

**The Howard Academy Trust**  
(A company limited by guarantee)

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2021**

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Reference and Administrative Details**  
**For the Year Ended 31 August 2021**

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**Members** Professor A Reed  
Rev N Ward  
Mr A Norman  
Mrs J Watson

**Trustees** Mr D McDonald\* (Chair)  
Mr R McKenna\* (Vice Chair) (resigned 16 September 2021)  
Mr S Bass\* (Chair Finance, Personnel & Estates Committee)  
Ms C Nott  
Mr D Giles  
Mr O McColgan (Chief Executive & Accounting Officer)

\* members of the Finance, Personnel & Estates Committee

**Company registered number** 09175427 (England and Wales)

**Principal and registered office (up to 31 August 2021)**  
The Howard School  
Derwent Way  
Rainham  
Kent  
ME8 0BX

**Principal and registered office (from 01 September 2021)**  
Waterfront UTC  
South Side Three Road  
Chatham  
Gillingham  
ME4 4FQ

**Senior management team** Mr O McColgan, Chief Executive & Accounting Officer  
Ms C Reid, Director of Education/Executive Head (Secondary)  
Mrs L Lewis, Executive Head (Primary Academies)  
Mr K Taylor, Head of Finance  
Ms A Neech, School Improvement Partner  
Mrs S Teachen, HR Manager  
Mr G Bennett, Head of Estates

**Independent auditors** UHY Kent LLP t/a UHY Hacker Young  
Chartered Accountants, Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent. ME10 4BJ

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

**Solicitors** Anthony Collins LLP  
134 Edmund Street  
Birmingham  
B3 2ES

**Actuaries** Barnett Waddingham  
Cheapside House  
138 Cheapside  
London  
EC2V 6BW

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**Trustees' Report**  
**For the Year Ended 31 August 2021**

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

The academy trust operates 6 primary/secondary academies in Medway, Kent. Its academies have a combined pupil capacity of 3,222 and had a roll of 3,001 in the October 2020 school census.

<b>Academy</b>	<b>October 2020 Census</b>
Deanwood Primary School	199
The Howard School	1520
Miers Court Primary School	390
Temple Mill Primary School	227
Thames View Primary School	452
Waterfront UTC	213
<b>Total</b>	<b>3,001</b>

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Howard Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Howard Academy Trust.

The trustees of The Howard Academy Trust are also the directors for the purposes of company law. The academy trust is known as The Howard Academy Trust.

Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

**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.

**Directors' Indemnities**

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors'. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the directors or other officers may incur to third parties in the course of acting as directors or officers of the academy trust.

Details of the insurance cover are provided in note 15 to the financial statements.

**Method of Recruitment and Appointment or Election of Directors**

The management of the Academy Trust is the responsibility of the Directors who are elected and co-opted under the terms of the Trust deed.

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

- a) Up to 9 Directors appointed under Article 50 (appointed by the Members by ordinary resolution);
- b) The Chief Executive Officer;
- c) A minimum of two Parent Directors appointed by parents of registered pupils at the Academy, in the event that no Local Academy Boards are established or if no provision is made for at least 2 Parent Directors on each established Local Academy Board

**Policies and procedures adopted for the induction and training of trustees**

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

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**Organisational Structure**

The structure of the organisation has three levels; the Directors, the Academy Trust Executive and the operational Academy Trust Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Directors are responsible for overall administration of the Academy Trust's 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 Leaders 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, Regional Governing Body and Local Academy Boards within each academy to represent local stakeholder views.

**Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

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

Total remuneration paid to senior management personnel is set out in note 12(d).

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union official during the relevant period	Full-time equivalent employee number
4	4.0

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	
1%-50%	4
51%-99%	
100%	

**Percentage of pay bill spent on facility time**

Provide the total cost of facility time	Release is ad hoc as and when required
Provide the total pay bill	
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	Release is ad hoc as and when required
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**Related Parties and other Connected Charities and Organisations**

There are no connected organisations or related party relationships other than those noted in note 32 to the Financial Statements.

**Engagement with employees (including disabled persons)**

Regular engagement takes place with all employees within the Trust via an annual employee survey. This is carried out by the Trust Central Team to provide feedback to individual academies about areas of strength and future opportunities.

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The Trust ensures that engagement with employees by providing them with information on matters of concern to them ensuring that employees and/or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests. All employees play a key role in ensuring that the Academy Trust performs and achieves positive outcomes for the children that attend our academies.

**Engagement with suppliers, customers and others in a business relationship with the trust**

Key suppliers and customers for lettings activity are communicated with regularly. Key suppliers hold regular account review meetings to ensure that effective relationships take place between them and the Trust.

**OBJECTIVES AND ACTIVITIES**

**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 (the mainstream Academies) or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them (the alternative provision Academies) or 16 to 19 Academies offering a curriculum appropriate to the needs of its students (the 16 to 19 Academies) or schools specially organised to make special educational provision for pupils with Special Educational Needs (the Special Academies.
- to promote for the benefit of individuals living in the South-East area of England 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 academies 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.
- Academies 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.

As a Trust, we have five 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
- All children have the right to attend at least a Good school

**Public Benefit**

The Directors 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.

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



Trustees' Report  
For the Year Ended 31 August 2021

STRATEGIC REPORT

Achievement and Performance

Due to COVID-19 public examinations did not take place for secondary students and SATs did not take place for primary academy children. Secondary academies had been requested to assign grades to students following teacher assessments by the DfE. The Trust ensured that a rigorous process was in place to ensure that the grades that had been awarded are fair and accurate.

Student Outcomes at KS4



	 THE HOWARD SCHOOL			 WATERFRONT UTC		
	2019	2020	2021	2019	2020	2021
Cohort	229 ▲	228 ▼	246 ▲	62	46 ▼	54 ▲
Progress 8	(0.14) ▼	0.25 ▲	0.50 ▲			
Attainment 8	39.97 ▼	44.06 ▲	46.70 ▲	36.99 ▲	43.08 ▲	39.00 ▼
A8 English	9.15 ▲	10.08 ▲	10.62 ▲	7.23	9.00 ▲	8.26 ▼
A8 Maths	7.85 ▼	8.42 ▲	8.34 ▼	7.52	7.43 ▼	7.26 ▼
A8 EBACC	11.97 ▲	13.04 ▲	13.30 ▲	8.45	10.52 ▲	10.15 ▼
A8 Open	11.00 ▼	12.53 ▲	14.44 ▲	13.80	16.12 ▲	13.33 ▼
Grade 9-7 in English	13.1% ▲	18.4% ▲	21.1% ▲	4.8% ▲	13.0% ▲	13.0% ▼
Grade 9-7 in Maths	2.6% ▼	7.0% ▲	9.8% ▲	3.2% ▲	6.5% ▲	14.8% ▲
Grade 9-7 in English & Maths	0.9% ▼	5.7% ▲	6.9% ▲	1.6% ▲	6.5% ▲	7.4% ▲
Grade 9-5 in English	55.5% ▲	62.7% ▲	72.8% ▲	30.6% ▲	52.2% ▲	42.6% ▼
Grade 9-5 in Maths	33.2% ▲	42.1% ▲	35.4% ▼	25.8% ▼	28.3% ▲	40.7% ▲
Grade 9-5 in English & Maths	28.8% ▲	39.0% ▲	34.1% ▼	14.5% ▼	26.1% ▲	25.9% ▼
Grade 9-4 in English	77.7% ▲	83.8% ▲	88.6% ▲	45.2% ▼	67.4% ▲	63.0% ▼
Grade 9-4 in Maths	67.2% ▲	73.2% ▲	73.2% ▼	58.1% ▲	50.0% ▼	48.1% ▼
Grade 9-4 in English & Maths	61.1% ▲	70.2% ▲	72.0% ▲	29.0% ▼	47.8% ▲	38.9% ▼
2 x Science 9 - 7	1.3% ▼	6.1% ▲	8.1% ▲	0.0%	6.5% ▲	1.9% ▼
2 x Science 9 - 5	26.2% ▼	38.6% ▲	43.9% ▲	14.5%	19.6% ▲	25.9% ▲
2 x Science 9 - 4	55.5% ▼	66.2% ▲	66.3% ▲	41.9%	47.8% ▲	48.1% ▲
Entered for EBACC	126 ▲	130 ▲	58 ▼			
EBACC Strong Pass	7.9% ▲	21.5% ▲	31.0% ▲			
EBACC Standard Pass	19.8% ▼	61.5% ▲	51.7% ▼			
5+ Standard Passes	59.0% ▼	68.0% ▲	77.2% ▲	46.8%	63.0% ▲	57.4% ▼
5+ Standard Passes (Incl E&M)	55.0% ▲	63.2% ▲	69.5% ▲	25.8%	47.8% ▲	38.9% ▼
GCSE Average Grade	4.05 ▲	4.47 ▲	4.58 ▲	3.46	3.90 ▲	3.77 ▼
Vocational Average Grade	M1 ▼	P2 ▲	P2 ▲	P2	P2 ▲	P2 ▲

