96.2%, which is a significant improvement on 2016/17 where students were in school for 95.6% of sessions. This places the school marginally ahead of national norms for primaries. Attendance at Deanwood is remarkably consistent. Unauthorised absence was statistically insignificant, indicating that virtually all absences were authorised. There is evidence of minimal persistent absence. The school continues to work hard to reduce the number of Persistent Absentees (PA) to zero. Interventions have delivered some welcome success in reducing the number of PAs. Data continues to show some concern over the attendance of PP pupils whose attendance is marginally less good than non-PP pupils. The proportion of PP pupils at the school is at our around 20% which is above NA. The strongest attendance is in Year 5 and Year 6. The highest attendance figures for identified groups were LAC and EAL. Attendance in Reception and Year 1 are below the school average and had a drag effect on the whole school data. This pattern of attendance is replicated in most primary schools. Attendance awards are presented termly to pupils with 99% or 100% attendance.

There had been just 1 fixed term exclusion of a pupil for 1 day since September 2016 and no recorded further exclusions to date.

Behaviour for Learning is considered at least 'Good' and in many cases 'Outstanding' based on external and internal observations. Behaviour outside the classroom is also considered 'Good' or better based on external and internal observations. There have been no bullying incidents recorded since September 2017.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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*Temple Mill*

Attendance figures for 2016/17 indicated that students attended for 94.7% of available sessions. Attendance from September 2017 to July 2018 shows a clear improvement to 95.7%. This figure places the school at or around NA. The school has issued 11 Persistent Absence letters and a number of governors' attendance meetings with parents have taken place. The Headteacher believes that both actions have had a positive impact.

There was 1 fixed term exclusion in 2016/17 for half a day. There were no permanent exclusions in either 2016/17 or 2017/18. There were no exclusions or racist incidents recorded from September 2017 to July 2018 and just 1 complaint of bullying which was effectively dealt with.

Behaviour for Learning remains a focus and is considered broadly Good based on external and internal observations. Behaviour outside the classroom is also considered at least Good based on external and internal observations.

*Thames View*

Attendance from September 2017 to July 2018 remains strong at 96.35% which is an improvement from March 2016/17 and ahead of NA. Unauthorised absence stood at 1.93% which is slightly high when compared to NA and is due in part to a number of holidays being taken in term time. There is a whole school attendance plan in place which includes an attendance clinic which focuses on pupils with poor or erratic attendance.

There were 8 FE exclusions totalling 28 days in 2017/8 involving almost exclusively 2 Year 6 boys. There have been no permanent exclusions.

Behaviour for Learning remains a focus and is considered broadly Good both inside and outside the classroom. Monitoring indicates that Behaviour for Learning improved during the year, particularly in Years 1 and 6. There were some concerns relating to behaviour at lunchtime which has been identified and resulted in strategies being put in place.

*Miers Court*

Attendance from September 2016 to August 2017 was 96.3% and above NA. Attendance from September 2017 to July 2018 was 96.1% which is at or around NA but a marginal decrease on the previous year. The school has in place a well-refined tracking system related to absence and punctuality. Attendance for Pupil Premium pupils was 94%, SEND 95% and, for the most significant identified minority group at the school (Travellers) 90%.

There were 4 fixed term exclusions involving 2 pupils in the year 2016/17; all half a day in length. There have been no permanent exclusions since 2015. In 2017/18, there were 4 FEs since September 2017 involving 2 pupils for a total of 4 days (2 half-days, 1 one-day and 1 two-day).

Behaviour for Learning remains a focus and is considered at least Good based on external and internal observations. Behaviour outside the classroom is also considered at least Good based on external and internal observations.

*Range of Educational Activities*

The Trust delivers an extensive range of educational activities and enrichment opportunities which enhance the offer for all students. There is a full programme of educational visits and residential journeys ranging from local and, at secondary level, to international destinations. The secondary academy is committed to students benefitting from work place experience. Every child in KS4 and KS5 completes a minimum of one week in a place of work.



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**THE HOWARD ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Admissions**

*The Howard School*

The number of students on roll at The Howard School as of September 2018 is at or around 1440. The school is over PAN in Years 7, 8 and 9 and slightly below capacity in Years 10 and 11. Year 7 recruitment for September 2018 was particularly strong. The school has accepted 275 pupils which is 21 over PAN. To accept this number in Year 7 effectively neutralises potential loss of pupils at the end of Year 9 to the UTC. The number of students enrolling in the Sixth Form has increased to 140 in Year 12 and there has been improved retention into Year 13.

The school clearly remains a popular choice for the community.

*Deanwood*

Deanwood is a one form entry school. A 'form' is 30 students. There are presently 198 students on roll (up 9 from last year) which means that the school is now 12 short of being at full capacity. The majority of vacancies exist in Year 6. Parents/carers of students in this cohort were choosing the school at a difficult time in its history where its popularity and reputation had suffered locally. The school's improving reputation has ensured that Reception and KS1 classes are effectively full.

*Temple Mill*

Temple Mill is a one form entry school. A 'form' is 30 students. There are presently 206 students on roll (up 4 from last year) which means that the school is close to full capacity. The roll is increasingly stable and has been since June 2016. There are 47 part-time pupils in Nursery equating to 25 full-time equivalents. Most of the handful of vacancies exist in the current Year 3. Pupils in this cohort were choosing the school at the time when it had gone into Special Measures and been subjected to frequent changes of leadership and a raft of poor publicity. There has been a degree of mobility in some parts of the school's catchment area which has had an impact. In September 2018, the school was fully subscribed in Reception (with a short waiting list) and up to capacity in most years. The gender balance of the school remains at 55% male and 45% female. In Year 3, males make up 66% of the cohort. In Reception, there are 3 boys to every 2 girls. The school's improved reputation in the locality is reflected by the increase in roll and numbers applying for places.

*Thames View*

Thames View is a 2-form entry school. A 'form' is 30 students. There are presently 419 pupils on roll which means that the school is effectively full. The roll is relatively stable and has been for some time. In September 2018, the school was fully subscribed in Reception and up to capacity in almost every year (with waiting lists in some). In Year 2, the school is over capacity by 2. The school's reputation and popularity in the locality is reflected by the number on roll and waiting lists.

