

Company Registration Number:
09175427 (England and Wales)

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

THE HOWARD ACADEMY TRUST

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 17
Governance Statement	18 – 21
Statement On Regularity, Propriety And Compliance	22
Statement of Trustees' Responsibilities	23
Independent Auditors' Report on the Financial Statements	24 – 26
Independent Reporting Accountant's Report On Regularity	27 – 28
Statement Of Financial Activities incorporating Income & Expenditure Account	29 – 30
Balance Sheet	31
Cash Flow Statement	32
Notes To The Financial Statements	33 – 55

THE HOWARD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

K Brown
S Mahmood
A Norman (appointed 3 May 2017)
S Seal

Trustees

K Brown*
D Drizen
P Morris, Principal and Accounting Officer*
O McColgan, Finance & HR Director
B Fincham
F Martin
J Watson
R McKenna
J Richardson
D Giles (appointed 28 November 2016)
T Croucher (appointed 15 May 2017)

Senior Leadership team

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

Principal and registered office

Derwent Way
Gillingham
Kent
ME8 0BZ

Company registered number

9175427

THE HOWARD ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)

Member Schools

The Howard School
Derwent Way
Rainham
Kent
ME8 0Bx

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

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

Thames View Primary School
Bloors Lane
Rainham
Kent
ME8 7DX

Miers Court Primary School
Silverspot Close
Rainham
Kent
ME8 8JR

Independent auditors

Moore Stephens LLP, 150 Aldersgate Street, London, EC1A 4AB

Bankers

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

Solicitors

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

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD ENDED 31 AUGUST 2017

The Howard Academy Trust was incorporated as a charitable company under the Companies Act 2006 on 14 August 2014 and commenced operations on 1 October 2014.

The Trustees are directors for the purposes of the Companies Act 2006.

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 – 31 August 2017. The annual report serves the purposes of both a Trustees' report under the charities SORP, and a directors' report under company law.

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

The Trust operates five academies within Medway, Kent. The Howard School is a secondary academy for pupils aged 11 to 18 serving a catchment area in Rainham. It has a pupil capacity of 1500 pupils and had a roll of 1469 in the school census on 1 October 2017. Temple Mill Primary School is a primary academy for pupils aged 3 – 12 serving a catchment area in Strood, Medway. It has a pupil capacity of 210 pupils and had a roll of 200 in the school census on 1 October 2017. Deanwood Primary School is a primary academy for pupils aged 3 – 12 serving a catchment area in Rainham, Medway. It has a pupil capacity of 210 pupils and had a roll of 194 in the school census on 1 October 2017. Thames View Primary School is a primary academy for pupils aged 3 – 12 serving a catchment area in Rainham, Medway. It has a pupil capacity of 420 pupils and had a roll of 411 in the school census on 1 October 2017. Mierscourt Primary School is a primary academy for pupils aged 3 – 12 serving a catchment area in Rainham, Medway. It has a pupil capacity of 40 pupils and had a roll of 419.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

On 1 December 2015, the Trust became a multi-academy and Temple Mill Primary School joined the Trust on the same date. Throughout the reporting period an additional three academies joined the Trust.

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

The Members of the Academy Trust comprise:

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

An employee of the Trust cannot be a Member.

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

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

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.

Members' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

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

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

Term of office

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

The Trustees are responsible for overall administration of the Academy 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 HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

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

From 1 December 2015 (as a result of conversion to multi-academy status), an additional level was added to the structure of the organisation, the Local Governing Bodies (LGB). The LGBs are responsible for monitoring and supporting the work of the academy to which they are appointed, within the parameters prescribed by the Board of Trustees.

Connected Organisations, Including Related Party Relationships

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

OBJECTIVES AND ACTIVITIES

Principal Activities

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

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

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

Objects and Aims

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

- to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- to promote for the benefit of individuals living in Gillingham, Kent and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Objectives, Strategies and Activities

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

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

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

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

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

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

As a Trust, we have four fundamental tenets:

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

Public Benefit

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

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

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

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

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

STRATEGIC REPORT

Achievements and Performance

During 2016/17, The Howard Academy Trust (THAT) has grown to five academies; one very large non-selective boys secondary and four primary schools. Our key driver remains improving student achievement outcomes, particularly in regard to progress measures. There remains a strong focus on delivering success particularly for those students who trigger the Pupil Premium.