Outcomes at Key Stage 4 have been subject to a second year of teacher assessment. Progress 8 measures for The Howard School continued to improve. UTCs due to their nature are not subject to Progress 8 measures and are measured on their destinations data.

Due to the exceptionally small cohort within the UTC data fluctuations may appear to show large movements from the prior year.

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	THE HOWARD SCHOOL			WATERFRONT UTC		
	2019	2020	2021	2019	2020	2021
Cohort	89 ▲	107 ▲	105 ▼	36	19 ▼	21 ▲
Total Entries	181.5 ▼	222 ▲	318 ▲	123	63 ▼	66 ▲
Academic Cohort	87 ▲	105 ▲	103 ▼	22	5 ▼	7 ▲
Academic Entries	172.5 ▼	213 ▲	227 ▲	32	6 ▼	9 ▲
Applied General Cohort	9 ▲	9 =	63 ▲	33	19 ▼	20 ▲
Applied General Entries	9 ▲	9 =	91 ▲	91	57 ▼	57 =
<b>Value Added</b>						
Average Points Score per Entry	23.67 ▼	33.34 ▲	34.25 ▲	26.79	31.67 ▲	34.73 ▲
Average Grade	D + (M)	C + (D -)	C + (D)	C - (M +)	C (D -)	C + (D)
Academic APS	21.84 ▼	31.66 ▲	32.70 ▲	16.29	22.00 ▲	33.33 ▲
Academic Average Grade	D +	C	C +	D -	D +	C +
Applied General APS	26.67 ▼	34.44 ▲	36.90 ▲	29.04	32.54 ▲	34.46 ▲
Applied General Average Grade	M	D	D +	M +	D -	D
<b>Academic</b>						
A* - A	2.6% ▼	16.2% ▲	23.6% ▲	6.3%	0.0% ▼	22.2% ▲
A* - C	47.8% ▼	81.7% ▲	79.1% ▼	40.6%	50.0% ▲	88.9% ▲
A* - E	91.9% ▼	99.5% ▲	98.5% ▼	71.9%	100.0% ▲	100.0% =
<b>Applied General</b>						
D* - D	11.1% ▲	33.3% ▲	50.5% ▲	49.5%	57.9% ▲	63.2% ▲
D* - M	77.8% ▲	88.9% ▲	92.3% ▲	74.7%	91.2% ▲	96.5% ▲
D* - P	100.0% =	100.0% =	100.0% =	96.7%	100.0% ▲	100.0% =

Student Outcomes at KS5

Further improvements have taken place within the reporting period for performance in Key Stage 5 qualifications. Average points per entry and average grade have improved across both academies. Average point score and average grade has improved for both academic and vocational qualifications.

Key Stage 2

Due to Covid-19 there are no outcomes to report for KS2.

Ofsted Inspections

During the reporting period Ofsted did not inspect any THAT academies. All academies that have joined The Howard Academy Trust have either improved or maintained their Ofsted rating when inspected.

Strategic Priorities

The Trust Strategic priorities have been refreshed for the next three years. The Trust refrained from refreshing the Strategic Priorities following a change of Leadership due to the challenges of the pandemic and the impact this has had on leaders and staff within academies. Since April 2021 the new strategic priorities have been launched.

- Continuously improving the quality of provision of all our academies and enhance pupil outcome across the Trust.
- Provide excellent teaching and learning that promotes inclusivity
- Continue to build the profile of THAT to support further growth within the Southeast
- Champion our THAT People Strategy to retain, recruit, develop and reward an excellent workforce
- Ensuring a financially viable and sustainable MAT with a strong business infrastructure
- Ensuring effective leadership and governance at all levels.



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**Trustees' Report**  
**For the Year Ended 31 August 2021**

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Key Performance Indicators

The Directors consider the following are the key performance indicators for the Trust:

- Latest pupil outcomes
- Ofsted ratings for each THAT Academy
- Student Attendance
- Percentage of Income spent on Teaching Staff
- Percentage of Income spent on Total Staff Costs
- Staff Turnover
- Pupil Numbers
- General Financial Position of each THAT Academy

Key performance areas are frequently reported to the Board of Directors via full board meetings or sub committees. The Trust Executive Team are responsible for carrying out the Quality Assurance mechanism within our academies. The Trust uses external School Improvement Advisors for external validation of the Executive Team judgements.

Covid-19 Response

We are very proud of the provision that was offered to children during the last academic year. During the reporting period schools experienced further challenges with disruption to learning and further lockdowns/bubble closures resulting in children being educated remotely.

Throughout the year children remained in school for most of the academic year. Virus control measures remained in place to ensure there was minimal disruption to student learning. Students completed online learning via Google Classroom, Microsoft Teams or Edmodo if a bubble had been closed.

All academies continued to ensure that all students remained safe when in school and when they were not. Safeguarding support was provided by staff making regular contact with students by phone and speaking to the child. For those with social workers this contact was more frequent if required.

The pandemic has created pressures on many families within our Trust community. The Trust ensured that we recognised families that are vulnerable but have not reached social care threshold by providing support to them.

**Going Concern**

After making appropriate enquiries, the Directors 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. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The Directors believe that the Trust is a going concern since there are consistent student numbers and good performance across all our academies, which secures future income for the academies' operations. The Trust currently prepares five-year budget forecasts which enables management to ensure that a secure budget is in place.

The Trust is carrying a net deficit of £547k on revenue income reserves, down significantly from £950k last year. As disclosed in note 21 some individual academies carry a revenue surplus whilst others, and the central trust function, are in deficit. Waterfront UTC has a carried deficit of £899k, and the remainder of the Trust is therefore in a combined surplus position. Waterfront UTC joined the Trust during 2019, and brought a revenue deficit of £131k with it. The position worsened during 2019/20 primarily due to a pupil number adjustment. Whilst Waterfront UTC's deficit increased by a further £65k during 2020/21 the financial position has strengthened considerably.

Further information about the Trust's planned actions to return revenue income funds to surplus is provided in note 21.

**Promoting the success of the company**

The Trust ensures that any decisions made in line with its daily operations or furthering its strategic aims and objectives have due regard to:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company

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**Trustees' Report**  
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The strategic objectives of the Trust are agreed by the Board of Directors to ensure that the areas of focus are considered and their implications across the wider Trust for students and staff are assessed.