*Miers Court*

Miers Court is a two-form entry school. A 'form' is 30 students. There are presently 416 pupils on roll which means that the school is effectively full. The roll is relatively stable and has been for some time. In September 2018, the school was well subscribed in Reception and approaching or up to capacity in every year indicating its high confidence levels within the community.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Leadership**

External reviews indicate that the leadership and management across the Trust schools is at least good. School leaders are set increasingly ambitious targets for improvement and are charged with ensuring that all staff fully understand and make every effort to achieve their own demanding targets. Leaders at every level are able to access leadership development courses aimed at improving their practice.

Middle leaders are evidenced to be knowledgeable and enthusiastic about their areas of responsibility. They make a very positive contribution to ensuring that, for example, newly appointed staff receive the support and guidance they need to be quickly effective in their roles.

The Trust has improved the frequency and the accuracy with which student progress is assessed. This enables staff to identify quickly any student who is at risk of underachieving and to provide the support they need to overcome any barriers they may face.

The Trust's curriculum offer makes an excellent contribution to students' spiritual, moral, social and cultural development. Students benefit from an extensive range of courses, activities and interventions which enable them to achieve extremely well and prepares them very successfully for the next stage of their education and for future careers. They also enjoy taking part in an extremely wide variety of after-school and special events. This gives them opportunities to develop their interests and skills in, for example, music, drama and sport. They also benefit from expert and impartial careers advice and guidance.

Leaders have made extremely good use of additional funding to ensure that no students are prevented from taking part in any such activity.

The Trust no longer has formal links with the local authority. It maintains relations with Medway and the CEO, as a Local Leader of Education, provides beneficial support outside the Trust to local schools.

**Key Education Performance Indicators**

*The Howard School*

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

*Deanwood Primary School*

Key education performance indicators are:

Inspection outcomes 2018 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

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**THE HOWARD ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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*Temple Mill Primary School*

Estimated key education performance indicators are:

Inspection outcomes 2018 –

Overall effectiveness: Good 2

Quality and Standards of Education –Good 2

Quality of teaching, learning and assessment –Good 2

Personal development, behaviour and welfare –Good 2

Effectiveness of Leadership and management –Good 2

*Thames View Primary School*

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

*Miers Court Primary School*

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

**THAT Strategic Priorities for 2018/19**

**Primary**

- Deliver significantly improved student outcomes at Thames View and Miers Court schools.
  - Secure expected Ofsted ratings for schools due inspections.
  - Secure a Good Ofsted rating for Temple Mill Primary School.
- Secondary**
- Successfully absorb MUTC into the Trust.
  - Further improve student outcomes at MUTC and The Howard School.
  - Secure Good Ofsted ratings if inspected.
  - Ensure effective planning is in place for the opening of the new school for Thanet.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Going Concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Board of Trustees believe that the Trust is a going concern as

- i) GAG funding has been agreed with the ESFA for the next financial year.
- ii) There is no anticipated reduction in pupil numbers that would make an academy within the Trust not viable.
- iii) Educational performance across all Trust schools is consistently strong.
- iv) Medway as an area has strong pupil numbers for the foreseeable future due to rising birth rates and housing developments.
- v) The Howard Academy Trust have been working with the ESFA on a recovery plan to improve the fund position in some academies within the Trust. Progress is being made against the plan with a reduction in the deficit on Restricted General Funds this year.

**Financial review**

Most of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Within the accounting period the Academy also received grants from the DfE for fixed assets. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2015 FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2018 total expenditure of £15,211,268 (2017: £12,767,412) was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the period was £1,590,832 (2017: £1,745,054 excluding income from assets inherited on conversion).

Expenditure was used to provide a stimulating education for students and to improve the infrastructure of the school in order to improve learning.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the Balance Sheet in accordance with FRS102. At 31 August 2018, the deficit stood at £3,469,000. The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme. Note 23 details the assumptions and movements during the year on the Scheme.

As at 31 August 2018 the net book value of fixed assets was £38,745,137 and movements in tangible assets are shown in Note 15 to the financial statements. The buildings and land at The Howard School are owned by the Trust. Temple Mill Primary School land and buildings are on a leasehold. Any alterations or improvements incurred by the Trust are shown as fixed assets.

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**THE HOWARD ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **RESERVES POLICY**

The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Academy Trust whilst ensuring that excessive funds are not accumulated. Through a combination of government funding and funds inherited on conversion the Trustees are satisfied that the Academy's reserves are sufficient for its current purpose. The reserves as at 31 August 2018 amounted to a surplus of £35,129,428. This includes a pension fund deficit of £3,469,000. Free reserves amounted to a negative position of £146,709 (2017 - negative position of £293,327). See the Statement of Financial Activities for more detail.

## **INVESTMENT POLICY AND PERFORMANCE**

The Academy Trust does not currently invest funds. The Trustees have considered the needs for reserves and would ideally like to build up an amount which equates to 1-2% of GAG income for each academy.

## **PRINCIPALS RISKS AND UNCERTAINTIES**

The principal goal for the Academy Trust is to safeguard its long-term ability to continue to attract high calibre staff and deliver an excellent education to all pupils, and to maintain its physical facilities.

The principal risk for the finances of the Academy Trust is a reduction in pupil numbers. The majority of the Academy Trust's income comes from the ESFA, which is principally calculated by reference to the numbers of students enrolled at the Academy. The Trustees assess the risk of a substantial reduction in funding to be low. However, income could still be affected by any changes in government funding. The Trust has benefited from the implementation of the National Funding Formula and has benefited with a small increase in funding per pupil. As the formula is still in a transitional period until full implementation there is a risk that the local funding formula could reduce funding to some academies. This is currently being consulted on by the Local Authority.

This year the deficit attached to the Local Government Pension Scheme (LGPS) has decreased significantly. The pension fund is reviewed on a triennial basis by the scheme actuaries which could cause the pension contribution rate to increase. The Local Government Pension scheme remains a significant risk to the Trust as performance changes year on year. The Trust also views the uncertainties surrounding the Teachers' Pension Scheme as a significant risk. Contributions are due to increase from 16.48% to 23.6% which will be a significant increase in costs to each of our academies. It is not clear whether or not this will be fully funded by the Government.