The Howard School

The Howard School clearly exceeded existing government floor targets in the summer of 2017 at GCSE. Using the DfE's former key indicator in KS4 (students achieving 5 A*-C/including new grades 4 in English and Maths), 52% of students were successful. This is clearly ahead of average outcomes for non-selective schools and a particularly strong performance in relation to boys nationally. An impressive proportion of students achieved the EBacc and the provisional Progress 8 figure stands at or around 0. The average GCSE grade for exams taken was C+/4. The Pupil Premium gap was reduced significantly with performance close to, and in some cases better than, the whole school cohort and clearly above national averages under this heading.

The School achieved a strong average C grade in Level 3 academic qualifications and moved forward to an impressive 'average' grade Distinction+ in vocational equivalents at KS5. Average Points for Entry (APE) for academic and non-academic subjects continue to improve.

Temple Mill Primary School

In 2017, Temple Mill delivered improvements under 7 of 9 key performance indicators in EYFS, KS1 and KS2.

EYFS: Good levels of development. NA (2016) 71%. School (2017) 77%.
Year 1 Phonics: NA (2016) 81%. School (2017) 80%. (less than 1 pupil variance).
Year 2/KS1 Reading expected standard NA (2016) 74%. School (2017) 78%.
Year 2/KS1 Writing expected standard NA (2016) 66%. School (2017) 78%.
Year 2/KS1 Maths expected standard NA (2016) 73%. School (2017) 74%.
Year 6/KS2 Reading expected standard NA (2017) 71%. School (2017) 63%.
Year 6/KS2 Writing expected standard NA (2017) 76%. School (2017) 83%.
Year 6/KS2 Maths expected standard NA (2017) 75%. School (2017) 77%.
Year 6/KS2 Combined expected standard NA (2017) 61%. School (2017) 50%.

Reading progress from KS1 to KS2 was +1.5 which places the school at least in the top 40% for progress under this heading.

Writing progress from KS1 to KS2 was +1.5 which places the school at least in the top 40% for progress under this heading.

Maths progress is at +1.0 which indicates strong progress under this heading.

There was no gap in achievement for Pupil Premium pupils under any heading and a positive gap for Maths.

Pupil Premium is at least in line with NA and in some areas there is a 'positive gap'.

Year 6 outcomes impacted via degree of volatility in the school roll.

Deanwood Primary School

In 2017, Deanwood delivered improvements under the majority of the 9 key performance indicators in EYFS, KS1 and KS2.

EYFS: Good levels of development. NA (2016) 71%. School (2017) 74%.
Year 1 Phonics: NA (2016) 81%. School (2017) 76%.
Year 2/KS1 Reading expected standard NA (2016) 74%. School (2017) 72%.
Year 2/KS1 Writing expected standard NA (2016) 66%. School (2017) 76%.
Year 2/KS1 Maths expected standard NA (2016) 73%. School (2017) 76%.

Generally, outcomes were better than those delivered in 2016.

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Two pupils missed the Year 1 Phonics check by 1 and 2 marks. Each pupil in Year 2 = 3.4%. In Year 1, each pupil is 3.3%. In EYFS, each pupil is 3.2%.

Year 6/KS2 Reading expected standard NA (2017) 71%. School (2017) 61%.
Year 6/KS2 Writing expected standard NA (2017) 76%. School (2017) 83%.
Year 6/KS2 Maths expected standard NA (2017) 75%. School (2017) 78%.
Year 6/KS2 Combined expected standard NA (2017) 61%. School (2017) 52%.

Two pupils were 1 mark short of expected standards in Reading and one pupil a single mark short in Maths. This is a small cohort where the performance of two to three pupils can have a dynamic impact on overall outcomes.

Cohort lost two high achieving pupils to elsewhere leading up to the test including one to Ireland where SATS do not exist. The average scale scores per pupil were at or around the National Averages for Reading, GPS and Maths.

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

Thames View Primary School

In 2017, Thames View delivered improvements in comparison to 2016 outcomes under the majority of 9 key performance indicators in EYFS, KS1 and KS2.

EYFS: Good levels of development. NA (2016) 71%. School (2017) 67.5% (2 pupil variance).
Year 1 Phonics: NA (2016) 81%. School (2017) 85%. Ahead of NA.
Year 2/KS1 Reading expected standard NA (2016) 74%. School (2017) 68%.
Year 2/KS1 Writing expected standard NA (2016) 66%. School (2017) 65% (less than 1 pupil variance).
Year 2/KS1 Maths expected standard NA (2016) 73%. School (2017) 75%. Ahead of NA.
Year 6/KS2 Reading expected standard NA (2017) 71%. School (2017) 67%.
Year 6/KS2 Writing expected standard NA (2017) 76%. School (2017) 67%.
Year 6/KS2 Maths expected standard NA (2017) 75%. School (2017) 72%.
Year 6/KS2 Combined expected standard NA (2017) 61%. School (2017) 58%.