The Trust regularly gathers the views of stakeholders including staff, students, parents/carers and Governors. It is important to the Trust that staff voice is taken regularly to ensure that this feedback is used to inform our future improvements to our employment offer.

The Howard Academy Trust has a strong reputation within the community we serve and within the local area/region.

**Financial review**

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

Total income for the year, as shown by the SoFA, amounted to £16.33m, an increase on the £14.96m in the prior year. This total includes capital funding, and the £369k this year included some Condition Improvement Funding (CIF) grants from the ESFA for specific capital projects.

Excluding the capital funding, revenue income funds for the year ended 31 August 2021 were £15.96m, up from £14.89m in the prior year. Most of this revenue income comprises funding for the Trust's academies' educational operations, as detailed in note 4. Core General Annual Grant (GAG) funding is the key element and this has increased by £1.04m in the year.

During 2020/21 the Trust has received some specific funding to help it respond to challenges arising from the Covid-19 pandemic. For example, catch-up premium of £214k has been received to help support pupils to catch up on missed learning opportunities caused by Covid-19.

The SoFA shows total expenditure for the year of £18.19m, leaving an excess of expenditure over income for the year of £1.87m (2020: £2.82m). The actuarial loss of £841k (2020: £996k), which forms part of the movement on the Local Government Pension Scheme (LGPS) fund, means there was an overall reduction in funds of £2.71m (2020: £3.82m).

This overall movement in funds includes a reduction of £1.43m on the restricted fixed asset fund as a result of depreciation charges, predominantly the writing off of the value of the school buildings. The total movement on the LGPS pension reserve of £1.68m is also included. As a result the overall movement shown on the SoFA does not represent any form of meaningful operational result for the year.

The table below reconciles from the movement in funds per the SoFA to the result on revenue income funds, a surplus of £403k. The £46k transfers to the capital fund represent fixed assets acquired with revenue funds, and therefore the operation result, prior to these revenue to capital transfers, was a surplus of £449k.

	2021 (£000s)	2020 (£000s)
Overall net movement in funds for the year per SOFA	(2,708)	(3,818)
Decrease attributable to fixed asset fund	1,432	1,806
LGPS actuarial loss	841	998
LGPS service and interest costs	838	751
<b>Movement in revenue income funds</b>	<b>403</b>	<b>(265)</b>
Add: Transfers from revenue to capital to fund fixed asset additions	46	44
<b>Operational surplus /(deficit) on revenue funds before transfers to capital</b>	<b>449</b>	<b>(221)</b>

At 31 August 2021, the net book value of fixed assets was £45m and movements in tangible fixed assets are shown in note 16 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

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**Trustees' Report**  
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**Financial position**

The Trust held fund balances at 31 August 2021 of £35.8m (2020: £38.5m). These funds comprised:

- restricted fixed asset funds of £44.9m (2020: £46.4m) which represent the net book value of fixed assets, together with any unspent capital grant money, less associated permitted loans;
- revenue income reserves, which were in overall deficit by £547k (2020: deficit of £950k) split across restricted and unrestricted funds as shown in note 21. The deficit position on these funds is explained in the going concern paragraph above and in note 21.
- The pension reserve deficit of £8.65m (2020: £6.97m). This funds represents the Trust's apportioned share of the LGPS deficit. The increase in this reserve during the year has arisen because of the actuarial loss that occurred in the financial year along with the other pension current service and finance costs. The deficit is not a concern and does not mean that an immediate liability crystallises. It can be described as an accounting deficit which has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the multi-academy trust are fixed until 1 April 2023.

**Reserves Policy**

The Directors review the reserve levels of the trust annually. The policy of the Directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Trust whilst ensuring that excessive funds are not accumulated. The Directors always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

As noted in the financial position section above, revenue income funds were in deficit by £547k at 31 August 2021, whilst still a deficit, this reflects a 2020/21 in year surplus of £403k and a 42.5% improvement in the consolidated position, which is a notable turn around. Waterfront UTC reports a deficit of £834k at 31/08/2021 and remains an ongoing challenge, although pupil numbers for 2021/22 are 22% higher than the prior year, which is positive.

The Trust have set a budget for 2021/22 which anticipates a further in year surplus of £274k, which would lead to a 50% reduction against the 2020/21 carried forward deficit of £547k. Directors are confident that the Trust has made and is continuing to make significant financial improvements, working towards reserve targets of 5% of GAG for all schools.

**Investment Policy**

The Academy Trust does not currently invest funds. The Directors 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.

**Principal Risks and Uncertainties**

The principal goal for the Academy Trust is to safeguard its long-term ability to continue to attract high calibre staff, 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. Most 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 Directors 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 Government is currently transitioning towards National Funding Formula. Early indications show that all THAT academies will benefit from the new formula. The Directors have mitigated this risk by being mindful of the situation and are therefore constantly monitoring and promoting each academy within the Trust to ensure that it has sufficient pupil numbers.

The deficit within the Local Government Pension Scheme (LGPS) remains a key risk for the Trust as this has increased significantly in recent years. The pension fund is reviewed on a triennial basis by the scheme actuaries which could cause the pension contribution rate to increase. This creates a substantial risk for the Trust and could cause support staff costs to increase significantly.

COVID 19 remains a risk and within the reporting period has resulted in the academy trust incurring significant additional costs to ensure schools could remain open and safe.

**FUNDRAISING**

Fundraising within the organisation is limited due to the nature of the organisation. Any funds raised are donated to charities for a specific purpose for example Children in Need. The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Trustees' Report  
For the Year Ended 31 August 2021

**STREAMLINED ENERGY AND CARBON REPORTING**

UK Greenhouse gas emissions and energy use data for the period	1 September 2020 to 31 August 2021	1 September 2019 to 31 August 2020
Energy consumption used to calculate emissions (kWh)	235,530	235,530
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	31.32	41.32
Owned transport – mini-buses	4.35	4.65
<b>Total scope 1</b>	<b>35.67</b>	<b>45.97</b>
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	10.86	12.86
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	0.36	0.52
<b>Total gross emissions in metric tonnes CO2e</b>	<b>46.89</b>	<b>59.35</b>
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.03	0.04

Quantification and Reporting Methodology:

We have followed the HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the UK Government’s Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

**PLANS FOR FUTURE PERIODS**

A refresh of the Trust Vision & Values took place from April – August 2021 and will be launched in the 2021-22 academic year. The revised vision & values has been co-constructed by a wide range of staff from across the Trust to ensure that it underpins everything that we do within the organisation.

The vision statement from September 2021 has been amended to be “Working together to build a community of successful learners”. This is underpinned by four core values of Inclusivity, dignity, respect and ambition.

This is underpinned by four core values:

- Inclusivity
- Dignity
- Respect
- Ambition

The mission statement of the Trust consists of:

Learning and growth are at the heart of The Howard Academy Trust ethos. We strongly advocate that all members of our community have the opportunity to become the very best that they can be. We recognise and value the unique talents and expertise within our community and aim to create a culture of dignity, inclusivity, respect and ambition, where all can thrive.

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2021**

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The mission statement of the Trust consists of:

Learning and growth are at the heart of The Howard Academy Trust ethos. We strongly advocate that all members of our community have the opportunity to become the very best that they can be. We recognise and value the unique talents and expertise within our community and aim to create a culture of dignity, inclusivity, respect and ambition, where all can thrive.