## **FUTURE DEVELOPMENTS**

The Howard Academy Trust has two significant growth projects planned for future periods. The Medway UTC will join the Trust from 1 November 2018 as a sponsored academy and be renamed as Waterfront UTC. The Trust have provided school improvement and business management support to the academy since November 2017.

The Trust have also been approved as a sponsor of a presumption free school in partnership with Kent County Council. This will open in Margate, Thanet in September 2020.

A review of Governance has taken place to support future growth and has been implemented from 1 September 2018. This has created an additional layer of Governance which includes a Regional Governing Body that all Headteachers attend once per term.

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**THE HOWARD ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **RISK MANAGEMENT**

The Trustees have assessed the major risks to which the Academy is exposed; in particular, those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finances. They have also introduced systems and procedures (e.g. safeguarding) and internal financial controls in order to minimise risk. Where significant risk still remains, they have ensured that they have sufficient insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

As Trustees, we acknowledge we have overall responsibility for ensuring that the Academy Trust has an effective and appropriate system of controls, both financial and otherwise. We are also responsible for ensuring that proper accounting records are kept that disclose with reasonable accuracy the financial position of the Academy Trust and enable us to prepare financial statements that comply with the Companies Act.

We also acknowledge responsibility for safeguarding the assets of the Academy Trust and for taking reasonable assurance that:

- The Academy Trust is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use and disposition;
- Proper records are maintained, and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

## **FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES**

The main objective is to ensure that the Academy Trust operates within its allocated budget and settles its liabilities as they fall due.

In accordance with the Academy Trust's statutes, the Trustees and senior staff are responsible for the administration and management of the Academy Trust's affairs. They are responsible for setting objectives and policies to ensure that:

- There is an effective system of internal control and that accounting records are properly kept;
- There are appropriate financial and management controls in place to safeguard the assets of the Academy Trust and to prevent and detect fraud; and
- The Academy Trust secures economical, efficient and effective management of its resources and expenditure.

## **Plans for future periods**

## **LIQUIDITY RISK**

- The Academy Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short term borrowing.

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**THE HOWARD ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**KEY MANAGEMENT PERSONNEL**

The key management personnel within the organisation are the Trustees who do not receive a salary with the exception of staff trustees. Senior Management of the Trust salaries are determined in line with the Trust's Pay Policy.

**EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy's Equal opportunities policy, the academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the academy's offices.

**DISCLOSURE OF INFORMATION TO AUDITOR**

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 the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12/12/2018 and signed on its behalf by:



**J Watson**  
**Chair of Trustees**

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**THE HOWARD ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Howard 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 3 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
K Brown – Chair of Trustees	2	3
T Croucher – Thames View Representative	3	3
D Drizen – Howard School Representative	2	3
B Fincham – Temple Mill Representative	3	3
D Giles – Deanwood Representative	3	3
G Marshall	3	3
F Martin	2	3
O McColgan, Staff Trustee	3	3
R McKenna	3	3
P Morris, CEO and Accounting Officer	3	3
J Richardson	2	2
J Watson	2	3

**Governance reviews:**

When recruiting Trustees to fill vacancies, the Board of Trustees identifies which skills and competencies are required in order for the Board to have a broad balance of relevant skills and knowledge. New and existing trustees are provided access to a range of courses to develop their skills.

Governor training is provided via a Service Level Agreement with Governor Services at the Local Authority. Governors on Local Governing Bodies complete an annual skills audit to ensure that committee membership is based on skills and areas of expertise. A Governance review has taken place within the Trust and has been implemented from 1 September 2018. This has introduced a new layer of Governance below the Board of Directors. A Regional Governing Body has been formed, which is made up of Chairs of Local Academy Boards. Meetings take place once per term to look at the academic and financial performance of each academy.



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**THE HOWARD ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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The Finance Committee is a sub committee of the main Board of Trustees. Its purpose is:

- Initially reviewing and recommendation of the annual budget to the Board of Trustees;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' and the DfE guidance issued to academies;
- Authorising the award of contracts up to the amount stated in the Scheme of Delegation;
- Reviewing the reports of the Responsibility Officer on the effectiveness of the financial procedures and controls. Reports must also be reported to the Board of Trustees;
- Reviewing the financial policies of the Academy and where necessary make recommendations to the Board of Trustees.

The Finance Committee held four meetings during the period (Autumn, Spring and Summer Term).

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
K Brown – Chair of Trustees	2	3
T Croucher – Thames View Representative	3	3
B Fincham – Temple Mill Representative	3	3
F Martin	3	3
R McKenna	3	3
P Morris, CEO and Accounting Officer	3	3
J Richardson	0	0
	2	2

The Audit, Risk Management & Policy Committee is also a sub committee of the main Board of Trustees. Its purpose is to:

- monitor the integrity of the financial statements and any formal announcements relating to financial performance;
- review internal financial controls and, unless there is a separate board risk committee, reviewing the company's internal control and risk management systems;
- monitor and review the effectiveness of the internal audit function;
- make recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;
- review the auditor's independence and objectivity; and
- develop and implement the non-audit services policy.

The Audit, Risk Management & Policy Committee held three meetings during the period (Autumn, Spring and Summer term).

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
K Brown – Chair of Trustees	2	2
T Croucher	2	2
D Drizen – Howard School Representative	0	2
B Fincham – Temple Mill Representative	2	2
D Giles – Deanwood Representative	2	2
J Watson	2	2

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**THE HOWARD ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year.

In order to confirm that satisfactory arrangements are in place to promote economy, efficiency and effectiveness across the Academy Trust, the Finance Committee of the Governing Body considers the evidence provided which form part of the Academy Trust's routine management practices and which can provide a broad appreciation of the Academy Trust's effectiveness. These activities include the strategic planning, financial strategy and budget setting processes, key performance indicator systems, costing and pricing policies, procurement activity, and capital projects. Examples include:

- Budgeting – annual budgets have been set and these have been monitored to ensure any significant variances between actual and budget are investigated. Departmental budgets are monitored by the finance team to ensure that no overspend takes place and that expenditure is procured with approved suppliers. This ensures that the appropriate number of quotes are obtained for various delegated budgets.
- In House Services – the Trust have started to implement an integrated HR & Payroll function in house within the Trust. This will provide a more efficient and effective service as well as delivering savings paid on an annual contract.
- Centralising Procurement - all procurement is processed centrally by the finance team to ensure that appropriate suppliers are used by budget holders, aiming to benefit from economies of scale. This year the Facilities Team have procured grounds maintenance contracts in each primary academy for a substantially lower cost.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Howard Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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**THE HOWARD ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Crowe U.K. LLP as internal auditor.