At both KS1 and KS2, there is generally at or around a 2 pupil variance with NA. 2 pupils who both passed the 11+ examinations inexplicably did not reach the expected standard at KS2 under any heading. The school has made genuine progress with Trust support but acknowledges there remains more work to do.

Miers Court Primary School

In 2017, Miers Court delivered improvements under all 7 key performance indicators in KS1 and KS2.

KS1

Reading from 78% (2016) to 88% (2017): NA 76%.
Maths from 75% (2016) to 77% (2017): NA 75%.
Writing 77% (2016); 77% (2017): NA 75%.

KS2

Reading from 56% (2016) to 78% (2017): NA 71%.
Maths from 49% (2016) to 75% (2017): NA 75%.
Writing from 75% (2016) to 77% (2017): NA 76%.
Combined RWM up from 41% (2016) to 63% (2017): NA 61%.

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

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

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Educational Management

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

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

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

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

Ofsted Reports presently show that 4 of our 5 schools are considered Good.

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

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

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

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

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

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

Attendance, Behaviour and Safety

The Howard School

Attendance for 2016/17 stood at 95.2%, an incremental improvement over the end figure for 2015/16 (95%). This places the school marginally above national averages for all secondary schools. Years 12 and 13 attendance stands at 95% over the same period up from 92.6% (2015/16). The school is particularly pleased with the improvements secured in Sixth Form attendance. There are now greater restrictions on Sixth Form movement during the school day. Sixth Formers are required to remain on site during non-contact time to complete private study and are not allowed out at morning break.

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Unauthorised absence remains low compared to other schools nationally. Absence data indicates that no ethnic group has significantly better or worse attendance than the published whole school percentage figure. However, students on the SEN register have marginally worse attendance than the published percentage figure.

FTEs continued their downward trend in 2016/17. Referrals to internal behaviour support are also marginally down. There have been 7 PEs during this school year, which is slightly up compared with 2015/16.

Deanwood

Attendance from September 2016 to August 2017 was 95.9%, a marginal improvement on 2015/16 (95.6%). This placed the school at or around national norms for primaries. Unauthorised absence was statistically insignificant, indicating that virtually all absences were authorised. There is now minimal persistent absence. The school continues to work hard to reduce the number of Persistent Absentees (PA) to zero. In 2015/16, the school had 6.7% Persistent Absentees (PAs) compared with NA of 2.8%. In 2016/17, school figures fell to 1.4% compared with NA of 2.7%. This represents an exponential improvement. Data shows some concern over the attendance of PP pupils whose attendance is marginally less good than non-PP pupils. The strongest attendance is in Year 5 and Year 6. Attendance in Reception and Year 1 are below the school average and have a drag effect on the whole school data. This pattern of attendance is replicated in most primary schools. Attendance awards are presented termly to pupils with 99% or 100% attendance.

There were 10 fixed term exclusions in the year 2015/16 involving 2 students. The exclusions varied in length but 1 student was excluded 7 times for 29 days in total. He subsequently left the school. In 2016/17, there was 1 fixed term exclusion of a pupil for a day. The exclusion was for persistent disrupted behaviour. This represents a significant reduction in the use of this sanction.

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

Temple Mill

Reported attendance in 2015/16 was 95.4%, which placed the school just below national norms. Unauthorised absence was statistically insignificant, indicating that virtually all absences were authorised. Attendance from September 2016 to August 2017 was 95.6%, an incremental improvement of 0.2%. This placed the school at or around national norms for primaries.

Attendance is affected to some extent by mobility and the arrival of new pupils at the school, some of whom have existing attendance issues.

There were 2 fixed term exclusions in the year 2015/16; both 1 day in length and issued to the same student. There was 1 fixed term exclusion in the year 2016/17. This clearly indicates instances of poor behaviour are rare. There have been no permanent exclusions.

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

Thames View

Attendance for 2016/17 is reported at 95.8%, which places the school at or around national norms for primary schools. Unauthorised absence was 0.85% overall, indicating that most absences are properly authorised. There were a small but significant number of persistent absentees, some of whom have recorded attendance of less than 80%. This creates a drag effect on attendance data.

There were 3 short fixed term exclusions in 2016/17 involving 3 different pupils in Year 6. There have been no permanent exclusions.