This is achieved through:

- Excellent teaching and learning that celebrates diversity whilst promoting inclusivity;
- Regular opportunities for collaborative high quality CPD to ensure best practice across academies;
- A proactive network for joint working across academies, for staff at various career stages;
- The highest standards of behaviour and conduct achieved through clear expectations and positive relationships;
- The unique character of each academy is valued and contributes to the THAT whole Trust ethos;
- Shared whole trust values of dignity, respect and ambition.
- High aspirations for all involved with the Trust;
- Each academy is a hub for its local community and families;
- Facing outwards and working in collaboration with other organisations and stakeholders;
- A centralised team that allows academy leaders to focus on their core purpose of education.

**AUDITOR**

In so far as the trustees are aware:

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

The Directors report, incorporating a strategic report, was approved by order of the Board of Directors, and signed on the board's behalf by:



**Mr D McDonald**  
Chair of Directors



**Mr O McColgan**  
Accounting Officer

Date: 15 December 2021

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2021**

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**Scope of Responsibility**

As Directors, 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.

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

The board of directors 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 directors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Directors Report and in the Statement of Directors Responsibilities. The board of trustees has formally met [x] times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass	6	6
Mr D Giles	5	6
Mr O McColgan – Chief Executive	6	6
Mr D McDonald – Chair of Directors	5	6
Mr R McKenna	4	6
Ms C Nott	6	6

**Governance reviews**

The Trust conducted a full external review of Governance in May 2021. This was conducted by a National Leader of Governance and was commissioned via the Confederation Schools Trust.

The review undertaken analysed the impact and the effectiveness of the Board of Directors, Trust Executive Leaders and Local Governance in Local Academy Boards.

The review consisted of:

- A review of key governance documentation.
- Website compliance review
- One-to-one discussions with Members, CEO, Directors, Principals, and LAB Chairs
- A questionnaire for Board attendees.
- A questionnaire for Local Academy Boards
- Observation of a wide range of Trust and LAB meetings
- A report with recommendations.

The main enquiry lines used to evaluate Governance within the review consisted of:

- Strategic governance, leadership, and direction
- The impact and effectiveness of governance
- Members, Directors, the Board, and its committees
- Local Academy Boards

Findings within the report have found that the Board of Directors robustly challenge the Trust Executive Team for implementing the Strategic Priorities of the Trust. Areas of development within the view focussed on strengthening the link between the Board of Directors and Local Academy Boards ensuring that all key stakeholders are aware of their role within the Governance structure of the Trust.

The Board of Directors will carry out a self-evaluation of Governance at the end of the next reporting period and will carry out periodic external reviews of Governance as appropriate.

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2021**

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The Finance, Personnel and Estates committee is a sub-committee of the main board of trustees. Its purpose is to:

- Initially reviewing and recommendation of the annual budget to the Board of Directors;
- 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 Directors;
- Reviewing the financial policies of the Academy and where necessary make recommendations to the Board of Directors

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass	3	3
Mr O McColgan – Chief Executive	3	3
Mr D McDonald – Chair of Directors	3	3
Mr R McKenna	2	3

Mr S Bass, a member of the Finance, Personnel & Estates Committee, is a qualified accountant.

The audit 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.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass	3	3
Mr D Giles	3	3
Mr D McDonald	3	3

### **Review of value for money**

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

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

- Reviewing all non-staffing contracts at renewal to obtain better value for money, achieving £84k of savings in 2020/21 and future guaranteed savings of a further £91k for the next three years. The Trust is committed to continually reviewing value for money from non-staffing expenditure.
- Restructures at schools that had unfavourable financial positions, including Deanwood Primary School and Waterfront UTC
- Further enhancing centralisation of procurement to ensure improved VFM across new tenders
- Implementation of the recommendations from the School Resource Management Advisor Review which has achieved £10k of savings in year and an estimated £600k of savings over the next 3 years.
- Introduced marketing to help maintain and grow pupil numbers across schools, to help tackle demographic issues

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2021**

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**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Howard Academy Trust for the year to 31 August 2021 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of directors have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period year to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

**The Risk and Control Framework**

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

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

The board of trustees has decided to appoint an internal scrutiny partner to support the Trust in meeting its Internal Scrutiny requirements and to provide assurance to the board of trustees. After a successful tender, McCabe Ford Williams were appointed as Internal Scrutiny partner, they will support on financial audits only. Specialist scrutiny partners will be brought in for services such as educational monitoring assurance.

The Trust complies with the requirement to have a separate internal scrutiny and external audit firm.

The role of McCabe Ford Williams includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period focused on payroll and purchasing internal controls.

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



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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Governance Statement**  
**For the Year Ended 31 August 2021**

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**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 or the school resource management self-assessment tool
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by the Board of Directors and signed on its behalf by:



**Dan McDonald**  
Chairman of Trustees



**Owen McColgan**  
Accounting Officer

Date: 15 December 2021

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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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 Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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



**Mr O McColgan**  
Accounting Officer

Date: 15 December 2021

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Statement of Trustees' responsibilities**  
**For the Year Ended 31 August 2021**

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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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



**Mr D McDonald**  
Chair of Trustees

Date: 15 December 2021

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' 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 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the financial statements to the Members of The Howard Academy Trust**  
**(continued)**

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**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.

**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

***How the audit was considered capable of detecting irregularities including fraud***

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the academy trust through discussions with management, and from our commercial knowledge and experience of the academy and wider education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the academy trust, including the Academies Financial Handbook, Annual Accounts Direction, Charity SORP and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the financial statements to the Members of The Howard Academy Trust**  
**(continued)**

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We assessed the susceptibility of the academy trust's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

**Other matters**

The financial statements for the year ended 31 August 2020 were audited by the predecessor auditor, Crowe U.K. LLP. The audit report was issued on 28 January 2021 and expressed an unqualified opinion on the financial statements.

**Use of our report**

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



**Allan Hickie BSc FCA (Senior statutory auditor)**  
for and on behalf of  
**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 20 December 2021

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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 and Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 6 April 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Howard Academy Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Howard Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Howard Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Howard Academy Trust and 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 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Howard Academy Trust for the year ended 31 August 2021 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

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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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 20 December 2021



**The Howard Academy Trust**  
(A company limited by guarantee)

**Statement of financial activities (incorporating income and expenditure account)**  
**For the Year Ended 31 August 2021**

		Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2020</i> <i>£</i>
	Note					
<b>Income from:</b>						
Donations and capital grants	3	997	-	369,027	370,024	73,059
Other trading activities	5	243,343	45,387	-	288,730	290,445
Investments	6	121	-	-	121	398
Funding for educational operations	4	572	15,666,936	-	15,667,508	14,591,264
<b>Total income</b>		<b>245,033</b>	<b>15,712,323</b>	<b>369,027</b>	<b>16,326,383</b>	<b>14,955,166</b>
<b>Expenditure on:</b>						
Raising funds	8	155	77,812	-	77,967	90,703
Charitable activities	9	56,155	16,212,453	1,847,265	18,115,873	17,686,959
<b>Total expenditure</b>		<b>56,310</b>	<b>16,290,265</b>	<b>1,847,265</b>	<b>18,193,840</b>	<b>17,777,662</b>
<b>Net income/(expenditure)</b>		<b>188,723</b>	<b>(577,942)</b>	<b>(1,478,238)</b>	<b>(1,867,457)</b>	<b>(2,822,496)</b>
Transfers between funds	21	-	(45,783)	45,783	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>188,723</b>	<b>(623,725)</b>	<b>(1,432,455)</b>	<b>(1,867,457)</b>	<b>(2,822,496)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	29	-	(841,000)	-	(841,000)	(996,000)
<b>Net movement in funds</b>		<b>188,723</b>	<b>(1,464,725)</b>	<b>(1,432,455)</b>	<b>(2,708,457)</b>	<b>(3,818,496)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		466,611	(8,390,537)	46,387,475	38,463,549	42,282,045
Net movement in funds		188,723	(1,464,725)	(1,432,455)	(2,708,457)	(3,818,496)
<b>Total funds carried forward</b>	21	<b>655,334</b>	<b>(9,855,262)</b>	<b>44,955,020</b>	<b>35,755,092</b>	<b>38,463,549</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

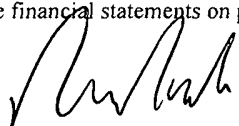
The notes on pages 26 to 51 form part of these financial statements.