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

- testing of Accounting Systems including cash handling and fixed assets
- Governance Review

On a termly basis, the auditor reports to the board of trustees through the Board of Trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

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

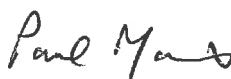
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit/Finance 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 12/12/2018 and signed on their behalf, by:



**J Watson**  
**Chair of Trustees**



**P Morris**  
**Accounting Officer**

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**THE HOWARD ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of The Howard Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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.



**P Morris**  
**Accounting Officer**

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**THE HOWARD ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 Annual Accounts Direction issued by the Education & 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 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 **12/12/2018** and signed on its behalf by:



**J Watson**  
**Chair of Trustees**

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
HOWARD ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of The Howard Academy Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
HOWARD ACADEMY TRUST**

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**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

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

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
HOWARD ACADEMY TRUST**

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**RESPONSIBILITIES OF TRUSTEES**

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

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

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

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



Darren Rigden (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone

Kent

ME14 - 1JH

Date: 18/12/2018



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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 14 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Howard Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE HOWARD ACADEMY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Howard Academy Trust's funding agreement with the Secretary of State for Education dated 27 November 2015, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Darren Rigden

**Crowe U.K. LLP**

Statutory Auditor

Riverside House  
40 - 46 High Street  
Maidstone  
Kent  
ME14 - 1JH

Date: 18/12/2018

**THE HOWARD ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	12,900	-	60,376	73,276	60,769
Charitable activities	3	-	12,745,031	226,877	12,971,908	10,473,797
Other trading activities	4	92,413	451,323	-	543,736	487,418
Investments		397	-	-	397	374
Other income	5	-	31,119	-	31,119	12,315,798
<b>TOTAL INCOME AND ENDOWMENTS</b>		<b>105,710</b>	<b>13,227,473</b>	<b>287,253</b>	<b>13,620,436</b>	<b>23,338,156</b>
<b>EXPENDITURE ON:</b>						
Raising funds	7	369	58,272	-	58,641	88,229
Charitable activities		-	13,808,303	1,344,324	15,152,627	12,679,183
<b>TOTAL EXPENDITURE</b>	6	<b>369</b>	<b>13,866,575</b>	<b>1,344,324</b>	<b>15,211,268</b>	<b>12,767,412</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	105,341	(639,102)	(1,057,071)	(1,590,832)	10,570,744
		-	100,644	(100,644)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		<b>105,341</b>	<b>(538,458)</b>	<b>(1,157,715)</b>	<b>(1,590,832)</b>	<b>10,570,744</b>
Actuarial gains on defined benefit pension schemes	23	-	1,199,000	-	1,199,000	1,785,000
<b>NET MOVEMENT IN FUNDS</b>		<b>105,341</b>	<b>660,542</b>	<b>(1,157,715)</b>	<b>(391,832)</b>	<b>12,355,744</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		159,830	(4,508,157)	39,869,587	35,521,260	23,165,516
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>265,171</b>	<b>(3,847,615)</b>	<b>38,711,872</b>	<b>35,129,428</b>	<b>35,521,260</b>

**THE HOWARD ACADEMY TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 09175427

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	15		<b>38,745,137</b>		39,869,587
<b>CURRENT ASSETS</b>					
Debtors	16	<b>555,371</b>		352,512	
Cash at bank and in hand		<b>388,750</b>		340,492	
		<b>944,121</b>		693,004	
<b>CREDITORS:</b> amounts falling due within one year	17	<b>(1,056,344)</b>		(822,733)	
<b>NET CURRENT LIABILITIES</b>			<b>(112,223)</b>		(129,729)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>38,632,914</b>		39,739,858
<b>CREDITORS:</b> amounts falling due after more than one year	18		<b>(34,486)</b>		(163,598)
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>38,598,428</b>		39,576,260
Defined benefit pension scheme liability	23		<b>(3,469,000)</b>		(4,055,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>35,129,428</b>		35,521,260
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	19	<b>(378,615)</b>		(453,157)	
Restricted fixed asset funds	19	<b>38,711,872</b>		39,869,587	
Restricted income funds excluding pension liability		<b>38,333,257</b>		39,416,430	
Pension reserve		<b>(3,469,000)</b>		(4,055,000)	
Total restricted income funds			<b>34,864,257</b>		35,361,430
Unrestricted income funds	19		<b>265,171</b>		159,830
<b>TOTAL FUNDS</b>			<b>35,129,428</b>		35,521,260

The financial statements on pages 33 to 60 were approved by the Trustees, and authorised for issue, on 12/12/2018 and are signed on their behalf, by:



**J Watson**  
**Chair of Trustees**

**THE HOWARD ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	21	<b>299,841</b>	<b>(144,630)</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>398</b>	<b>374</b>
Purchase of tangible fixed assets		<b>(168,163)</b>	<b>(97,000)</b>
Capital grants from DfE Group		<b>60,377</b>	<b>53,000</b>
Transfer of cash on conversion		<b>-</b>	<b>131,000</b>
<b>Net cash (used in)/provided by investing activities</b>		<b>(107,388)</b>	<b>87,374</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		<b>(144,195)</b>	<b>(115,000)</b>
<b>Net cash used in financing activities</b>		<b>(144,195)</b>	<b>(115,000)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>48,258</b>	<b>(172,256)</b>
Cash and cash equivalents brought forward		<b>340,492</b>	<b>512,748</b>
<b>Cash and cash equivalents carried forward</b>	22	<b>388,750</b>	<b>340,492</b>

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Howard Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Board of Trustees believe that the Trust is a going concern as

- i) GAG funding has been agreed with the ESFA for the next financial year.
- ii) There is no anticipated reduction in pupil numbers that would make an academy within the Trust not viable.
- iii) Educational performance across all Trust schools is consistently strong.
- iv) Medway as an area has strong pupil numbers for the foreseeable future due to rising birth rates and housing developments.
- v) The Howard Academy Trust have been working with the ESFA on a recovery plan to improve the fund position in some academies within the Trust. Progress is being made against the plan with a reduction in the deficit on Restricted General Funds this year.