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

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

Miers Court

Attendance for 2016/17 is reported at 96.34% which is above the National figure of 96% and an incremental improvement over 2015/16 at the school. Unauthorised absence was low and there were no recorded Fixed Term or Permanent Exclusions.

All THAT students with less than 90% attendance are strictly monitored and subject to interventions which has led to reductions in 'persistent absence'.

The Trust's work to keep pupils safe and secure is good. Student voice indicates they feel safe in our schools and there is clear evidence of a genuine concern regarding their welfare. Rigorous internal safeguarding audits were completed on all Trust schools during the year which has ensured processes and procedures are in place and secure.

An emphasis on reducing the number of fixed term exclusions year-on-year established in 2007 has continued without diluting expectations of what constitutes acceptable behaviour. In all Trust schools, fixed term exclusions are increasingly rare. We continue to evaluate the effectiveness of our behaviour management systems in our schools. Restructured behaviour support facilities have had a positive impact on behaviour. Behaviour of students in all academies is judged to be good by external reviewers. Students show they are keen to learn and maintain a positive attitude which contributes to progress. Students from a wide variety of backgrounds and traditions relate well to one another. Student reports of bullying activity are comparatively few and when incidents occur they are effectively and promptly dealt with. Information relating to the different forms bullying can take, including homophobic and cyber bullying, is clearly transmitted to students.

The Howard School holds the prestigious Level 2 UNICEF Rights Respecting School Award. Primary schools within the Trust are now beginning the process of securing their own award. This is a clear and positive validation of students' approaches to others in the school community.

Range of Educational Activities

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

Admissions

The Howard School

The number of students on roll at The Howard School as of September 2017 is at or around 1430. The school is effectively full in Years 7, 8 and 9 and slightly below capacity in Years 10 and 11. Year 7 recruitment for September 2017 was particularly strong. The school has accepted 276 pupils rather than the 256 that has been the norm in recent years. To accept this number in Year 7 effectively neutralises potential loss of pupils at the end of Year 9 to the UTC. The number of students enrolling in the Sixth Form has fallen in the last 2 years but the impact of this trend is cushioned by better levels of Year 12 into Year 13 retention.

Worryingly, government plans to further reduce Sixth Form funding will have a negative impact on the school financially. Financial security allows the school to maintain and improve the curriculum offer and retain and increase staffing levels. Cuts in funding have the opposite effect.

The school clearly remains a popular choice for the community.

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Deanwood

Deanwood is a one form entry school. A 'form' is 30 students. There are presently 189 students on roll which means that the school is 21 short of being at full capacity. The majority of vacancies exist in Year 5 and Year 6. Parents/carers of pupils in this cohort were choosing the school at a difficult time in its history where its popularity and reputation had suffered locally. The school's improving reputation has ensured that Reception and KS1 classes are full and, in one case, over number. There are an anticipated 25+ pupils starting Reception in September 2017. This figure is indicative of the depressed 2013 birth rate in Parkwood and its environs. The roll as of September 2017 is at or around 195.

Temple Mill

Temple Mill is a one form entry school. A 'form' is 30 students. There are presently 203 students on roll which means that the school is close to full capacity. The roll is increasingly stable and has been since June 2016. There are 47 part-time pupils in Nursery equating to 25 full-time equivalents. Most of the handful of vacancies exist in the current Year 2. Pupils in this cohort were choosing the school at the time when it had gone into Special Measures and been subjected to frequent changes of leadership and a raft of poor publicity. There has been a degree of mobility in some parts of the school's catchment area which has an impact. In September 2017, the school was fully subscribed in Reception (with a short waiting list) and up to capacity in most years. The gender balance of the school remains at 55% male and 45% female. In Year 2, males make up 66% of the cohort. In Reception, there are 3 boys to every 2 girls. The school's improved reputation in the locality is reflected by the increase in roll and numbers applying for places.

Thames View

Thames View is a two-form entry school. A 'form' is 30 students. There are presently 419 pupils on roll which means that the school is effectively full. The roll is relatively stable and has been for some time. In September 2017, the school was fully subscribed in Reception and up to capacity in almost every year (with waiting lists in some). In Year 1, the school is over capacity by 2. The school's reputation and popularity in the locality is reflected by the number on roll and waiting lists.

Miers Court

Miers Court is a two-form entry school. A 'form' is 30 students. There are presently 421 pupils on roll which means that the school is effectively full. The roll is relatively stable and has been for some time. In September 2017, the school was fully subscribed in Reception and up to capacity in every year indicating its high confidence levels within the community.