**The Howard Academy Trust**  
**(A company limited by guarantee)**  
**Registered number: 09175427**

**Balance Sheet**  
**As at 31 August 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	16	45,003,929	46,393,387
<b>Current assets</b>			
Stocks	17	-	2,720
Debtors	18	648,367	610,113
Cash at bank and in hand		589,261	379,213
		<u>1,237,628</u>	<u>992,046</u>
Creditors: amounts falling due within one year	19	(1,786,334)	(1,786,884)
<b>Net current liabilities</b>		<u>(548,706)</u>	<u>(794,838)</u>
<b>Total assets less current liabilities</b>		<u>44,455,223</u>	<u>45,598,549</u>
Creditors: amounts falling due after more than one year	20	(47,131)	(161,000)
<b>Net assets excluding pension liability</b>		<u>44,408,092</u>	<u>45,437,549</u>
Defined benefit pension scheme liability	29	(8,653,000)	(6,974,000)
<b>Total net assets</b>		<u><u>35,755,092</u></u>	<u><u>38,463,549</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	44,955,020	46,387,475
Restricted income funds	21	(1,202,262)	(1,416,537)
Restricted funds excluding pension liability	21	<u>43,752,758</u>	<u>44,970,938</u>
Pension reserve	21	(8,653,000)	(6,974,000)
<b>Total restricted funds</b>	21	<u>35,099,758</u>	<u>37,996,938</u>
<b>Unrestricted income funds</b>	21	<u>655,334</u>	<u>466,611</u>
<b>Total funds</b>		<u><u>35,755,092</u></u>	<u><u>38,463,549</u></u>

The financial statements on pages 23 to 51 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

  
**Mr D McDonald**  
 Chair of Trustees

  
**Mr O McColgan**  
 Chief Executive & Accounting Officer

Date: 15 December 2021

The notes on pages 26 to 51 form part of these financial statements.

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**The Howard Academy Trust**  
**(A company limited by guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 August 2021**

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	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	23	604,758	(299,760)
<b>Cash flows from investing activities</b>	25	(88,659)	(13,347)
<b>Cash flows from financing activities</b>	24	(306,051)	620,113
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		210,048	307,006
Cash and cash equivalents at the beginning of the year		379,213	72,207
<b>Cash and cash equivalents at the end of the year</b>	26, 27	<hr/> <hr/> 589,261	<hr/> <hr/> 379,213

The notes on pages 26 to 51 form part of these financial statements

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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 2021**

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

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

**1.2 Going concern**

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

**1.3 Income**

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

• **Grants**

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

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

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

• **Donations**

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

**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.

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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 2021**

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**1. Accounting policies (continued)**

**1.4 Expenditure (continued)**

• **Expenditure on raising funds**

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

**1.6 Taxation**

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

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

**1.7 Tangible fixed assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- 10-49 years
Long-term leasehold property	- 39-125 years
Furniture and equipment	- 15%
Computer equipment	- 33%

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.

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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 2021**

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**1. Accounting policies (continued)**

**1.8 Stocks**

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

**1.9 Debtors**

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

**1.10 Cash at bank and in hand**

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

**1.11 Liabilities**

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

**1.12 Financial instruments**

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

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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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 2021**

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**1. Accounting policies (continued)**

**1.13 Pensions**

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

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

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

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

**1.14 Fund accounting**

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

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

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

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

**The Howard Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

We consider that there has been one key area of judgement in respect of the actuarial assumptions made leading to the closing pension scheme liability:

The "**McCloud/Sargeant judgements**". These employment tribunal cases relate to all public sector pension schemes and not specifically to the academy trust. The cases relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material and a past service cost adjustment was made, within staff costs, in the trusts 2018/19 financial statements.

Since then a consultation has taken place. Then, on 13 May 2021, the Government issued a ministerial statement which confirms that changes will be made to the LGPS Regulations to compensate members directly affected by the change to career average benefits from 1 April 2014. The Government's intention is that revised regulations will come into force on 1 April 2023, and draft regulations are expected later in 2021.

In July 2021 the actuary has indicated that they do not believe there are any material differences between the approach underlying the estimated allowance and the proposed remedy, and therefore no further subsequent adjustment has been made.

**3. Income from donations and capital grants**

	Unrestricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	997	-	997	5,635
Capital grants	-	369,027	369,027	67,424
	<u>997</u>	<u>369,027</u>	<u>370,024</u>	<u>73,059</u>
<i>Analysis of 2020 by fund</i>	<u>5,635</u>	<u>67,424</u>	<u>73,059</u>	



**The Howard Academy Trust**  
(A company limited by guarantee)

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**4. Funding for educational operations**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>As restated</i> <i>Total</i> <i>funds</i> <i>2020</i> <i>£</i>
<b>DfE/ESFA grants</b>				
General Annual Grant	-	13,317,534	13,317,534	12,282,380
Other DfE/ESFA grants				
Rates reclaim	-	113,511	113,511	109,911
Pupil Premium	-	467,639	467,639	489,801
16-19 Bursary Funding	-	17,137	17,137	24,188
Universal Infant Free School Meals	-	137,800	137,800	140,504
PE and Sports Grant	-	64,807	64,807	74,800
Teachers' pay grant	-	179,326	179,326	175,618
Teachers' pension grant	-	506,723	506,723	495,051
Transition funding	-	100,000	100,000	200,000
Others	-	88,336	88,336	(17,647)
	-	14,992,813	14,992,813	13,974,606
<b>Other Government grants</b>				
Local Authority - Special Educational Needs	-	30,436	30,436	22,883
Local Authority - Early Years	-	177,334	177,334	191,364
Other Government Revenue Grants	-	145,103	145,103	119,741
	-	352,873	352,873	333,988
<b>Other income from educational operations</b>	572	49,156	49,728	131,671
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Catch-up Premium	-	213,640	213,640	-
Other DfE/ESFA COVID-19 funding	-	52,979	52,979	145,271
	-	266,619	266,619	145,271
<b>COVID-19 additional funding (non-DfE/ESFA)</b>				
Coronavirus Job Retention Scheme grant	-	5,475	5,475	5,728
	-	5,475	5,475	5,728
	572	15,666,936	15,667,508	14,591,264
<i>Analysis of 2020 by fund</i>	3,089	14,588,175	14,591,264	

Following the reclassification in the Academies Accounts Direction 2020 to 2021 of some grants received from the Department for Education and ESFA, they are now reported as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

**The Howard Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**4. Funding for educational operations (continued)**

The academy received £214k of funding for catch-up premium to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). Costs incurred in respect of this funding totalled £214k.

Other DfE/ESFA Covid-19 funding of £53k includes £71k of income provided by the DfE to support schools with the costs associated with the coronavirus National Testing Programme, less an £18k adjustment for incorrectly claimed costs in 2020.

The academy furloughed a few of its staff under the government's CJRS. The funding received of £5,475 relates to staff costs which are included within note 12 below as appropriate.