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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 period is deducted from income and recognised as a liability.

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

**School trips and activities**

These transactions are included in restricted funds. Income is recognised when received and expenditure is recognised when paid. Any surpluses are carried forward as deferred income within restricted funds until the trip is completed.

**Donations**

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

**Other income**

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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**THE HOWARD ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**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.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:



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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

Freehold property	-	10-49 years straight line
Leasehold property	-	39-125 years straight line
Furniture and fixtures	-	15% straight line
Motor vehicles	-	20% straight line
ICT equipment	-	33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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 incorporating income and expenditure account.

**1.6 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.

**1.7 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.

**1.8 Liabilities**

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

**1.9 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 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 costs 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 instruments.

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 Taxation**

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

**1.11 Pensions**

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

**Teacher Pension Scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**Local Government Pension Scheme**

The LGPS is a funded 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 incorporating income and expenditure account 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.

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**THE HOWARD ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

**1.13 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

On conversion to an academy trust, the assets and the liabilities of the schools are measured at fair value. This includes land and buildings. The valuation of the land and buildings involves a significant degree of estimation. See note 16 for further details.

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**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	12,900	-	12,900	8,251
Capital Grants	-	60,376	60,376	52,518
	<u>12,900</u>	<u>60,376</u>	<u>73,276</u>	<u>60,769</u>
<i>Total 2017</i>	<u>8,250</u>	<u>52,519</u>	<u>60,769</u>	

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	11,214,081	11,214,081	9,245,325
Other DfE/ESFA grants	-	1,134,393	1,134,393	711,578
Start up grants	-	-	-	50,000
	<u>-</u>	<u>12,348,474</u>	<u>12,348,474</u>	<u>10,006,903</u>
<b>Other government grants</b>				
Local authority grants	-	127,018	127,018	81,207
	<u>-</u>	<u>127,018</u>	<u>127,018</u>	<u>81,207</u>
<b>Other funding</b>				
Other income from the academy Trust's educational operations.	-	496,416	496,416	385,687
	<u>-</u>	<u>496,416</u>	<u>496,416</u>	<u>385,687</u>
	<u>-</u>	<u>12,971,908</u>	<u>12,971,908</u>	<u>10,473,797</u>
<i>Total 2017</i>	<u>-</u>	<u>10,473,797</u>	<u>10,473,797</u>	

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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Other income	-	451,323	451,323	422,039
Lettings income	92,413	-	92,413	65,379
	<u>92,413</u>	<u>451,323</u>	<u>543,736</u>	<u>487,418</u>
<i>Total 2017</i>	<u>65,379</u>	<u>422,039</u>	<u>487,418</u>	

**5. OTHER INCOMING RESOURCES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion	-	31,119	31,119	12,315,798
<i>Total 2017</i>	<u>-</u>	<u>(1,610,705)</u>	<u>12,315,798</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income	42,226				88,229
Direct costs	-	-	58,641	58,641	-
Support costs	-	-	-	-	-
Education:					
Direct costs	9,413,613	1,292,613	1,348,493	12,054,719	9,850,141
Support costs	1,718,370	-	1,375,675	3,094,045	2,829,041
	<u>11,174,209</u>	<u>1,292,613</u>	<u>2,724,168</u>	<u>15,200,990</u>	<u>12,767,411</u>
<i>Total 2017</i>	<u>9,275,159</u>	<u>1,069,766</u>	<u>-</u>	<u>10,344,925</u>	

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**7. COSTS OF RAISING FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Letting expenditure	369	-	369	1,385
Sport partnership other costs	-	16,046	16,046	39,786
Sport partnership salaries	-	42,226	42,226	47,058
	<u>369</u>	<u>58,272</u>	<u>58,641</u>	<u>88,229</u>
<i>Total 2017</i>	<u>1,385</u>	<u>86,844</u>	<u>88,229</u>	

**8. DIRECT COSTS**

	Total 2018 £	Total 2017 £
Catering	489,518	426,508
Examination fees	127,417	133,373
Technology costs	121,829	126,818
Educational supplies	132,518	154,386
Staff development	56,014	50,784
Educational consultancy	206,908	164,398
Trips and activities	168,947	102,611
Other direct costs	45,339	48,822
Other staff costs	102,729	174,562
Wages and salaries	7,408,027	5,896,612
National insurance	682,923	558,839
Pension cost	1,219,937	942,662
Depreciation	1,292,613	1,069,766
	<u>12,054,719</u>	<u>9,850,141</u>
<i>Total 2017</i>	<u>9,850,141</u>	

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FOR THE YEAR ENDED 31 AUGUST 2018**

**9. SUPPORT COSTS**

	<b>Governance</b>	<b>Education</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
Pension finance costs	-	100,000	100,000	89,000
Recruitment & Support	-	28,800	28,800	6,866
Maintenance of Premises & Equipment	-	170,346	170,346	144,053
Cleaning	-	86,077	86,077	34,420
Rent and rates	-	173,827	173,827	164,866
Energy costs	-	224,355	224,355	169,517
Insurance	-	91,396	91,396	106,137
Security & transport	-	23,237	23,237	15,151
Governance	3,863	-	3,863	36,853
Other support costs	-	477,637	477,637	406,754
Wages and salaries	-	965,272	965,272	833,853
National insurance	-	65,220	65,220	74,969
Pension cost	-	687,878	687,878	746,602
	<b>3,863</b>	<b>3,094,045</b>	<b>3,097,908</b>	<b>2,829,041</b>
<i>Total 2017</i>	-	2,829,041	2,829,041	

**10. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the Trust	1,292,613	1,069,766
Auditor's remuneration - audit	16,000	20,000
Auditor's remuneration - other services	3,350	3,000
Operating lease rentals	106,630	84,000

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**11. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	8,401,438	6,766,494
Social security costs	755,084	637,827
Operating costs of defined benefit pension schemes	1,914,958	1,696,275
	<u>11,071,480</u>	<u>9,100,596</u>
Agency staff costs	102,729	136,154
Staff restructuring costs	-	38,409
	<u><u>11,174,209</u></u>	<u><u>9,275,159</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	-	38,409
	<u><u>-</u></u>	<u><u>38,409</u></u>

**b. Non-statutory/non-contractual staff severance payments**

Included in the staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2017 - £38,409). Individually, the payments were £nil (2017 - £,7,607, £11,966 and £18,836).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	154	127
Administration and support	190	142
Management	19	14
	<u>363</u>	<u>283</u>
	<u><u>363</u></u>	<u><u>283</u></u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	5	4
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	0



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. STAFF COSTS (continued)**

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, the pension contributions amounted to £101,564 (2017 - £69,937).

**e. Key management personnel**

The key management personnel of the academy trust comprise the Trustees and senior leadership team as listed on page 1. The total amount of employee benefits (including employer contributions) received by key management personnel for their services to the academy trust was £711,105 (2017 - 522,802).

**12. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
P Morris (Chief Executive and Trustee)	Remuneration	<b>50,000-55,000</b>	<i>50,000-55,000</i>
	Pension contributions paid	-	<i>0-5,000</i>
O McColgan (Chief Financial Officer and Trustee)	Remuneration	<b>80,000-85,000</b>	<i>75,000-80,000</i>
	Pension contributions paid	<b>10,000-15,000</b>	<i>10,000-15,000</i>

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £nil).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**13. CENTRAL SERVICES**

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

- Chief Executive Leadership time and support
- Finance and HR Director Leadership time and support
- Human resources advice and guidance
- Payroll processing
- Internal and external audit
- Legal advice and support
- Governance and risk management
- External quality assurance from consultants
- Finance system license
- School management information system license

The academy charges for these services on the following basis:

Each academy pays a "top slice" of their General Annual Grant income to the Trust's Central Service fund. This payment is set on a percentage basis based on the Ofsted rating of each academy. A school deemed to be good or outstanding will pay 3.5% (2017 - 3%), requires improvement 5% (2017 - 4%) and sponsored academies 5%.

The actual amounts charged during the year were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
The Howard School	<b>343,948</b>	<b>315,751</b>
Temple Mill Primary School	<b>60,241</b>	<b>53,899</b>
Deanwood Primary School	<b>50,568</b>	<b>41,438</b>
Thamesview Primary School	<b>84,728</b>	<b>32,526</b>
Miers Court Primary School	<b>83,796</b>	<b>5,929</b>
	<b>623,281</b>	<b>449,543</b>
Total	<b>623,281</b>	<b>449,543</b>

**14. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim.

It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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**15. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2017	22,746,042	18,713,895	419,889	713,025	42,592,851
Additions	-	-	150,279	17,884	168,163
At 31 August 2018	<u>22,746,042</u>	<u>18,713,895</u>	<u>570,168</u>	<u>730,909</u>	<u>42,761,014</u>
<b>Depreciation</b>					
At 1 September 2017	1,756,864	339,113	107,582	519,705	2,723,264
Charge for the year	602,780	509,430	64,075	116,328	1,292,613
At 31 August 2018	<u>2,359,644</u>	<u>848,543</u>	<u>171,657</u>	<u>636,033</u>	<u>4,015,877</u>
<b>Net book value</b>					
At 31 August 2018	<u>20,386,398</u>	<u>17,865,352</u>	<u>398,511</u>	<u>94,876</u>	<u>38,745,137</u>
At 31 August 2017	<u>20,989,178</u>	<u>18,374,782</u>	<u>312,307</u>	<u>193,320</u>	<u>39,869,587</u>

The cost of the leasehold land and property brought forward relates to the transfer of land and buildings when the following schools became an academy:

- Temple Mill Primary School (converted to an academy and values as at 1 December 2015)
- Thamesview Primary School (converted to an academy and values as at 1 April 2017)
- Miers Court Primary School (converted to an academy and values as at 1 August 2017)
- Deanwood Primary School ((converted to an academy and values as at 1 October 2016)

The valuations were carried out by DVS Property Specialists in accordance with Practice Statements in the RICS Valuation Standards. The freehold on all properties is held by Medway Council.

The cost of the freehold land and property brought forward relates to the transfer of land and buildings when The Howard School became an academy on 1 October 2014.

The valuation was carried out by DVS Property Specialists in accordance with Practice Statements in the RICS Valuation Standards.

**16. DEBTORS**

	2018 £	2017 £
Trade debtors	29,103	33,357
Other debtors	3,173	56,831
Prepayments and accrued income	485,795	223,512
VAT recoverable	37,300	38,812
	<u>555,371</u>	<u>352,512</u>

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**17. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	337,990	202,605
Other taxation and social security	366,256	374,269
Other creditors	106,236	123,984
Accruals and deferred income	245,862	121,875
	<u>1,056,344</u>	<u>822,733</u>

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	37,856	-
Resources deferred during the year	88,041	37,856
Amounts released from previous years	(37,856)	-
Deferred income at 31 August 2018	<u>88,041</u>	<u>37,856</u>

**18. CREDITORS: Amounts falling due after more than one year**

	2018 £	2017 £
Other creditors	<u>34,486</u>	<u>163,598</u>

Included in other creditors are loans of £95,252 (2017 - £231,040) from Medway Council and a Salix loan totalling £36,643 (2017 - £51,300).

The Salix loan is repayable over 7 years, which commenced on 1 March 2014 and ends on 1 September 2020. The loan is interest free.

The first loan from Medway Council is repayable over 6 years which commenced during October 2013 and ends during March 2019. Interest is charged at a rate of 1% per annum.

The second loan from Medway Council is repayable over 4 years which commenced during April 2016 and ends during March 2020. The loan is interest free.