**5. Income from other trading activities**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>As restated</i> Total funds 2020 £
Other income	100,516	45,387	145,903	187,814
Lettings income	142,827	-	142,827	102,631
	<u>243,343</u>	<u>45,387</u>	<u>288,730</u>	<u>290,445</u>
<i>Analysis of 2020 by fund</i>	<u>107,995</u>	<u>182,450</u>	<u>290,445</u>	

**6. Investment income**

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total</i> funds 2020 £
Bank interest	121	121	398
	<u>121</u>	<u>121</u>	<u>398</u>
<i>Analysis of 2020 by fund</i>	<u>398</u>	<u>398</u>	

**The Howard Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**7. Expenditure**

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	<i>As restated</i> <i>Total</i> <i>2020</i> <i>£</i>
Expenditure on raising voluntary income:					
Direct costs	60,074	-	17,893	77,967	90,703
Educational operations:					
Direct costs	11,229,215	1,187,567	1,940,416	14,357,198	14,325,983
Allocated support costs	2,437,535	865,287	455,853	3,758,675	3,360,976
	<u>13,726,824</u>	<u>2,052,854</u>	<u>2,414,162</u>	<u>18,193,840</u>	<u>17,777,662</u>
<i>Analysis of 2020 by type</i>	<u>13,214,269</u>	<u>2,099,597</u>	<u>2,463,796</u>	<u>17,777,662</u>	

**8. Expenditure on raising funds**

**Fundraising trading expenses**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total</i> <i>funds</i> <i>2020</i> <i>£</i>
Letting expenditure	155	-	155	2,049
Sports partnership - other costs	-	17,738	17,738	31,434
Sports partnership - salaries	-	45,769	45,769	43,662
Sports partnership - national insurance	-	5,045	5,045	4,826
Sports partnership - pension costs	-	9,260	9,260	8,732
	<u>155</u>	<u>77,812</u>	<u>77,967</u>	<u>90,703</u>
<i>Analysis of 2020 by fund</i>	<u>2,049</u>	<u>88,654</u>	<u>90,703</u>	

**The Howard Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**9. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total funds 2021 £</b>	<i>As restated Total funds 2020 £</i>
Educational operations	56,155	18,059,718	18,115,873	17,686,959
<i>Analysis of 2020 by fund</i>	<u>23,400</u>	<u>17,663,559</u>	<u>17,686,959</u>	

**10. Analysis of expenditure by activities**

	<b>Direct costs 2021 £</b>	<b>Support costs 2021 £</b>	<b>Total funds 2021 £</b>	<i>As restated Total funds 2020 £</i>
Educational operations	14,357,198	3,758,675	18,115,873	17,686,959
<i>Analysis of 2020</i>	<u>14,325,983</u>	<u>3,360,976</u>	<u>17,686,959</u>	

**Analysis of support costs**

	<b>Total funds 2021 £</b>	<i>As restated Total funds 2020 £</i>
Staff costs	2,437,535	2,059,851
Maintenance of premises and equipment	865,287	815,893
Other support costs	428,991	461,832
Governance costs	26,862	23,400
	<u>3,758,675</u>	<u>3,360,976</u>

**The Howard Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**11. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,847,265	1,918,043
Fees paid to auditors for:		
- audit	16,950	18,950
- other services	5,350	3,350
	<u>1,869,565</u>	<u>1,940,343</u>

**12. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2021 £	<i>As restated</i> 2020 £
Wages and salaries	9,740,494	9,512,348
Social security costs	922,610	902,332
Pension costs	2,957,785	2,691,068
	<u>13,620,889</u>	<u>13,105,748</u>
Agency staff costs	24,961	100,736
Staff restructuring costs	80,974	7,785
	<u>13,726,824</u>	<u>13,214,269</u>

Staff restructuring costs comprise:

	2021 £	2020 £
Redundancy payments	51,215	-
Severance payments	-	7,785
Other restructuring costs	29,759	-
	<u>80,974</u>	<u>7,785</u>

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

There was one, non contractual loss of office payment of £18,000 during the 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 2021**

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**12. Staff (continued)**

**c. Staff numbers**

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Teachers	160	167
Administration and Support	176	186
Management	24	22
	<u>360</u>	<u>375</u>

**d. Higher paid staff**

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	6	6
In the band £70,001 - £80,000	2	4
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	1	1
In the band £110,001 - £120,000	1	-
	<u>1</u>	<u>-</u>

**e. Key management personnel**

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £561,258 (2020 - £893,911). The decrease in key management remuneration is due to a re-structure of the senior leadership team.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

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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
- Head of Finance and Estates Management 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 school is charged 7.5% of their GAG funding for each financial year.

The actual amounts charged during the year were as follows:

	2021	2020
	£	£
The Howard School	551,580	524,119
Temple Mill Primary School	61,140	59,893
Deanwood Primary School	56,304	57,067
Thamesview Primary School	118,128	109,956
Miers Court Primary School	109,404	103,039
Waterfront UTC	96,540	74,816
<b>Total</b>	<b>993,096</b>	<b>928,890</b>

**14. Trustees' remuneration and expenses**

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

		2021	2020
		£	£
P Morris, resigned 31 December 2019	Remuneration	-	15,000 - 20,000
O McColgan	Remuneration	115,000 - 120,000	95,000 - 100,000
	Pension contributions paid	25,000 - 30,000	20,000 - 25,000

During the year ended 31 August 2021, expenses totalling £319 were reimbursed or paid directly to 1 Trustee (2020 - £nil)

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**15. Trustees' and Officers' insurance**

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

**16. Tangible fixed assets**

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2020	32,679,429	18,717,145	1,390,368	2,165,695	54,952,637
Additions	296,285	4,418	42,201	114,903	457,807
At 31 August 2021	<u>32,975,714</u>	<u>18,721,563</u>	<u>1,432,569</u>	<u>2,280,598</u>	<u>55,410,444</u>
<b>Depreciation</b>					
At 1 September 2020	4,215,702	1,867,469	785,927	1,690,152	8,559,250
Charge for the year	677,984	509,583	193,288	466,410	1,847,265
At 31 August 2021	<u>4,893,686</u>	<u>2,377,052</u>	<u>979,215</u>	<u>2,156,562</u>	<u>10,406,515</u>
<b>Net book value</b>					
At 31 August 2021	<u>28,082,028</u>	<u>16,344,511</u>	<u>453,354</u>	<u>124,036</u>	<u>45,003,929</u>
At 31 August 2020	<u>28,463,727</u>	<u>16,849,676</u>	<u>604,441</u>	<u>475,543</u>	<u>46,393,387</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)
- Waterfront UTC (transferred into the academy on 1 April 2019 at book value with no independent valuation carried out as book value was considered to be materially equivalent to the fair value).

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.



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**For the Year Ended 31 August 2021**

**17. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	-	2,720

**18. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	44,315	71,760
Other debtors	43,871	13,198
Prepayments and accrued income	513,016	473,010
VAT recoverable	47,165	52,145
	<u>648,367</u>	<u>610,113</u>

**19. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other loans	300,147	495,162
Trade creditors	314,053	405,478
Other taxation and social security	468,841	421,175
Other creditors	85,779	198,552
Accruals and deferred income	617,514	266,517
	<u>1,786,334</u>	<u>1,786,884</u>

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2020	104,232	85,292
Resources deferred during the year	174,726	104,232
Amounts released from previous periods	(104,232)	(85,292)
	<u>174,726</u>	<u>104,232</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2021-22 academic year for Universal Infant Free School Meals, Catch up Premium, PE and Sports grant, early years funding and Rates relief as well as a Birth Council grant.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

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**20. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Other loans	47,131	161,000

Included in other loans due within one year is a loan of £1,563 (2020 - £6,250) from Medway Council, two Salix loans with a debtor balance totalling £1,416 (2020 - £5,912), a loan from the ESFA of £295,045 (2020 - £483,000) and a CIF loan of £4,955 (2020 - £nil)

The loan from Medway Council is repayable over 4 years which commenced during April 2016 and was due to end in March 2020. It has been confirmed with Medway Council that the loan has been fully repaid and the balance showing of £1,563 will be written off in the year ended 31 August 2022. The loan is interest free.

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

The second Salix loan was repayable over 8 years, which commenced on 1 September 2019 and scheduled to end in March 2027. The loan is interest free. The original Salix loan was not recognised at commencement therefore an adjustment of £2,833 is needed to be made in the year ended 31 August 2022 to correct the debtor balance sitting within other loans due within one year.

The loan from the ESFA is repayable in instalments with final payment due in July 2022. The loan is interest free.

The CIF loan is repayable over 10 years with repayments starting 1 September 2021 and ending August 2031. Interest is charged at a rate of 2.22% per annum.

Within creditors falling due after more than one year is a Salix loan totalling £7,085 (2020 - £nil) and CIF loan of £40,046 (2020 - £nil). In the prior year the £161,000 related to the loan from the ESFA.

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

	2021 £	2020 £
Payable or repayable by instalments	21,642	-

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**21. Statement of funds**

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
<b>Unrestricted funds</b>						
General Funds	466,611	245,033	(56,310)	-	-	655,334
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(1,416,537)	13,317,534	(13,042,944)	(60,315)	-	(1,202,262)
Other DfE/ESFA grants	-	1,675,279	(1,675,279)	-	-	-
Other government grants	-	358,348	(358,348)	-	-	-
Other restricted funds	-	94,543	(109,075)	14,532	-	-
Covid catchup premium	-	213,640	(213,640)	-	-	-
Other DfE/ESFA Covid funding	-	52,979	(52,979)	-	-	-
Pension reserve	(6,974,000)	-	(838,000)	-	(841,000)	(8,653,000)
	(8,390,537)	15,712,323	(16,290,265)	(45,783)	(841,000)	(9,855,262)
<b>Restricted fixed asset funds</b>						
Fixed assets	46,393,387	-	(1,847,265)	457,807	-	45,003,929
DfE/ESFA capital grants	-	414,028	-	(412,266)	-	1,762
Salix loans	(5,912)	-	-	242	-	(5,670)
CIF loan	-	(45,001)	-	-	-	(45,001)
	46,387,475	369,027	(1,847,265)	45,783	-	44,955,020
<b>Total Restricted funds</b>	37,996,938	16,081,350	(18,137,530)	-	(841,000)	35,099,758
<b>Total funds</b>	38,463,549	16,326,383	(18,193,840)	-	(841,000)	35,755,092

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

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**21. Statement of funds (continued)**

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

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 it could carry forward as at 31 August 2021.

The other DfE/ESFA grants fund is used to track core non-GAG money received from the DfE/ESFA and connected bodies, including Pupil Premium, teachers' pay grant, teachers' pension grant, rates relief, universal infant free school meals, PE and Sports grant.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from the Local Authority.

The Catch-up premium fund tracks additional Covid-related funding provided by the DfE during the year to support children and young people to catch up on missed learning caused by coronavirus.

Other Covid funding relates to mass testing grants, provided by the DfE to support schools with the costs associated with the coronavirus National Testing Programme. This fund also includes the grants received by the schools in relation to Covid-19 expenditure claims.

The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held. This fund is also used to track the loans received in respect of fixed asset purchases. The net transfer to the restricted fixed asset fund of £45,783 comprises total capital expenditure met from revenue reserves as well as the loan repayments.

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

Deficit on revenue income funds

The Trust is carrying a net deficit of £1,202,262 on General Annual Grant fund for the following reason:

This is primarily due to historic debt at Waterfront UTC and some of the Trust's primary academies not being full in recent years. Including the surplus of £655,334 on unrestricted general funds the Trust's revenue income funds were in deficit by £546,928 at 31 August 2021.

The Trust is taking the following action to return these funds to surplus:

The Trust has plans in place to return Deanwood Primary School and the central fund to surplus.

Deanwood Primary school has a deficit recovery plan in place, which included the previously external nursery provision joining the school from September 2021 and a restructure of the nursery, wrap around and admin functions of the school to ensure more appropriate staffing structures. The 5-year plan for the school shows the school balancing their budget over the next 5 years.

The Trust central fund is budgeted to be balanced by the end of 2022/23, whilst ensuring a sizeable school improvement pot in each of the next two years.

Waterfront UTC remains a financial challenge. The Trust secured a 20% growth in pupil numbers for September 2021 and expect to achieve further growth for the following school year. This is crucial to ensuring the schools long term viability; a deficit of this size for a school of the UTC's size is challenging. The Trust has is exploring potential opportunities to secure the UTC's financial position.

The 2020/21 year has evidenced a 42% improvement in the consolidated position and evidences the Trusts ability to improve the financial position.

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**21. Statement of funds (continued)**

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

	<i>Balance at 1 September 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>As restated Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2020</i>
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
General Funds	383,396	108,664	(25,449)	-	-	466,611
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(1,068,402)	12,738,848	(13,042,940)	(44,043)	-	(1,416,537)
Other DfE/ESFA grants	-	1,607,307	(1,607,307)	-	-	-
Other government grants	-	27,901	(27,901)	-	-	-
Other restricted funds	-	597,545	(597,545)	-	-	-
Pension reserve	(5,227,000)	-	(751,000)	-	(996,000)	(6,974,000)
	<u>(6,295,402)</u>	<u>14,971,601</u>	<u>(16,026,693)</u>	<u>(44,043)</u>	<u>(996,000)</u>	<u>(8,390,537)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	48,230,261	-	(1,918,043)	81,169	-	46,393,387
DfE/ESFA capital grants	-	67,424	-	(67,424)	-	-
Salix loans	(36,210)	-	-	30,298	-	(5,912)
	<u>48,194,051</u>	<u>67,424</u>	<u>(1,918,043)</u>	<u>44,043</u>	<u>-</u>	<u>46,387,475</u>
<b>Total Restricted funds</b>	<u>41,898,649</u>	<u>15,039,025</u>	<u>(17,944,736)</u>	<u>-</u>	<u>(996,000)</u>	<u>37,996,938</u>
<b>Total funds</b>	<u><u>42,282,045</u></u>	<u><u>15,147,689</u></u>	<u><u>(17,970,185)</u></u>	<u><u>-</u></u>	<u><u>(996,000)</u></u>	<u><u>38,463,549</u></u>

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

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**21. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2021 were allocated as follows:

	<b>2021</b>	<i>2020</i>
	<b>£</b>	<b>£</b>
The Howard Academy Trust (central)	(174,944)	(275,428)
The Howard School	265,130	(52,150)
Temple Mill Primary School	67,420	53,270
Deanwood Primary School	(108,054)	(110,136)
Thamesview Primary School	255,671	219,333
Miers Court Primary School	46,799	48,818
Waterfront UTC	(898,950)	(833,633)
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	(546,928)	(949,926)
Restricted fixed asset fund	44,955,020	46,387,475
Pension reserve	(8,653,000)	(6,974,000)
	<hr/>	<hr/>
<b>Total</b>	<b>35,755,092</b>	<b>38,463,549</b>
	<hr/> <hr/>	<hr/> <hr/>

The funds analysis above shows the Trust's total funds before fixed asset funds and the pension reserve were in deficit by £546,928. This figure equates to the Trust's revenue income reserves for day-to-day operating activities.

The reasons for the deficit and the action being taken to return the funds to surplus are explained on page 43.