All loans were transferred to the Academy Trust upon conversion.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	159,830	105,710	(369)	-	-	265,171
<b>Restricted funds</b>						
General Annual Grant (GAG) (i)	(453,157)	11,216,481	(11,010,988)	(130,951)	-	(378,615)
Other DfE/ESFA grants	-	907,516	(907,516)	-	-	-
Local authority grants	-	124,618	(124,618)	-	-	-
Trips and activities	-	238,469	(238,469)	-	-	-
Catering	-	257,947	(489,542)	231,595	-	-
Other income (ii)	-	451,473	(451,473)	-	-	-
Donated (iii)	-	30,969	(30,969)	-	-	-
Pension reserve	(4,055,000)	-	(613,000)	-	1,199,000	(3,469,000)
	<u>(4,508,157)</u>	<u>13,227,473</u>	<u>(13,866,575)</u>	<u>100,644</u>	<u>1,199,000</u>	<u>(3,847,615)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds - all funds	39,074,587	-	(1,292,613)	862,519	-	38,644,493
DfE/ESFA capital grants	167,000	287,253	(51,711)	(335,163)	-	67,379
Capital expenditure from GAG	587,000	-	-	(587,000)	-	-
Private sector capital sponsorship	41,000	-	-	(41,000)	-	-
	<u>39,869,587</u>	<u>287,253</u>	<u>(1,344,324)</u>	<u>(100,644)</u>	<u>-</u>	<u>38,711,872</u>
Total restricted funds	<u>35,361,430</u>	<u>13,514,726</u>	<u>(15,210,899)</u>	<u>-</u>	<u>1,199,000</u>	<u>34,864,257</u>
Total of funds	<u>35,521,260</u>	<u>13,620,436</u>	<u>(15,211,268)</u>	<u>-</u>	<u>1,199,000</u>	<u>35,129,428</u>

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

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

i) General Annual Grant must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that is could carry forward as at 31 August 2018.

ii) Consists of income the trust has generated

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**19. STATEMENT OF FUNDS (continued)**

iii) Funds inherited on conversion of the school to the Trust

iv) Funds include income generated from sponsorship and donations and hire of facilities.

The transfer of £100,644 to the restricted fixed asset funds represents loans that have been used for capital expenditure purposes.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<i>Total 2017 £</i>
The Howard Academy Trust	<b>(195,108)</b>	<i>(207,674)</i>
The Howard School	<b>(5,457)</b>	<i>(191,593)</i>
Temple Mill Primary School	<b>14,523</b>	<i>46,752</i>
Deanwood Primary School	<b>(67,796)</b>	<i>(26,597)</i>
Thamesview Primary School	<b>120,380</b>	<i>58,739</i>
Miers Court Primary School	<b>20,014</b>	<i>27,046</i>
Total before fixed asset fund and pension reserve	<b>(113,444)</b>	<i>(293,327)</i>
Restricted fixed asset fund	<b>38,711,872</b>	<i>39,869,587</i>
Pension reserve	<b>(3,469,000)</b>	<i>(4,055,000)</i>
Total	<b>35,129,428</b>	<i>35,521,260</i>

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciat- ion £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
The Howard Academy Trust	<b>304,710</b>	<b>794,031</b>	<b>755</b>	<b>330,374</b>	<b>1,429,870</b>	<i>1,361,000</i>
The Howard School	<b>5,385,678</b>	<b>626,164</b>	<b>75,674</b>	<b>1,399,005</b>	<b>7,486,521</b>	<i>7,791,000</i>
Temple Mill Primary School	<b>720,189</b>	<b>67,950</b>	<b>12,311</b>	<b>205,544</b>	<b>1,005,994</b>	<i>967,000</i>
Deanwood Primary School	<b>622,138</b>	<b>84,704</b>	<b>13,671</b>	<b>193,296</b>	<b>913,809</b>	<i>811,000</i>
Thamesview Primary School	<b>1,178,599</b>	<b>70,631</b>	<b>14,434</b>	<b>302,005</b>	<b>1,565,669</b>	<i>652,000</i>
Miers Court Primary School	<b>1,172,901</b>	<b>79,609</b>	<b>9,600</b>	<b>254,682</b>	<b>1,516,792</b>	<i>114,000</i>
	<b>9,384,215</b>	<b>1,723,089</b>	<b>126,445</b>	<b>2,684,906</b>	<b>13,918,655</b>	<i>11,696,000</i>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
<b>General funds</b>						
General Funds - all funds	86,831	73,000	(1)	-	-	159,830
<b>Restricted funds</b>						
General Annual Grant (GAG) (i)	(653,000)	9,245,324	(8,863,481)	(182,000)	-	(453,157)
Start-up grants	-	50,000	(50,000)	-	-	-
Other DfE/ESFA grants	31,000	711,578	(742,578)	-	-	-
Local authority grants	-	81,207	(81,207)	-	-	-
Trips and activities	50,000	96,664	(146,664)	-	-	-
Catering	-	289,023	(427,023)	138,000	-	-
Other income	224,000	422,039	(646,039)	-	-	-
Donated	-	65,379	(65,379)	-	-	-
	(3,492,000)	(1,676,000)	(672,000)	-	1,785,000	(4,055,000)
	(3,840,000)	9,285,214	(11,694,371)	(44,000)	1,785,000	(4,508,157)
<b>Restricted fixed asset funds</b>						
Transfer on conversion	26,219,000	13,925,587	(1,070,000)	-	-	39,074,587
DfE/ESFA capital grants	113,564	53,436	-	-	-	167,000
Capital expenditure from GAG	543,000	-	-	44,000	-	587,000
Private sector capital sponsorship	41,000	-	-	-	-	41,000
	26,916,564	13,979,023	(1,070,000)	44,000	-	39,869,587
Total restricted funds	23,076,564	23,264,237	(12,764,371)	-	1,785,000	35,361,430
Total of funds	23,163,395	23,337,237	(12,764,372)	-	1,785,000	35,521,260