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**Notes to the Financial Statements**  
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**21. Statement of funds (continued)**

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
The Howard Academy Trust (central)	301,383	1,269,445	550	203,101	1,774,479	1,432,976
The Howard School	5,818,973	735,169	301,027	822,644	7,677,813	7,619,304
Temple Mill Primary School	774,512	76,960	41,006	150,140	1,042,618	966,723
Deanwood Primary School	623,497	86,530	28,813	148,722	887,562	922,334
Thamesview Primary School	1,375,990	101,361	53,994	264,606	1,795,951	1,745,569
Miers Court Primary School	1,212,033	110,281	79,890	192,609	1,594,813	1,554,095
Waterfront UTC	1,122,827	117,863	68,519	264,130	1,573,339	1,618,618
<b>Academy</b>	<b>11,229,215</b>	<b>2,497,609</b>	<b>573,799</b>	<b>2,045,952</b>	<b>16,346,575</b>	<b>15,859,619</b>

**22. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	45,003,929	45,003,929
Current assets	722,850	513,016	1,762	1,237,628
Creditors due within one year	(67,516)	(1,715,278)	(3,540)	(1,786,334)
Creditors due in more than one year	-	-	(47,131)	(47,131)
Provisions for liabilities and charges	-	(8,653,000)	-	(8,653,000)
<b>Total</b>	<b>655,334</b>	<b>(9,855,262)</b>	<b>44,955,020</b>	<b>35,755,092</b>

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**22. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	-	-	46,393,387	46,393,387
Current assets	466,611	525,435	-	992,046
Creditors due within one year	-	(1,780,972)	(5,912)	(1,786,884)
Creditors due in more than one year	-	(161,000)	-	(161,000)
Provisions for liabilities and charges	-	(6,974,000)	-	(6,974,000)
<b>Total</b>	<b>466,611</b>	<b>(8,390,537)</b>	<b>46,387,475</b>	<b>38,463,549</b>

**23. Reconciliation of net expenditure to net cash flow from operating activities**

	<b>2021 £</b>	<b>2020 £</b>
Net expenditure for the year (as per Statement of financial activities)	(1,867,457)	(2,822,496)
<b>Adjustments for:</b>		
Depreciation	1,847,265	1,918,043
Capital grants from DfE and other capital income	(369,027)	(67,424)
Interest receivable	(121)	(398)
Defined benefit pension scheme cost less contributions payable	730,000	554,000
Defined benefit pension scheme finance cost	108,000	97,000
Decrease in stocks	2,720	-
(Increase)/decrease in debtors	(38,254)	27,917
Increase/(decrease) in creditors	191,632	(6,402)
<b>Net cash provided by/(used in) operating activities</b>	<b>604,758</b>	<b>(299,760)</b>

**24. Cash flows from financing activities**

	<b>2021 £</b>	<b>2020 £</b>
Cash inflows from new borrowing	56,337	644,000
Repayments of borrowing	(362,388)	(23,887)
<b>Net cash (used in)/provided by financing activities</b>	<b>(306,051)</b>	<b>620,113</b>



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**25. Cash flows from investing activities**

	2021	2020
	£	£
Dividends, interest and rents from investments	121	398
Purchase of tangible fixed assets	(457,807)	(81,169)
Capital grants from DfE Group	369,027	67,424
<b>Net cash used in investing activities</b>	<b>(88,659)</b>	<b>(13,347)</b>

**26. Analysis of cash and cash equivalents**

	2021	2020
	£	£
Cash in hand and at bank	589,261	379,213
<b>Total cash and cash equivalents</b>	<b>589,261</b>	<b>379,213</b>

**27. Analysis of changes in net debt**

	At 1 September 2020	Cash flows	At 31 August 2021
	£	£	£
Cash at bank and in hand	379,213	210,048	589,261
Debt due within 1 year	(495,162)	195,015	(300,147)
Debt due after 1 year	(161,000)	113,869	(47,131)
	<b>(276,949)</b>	<b>518,932</b>	<b>241,983</b>

**28. Capital commitments**

	2021	2020
	£	£
<b>Contracted for but not provided in these financial statements</b>		
Acquisition of tangible fixed assets	279,554	-

**29. Pension commitments**

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

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

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**29. Pension commitments (continued)**

Contributions amounting to £238,934 were payable to the schemes at 31 August 2021 (2020 - £240,593) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,615,723 (2020 - £1,564,495).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £642,000 (2020 - £601,000), of which employer's contributions totalled £496,000 (2020 - £465,000) and employees' contributions totalled £146,000 (2020 - £136,000). The agreed contribution rates for future years are 5.5-12.5 per cent for employees.

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

**The Howard Academy Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

**29. Pension commitments (continued)**

**Principal actuarial assumptions**

	2021	2020
	%	%
Rate of increase in salaries	3.9	3.3
Rate of increase for pensions in payment/inflation	2.9	2.3
Discount rate for scheme liabilities	1.7	1.6
Inflation assumption (CPI)	2.9	2.3

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.9	21.8
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	23.3	23.2
Females	25.3	25.2

**Sensitivity analysis**

	2021	2020
	£000	£000
Discount rate +0.1%	(420)	(344)
Discount rate -0.1%	430	353
Mortality assumption - 1 year increase	690	528
Mortality assumption - 1 year decrease	(664)	(509)

**Share of scheme assets**

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

	2021	2020
	£	£
Equities	5,894,000	4,863,000
Gilts	50,000	50,000
Corporate bonds	1,250,000	970,000
Property	926,000	825,000
Cash and other liquid assets	258,000	229,000
Other	627,000	572,000
<b>Total market value of assets</b>	<b>9,005,000</b>	<b>7,509,000</b>

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**Notes to the Financial Statements**  
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**29. Pension commitments (continued)**

The actual return on scheme assets was £1106000 (2020 - £471,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2021 £	2020 £
Current service cost	(1,221,000)	(1,016,000)
Interest income	123,000	120,000
Interest cost	(231,000)	(217,000)
Administrative expenses	(5,000)	(3,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(1,334,000)</b>	<b>(1,116,000)</b>

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

	2021 £	2020 £
<b>At 1 September</b>	14,483,000	11,419,000
Current service cost	1,221,000	1,016,000
Interest cost	231,000	217,000
Employee contributions	146,000	136,000
Actuarial losses	1,824,000	1,801,000
Benefits paid	(247,000)	(106,000)
Losses on curtailments	-	-
<b>At 31 August</b>	<b>17,658,000</b>	<b>14,483,000</b>

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

	2021 £	2020 £
<b>At 1 September</b>	7,509,000	6,092,000
Interest income	123,000	120,000
Actuarial gains	983,000	805,000
Employer contributions	496,000	465,000
Employee contributions	146,000	136,000
Benefits paid	(247,000)	(106,000)
Administrative expenses	(5,000)	(3,000)
<b>At 31 August</b>	<b>9,005,000</b>	<b>7,509,000</b>

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**The Howard Academy Trust**  
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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2021**

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**30. Operating lease commitments**

At 31 August 2021 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	130,909	131,283
Later than 1 year and not later than 5 years	143,394	48,109
	<u>274,303</u>	<u>179,392</u>

**31. Members' liability**

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

**32. Related party transactions**

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

The following related party transactions took place during the year:

**Income related party transactions**

Prior to the 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 a director of Scallywags (Medway) Limited and was a trustee of The Howard Academy Trust up to 15 November 2018. Joanne Watson is now a member of the Trust.

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

In the year to 31 August 2021, The Howard School received £4,800 (2020: £4,800) under the agreement.

Medway Academy of Performing Arts hire facilities at The Howard School. They are a related party due to Owen McColgan being a trustee of The Howard Academy Trust and a Partner at Medway Academy of Performing Arts.

The Howard School received £1,801 (2020: £nil) for the hire of these facilities.