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**NOTES TO THE FINANCIAL STATEMENTS  
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**A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	86,831	178,710	(370)	-	-	265,171
<b>Restricted funds</b>						
General Annual Grant (GAG) (i)	(653,000)	20,461,805	(19,874,469)	(312,951)	-	(378,615)
Start-up grants	-	50,000	(50,000)	-	-	-
Other DfE/ESFA grants	31,000	1,619,094	(1,650,094)	-	-	-
Local authority grants	-	205,825	(205,825)	-	-	-
Trips and activities	50,000	335,133	(385,133)	-	-	-
Catering	-	546,970	(916,565)	369,595	-	-
Other income	224,000	873,512	(1,097,512)	-	-	-
Donated	-	96,348	(96,348)	-	-	-
	(3,492,000)	(1,676,000)	(672,000)	-	1,785,000	(4,055,000)
Pension reserve	-	-	(613,000)	-	1,199,000	586,000
	(3,840,000)	22,512,687	(25,560,946)	56,644	2,984,000	(3,847,615)
<b>Restricted fixed asset funds</b>						
Transfer on conversion	26,219,000	13,925,587	(2,362,613)	862,519	-	38,644,493
DfE/ESFA capital grants	113,564	340,689	(51,711)	(335,163)	-	67,379
Capital expenditure from GAG	543,000	-	-	(543,000)	-	-
Private sector capital sponsorship	41,000	-	-	(41,000)	-	-
	26,916,564	14,266,276	(2,414,324)	(56,644)	-	38,711,872
	23,076,564	36,778,963	(27,975,270)	-	2,984,000	34,864,257
<b>Total of funds</b>	<b>23,163,395</b>	<b>36,957,673</b>	<b>(27,975,640)</b>	<b>-</b>	<b>2,984,000</b>	<b>35,129,428</b>



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>
Tangible fixed assets	-	-	38,745,138	38,745,138
Current assets	265,171	611,572	67,378	944,121
Creditors due within one year	-	(955,701)	(100,644)	(1,056,345)
Creditors due in more than one year	-	(34,486)	-	(34,486)
Provisions for liabilities and charges	-	(3,469,000)	-	(3,469,000)
	<b>265,171</b>	<b>(3,847,615)</b>	<b>38,711,872</b>	<b>35,129,428</b>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Restricted fixed asset funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	-	-	39,869,587	39,869,587
Current assets	159,830	533,173	-	693,003
Creditors due within one year	-	(822,732)	-	(822,732)
Creditors due in more than one year	-	(163,598)	-	(163,598)
Provisions for liabilities and charges	-	(4,055,000)	-	(4,055,000)
	<b>159,830</b>	<b>(4,508,157)</b>	<b>39,869,587</b>	<b>35,521,260</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,590,832)	10,570,744
<b>Adjustment for:</b>		
Depreciation charges	1,292,613	1,070,000
Dividends, interest and rents from investments	(398)	(374)
Increase in debtors	(202,859)	(183,000)
Increase in creditors	248,694	160,000
Capital grants from DfE and other capital income	(60,377)	(53,000)
Defined benefit pension scheme cost less contributions payable	513,000	517,000
Defined benefit pension scheme finance cost	100,000	89,000
Donation of land and buildings	-	(13,926,000)
Transfer of cash on conversion	-	(131,000)
Transfer of pension on conversion	-	1,676,000
Transfer of loan on conversion	-	66,000
<b>Net cash provided by/(used in) operating activities</b>	<b>299,841</b>	<b>(144,630)</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	388,750	340,492
Total	388,750	340,492

**23. PENSION COMMITMENTS**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS (continued)**

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £944,172 (2017 - £773,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £568,000 (2017 - £419,000), of which employer's contributions totalled £440,000 (2017 - £323,000) and employees' contributions totalled £128,000 (2017 - £96,000). The agreed contribution rates for future years are 20% for employers and 5.5-12.5% for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. PENSION COMMITMENTS (continued)**

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

<b>Sensitivity analysis</b>	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
	£	£
Discount rate +0.1%	8,470,000	8,307,000
Discount rate -0.1%	8,920,000	8,749,000
Mortality assumption - 1 year increase	8,971,000	8,798,000
Mortality assumption - 1 year decrease	8,421,000	8,261,000
Pension +0.1%	8,882,000	8,696,000

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

	<b>Fair value at 31 August 2018</b>	<b>Fair value at 31 August 2017</b>
	£	£
Equities	3,559,000	3,147,000
Gilts	40,000	31,000
Corporate bonds	464,000	430,000
Property	646,000	549,000
Cash and other liquid assets	160,000	142,000
Absolute return fund	354,000	171,000
<b>Total market value of assets</b>	<b>5,223,000</b>	<b>4,470,000</b>

The actual return on scheme assets was £210,000 (2017 - £541,000).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>951,000</b>	2,581,000
Interest cost	<b>100,000</b>	89,000
Admin expenses	<b>2,000</b>	1,000
	<hr/>	<hr/>
Total	<b>1,053,000</b>	2,671,000
	<hr/>	<hr/>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	<b>8,525,000</b>	5,993,000
Liabilities assumed/extinguished on settlements	-	3,711,000
Current service cost	<b>951,000</b>	700,000
Interest cost	<b>223,000</b>	164,000
Employee contributions	<b>128,000</b>	96,000
Actuarial gains	<b>(1,112,000)</b>	(2,133,000)
Benefits paid	<b>(23,000)</b>	(6,000)
Change in financial assumptions	-	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>8,692,000</b>	8,525,000
	<hr/>	<hr/>

Movements in the fair value of the academy's share of scheme assets:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	<b>4,470,000</b>	2,501,000
Settlement prices received/(paid)	-	1,830,000
Interest income	<b>123,000</b>	75,000
Actuarial gains/losses	<b>87,000</b>	(348,000)
Employee contributions	<b>128,000</b>	96,000
Benefits paid	<b>(23,000)</b>	(6,000)
Employer contributions	<b>440,000</b>	323,000
Admin expenses	<b>(2,000)</b>	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<b>5,223,000</b>	4,470,000
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**24. 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.

**25. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Prior to forming of the Academy Trust in 2014, The Howard School sold a piece of land at the school to Scallywags (Medway) Limited. Joanne Watson is both a director of Scallywags (Medway) Limited and a Trustee of The Howard Academy Trust.

As part of this sale, a legal easement for shared access was granted and Scallywags (Medway) Limited had to pay The Howard School £4,800 per annum for this access.

In the year to 31 August 2018, The Howard School received £4,800 (2017 - £4,800) under the agreement.