Leadership

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

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

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

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

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2017

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

The Trust no longer has formal links with the local authority. It maintains relations with Medway and the CEO, as a Local Leader of Education, provides beneficial support outside the Trust to local schools. Through cooperation with another local secondary school, the Trust has increased the range of courses available to students at post-16.

Key Education Performance Indicators

The Howard School

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

Deanwood Primary School

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

Temple Mill Primary School

Estimated key education performance indicators are:

Overall effectiveness: Moving towards Good 2

Quality and Standards of Education – Moving towards Good 2

Quality of teaching, learning and assessment – Moving towards Good 2

Personal development, behaviour and welfare – Moving towards Good 2

Effectiveness of Leadership and management – Moving towards Good 2

Thames View Primary School

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Miers Court Primary School

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

The key financial performance indicators are:

- The Finance Director reviews the actual against the budget reports and investigates any significant variances.
- Half termly reports are prepared for presentation to the finance committee with explanations of significant variances.

Non-financial performance indicators are: pupil numbers and staff costs and these are constantly monitored. Pupil numbers primarily drive the level of GAG funding.

Going Concern

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

The Board of Trustees believe that the Trust is a going concern as there are consistent student numbers and good performance across all our academies which secures future income for the academies' operation. 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 £294,000 on restricted general funds (excluding pension reserve) plus unrestricted funds because of increased curriculum costs and surplus staffing at The Howard School. The Trust is taking the following action to return these funds to surplus:

- Recovery plan in place with the ESFA;
- Review of non-staffing costs across academies;
- Reductions in staffing at The Howard School via natural wastage

In 2017-18, a further two academies are projected to join the Trust which will ensure our continued sound operation into the foreseeable future.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial Review

Most of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

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

During the period ended 31 August 2017 total expenditure of £12,766,000 (2016: £10,792,000) was covered by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the period was £12,357,000 (2016: £1,682,000) resulting in total funds of £35,521,000 made up of restricted fixed asset funds of £39,870,000 (2016: £26,917,000); restricted general funds of (£4,508,000) (2016: (£3,840,000)) and unrestricted funds of £159,000 (2016: £87,000).

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

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the Balance Sheet in accordance with FRS102. At 31 August 2017, the deficit stood at £4,055,000. The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme. Note 24 details the assumptions and movements during the year on the Scheme.

As at 31 August 2017 the net book value of fixed assets was £39,870,000 and movements in tangible assets are shown in Note 12 to the financial statements. The buildings and land at The Howard School are owned by the Trust. Temple Mill Primary School, Deanwood Primary School, Thamesview Primary School and Miers Court Primary Schools land and buildings are on a leasehold. Any alterations or improvements incurred by the Trust are shown as fixed assets.

Reserves Policy

The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Academy Trust whilst ensuring that excessive funds are not accumulated. Through a combination of government funding and funds inherited on conversion the Trustees are satisfied that the Academy's reserves are sufficient for its current purpose. The reserves as at 31 August 2017 amounted to a surplus of £35,521,000. This includes a pension fund deficit of £4,055,000. Free reserves amounted to £159,000 See the Statement of Financial Activities for more detail.

Investment Policy and Performance

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

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 and deliver an excellent education to all pupils, and to maintain its physical facilities.

The principal risk for the finances of the Academy Trust is a reduction in pupil numbers. The majority of the Academy Trust's income comes from the ESFA, which is principally calculated by reference to the numbers of students enrolled at the Academy. The Trustees assess the risk of a substantial reduction in funding to be low. However, income could still be affected by any changes in government funding. The Government is proposing significant changes to education funding by introducing a National Funding Formula from 2018. The Trustees 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 HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

This year the deficit attached to the Local Government Pension Scheme (LGPS) has increased significantly. 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.

Plans for Future Periods

The Howard Academy Trust has successfully introduced three new academies into the Trust within the reporting period. Throughout the next financial year advanced discussions have taken place with two additional schools that are considering joining the Trust.

Project scoping and design planning at The Howard School for PSPB2 has commenced with construction commencing in early 2018.

Risk Management

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

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

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

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

Financial and Risk Management Objectives and Policies

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

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

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

THE HOWARD ACADEMY TRUST

TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

Liquidity risk

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

Key Management Personnel

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

Disclosure of Information to Auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditor in connection with preparing their report and to establish that the charitable company's auditor is aware of that information.

The Trustees report, incorporating the strategic report was approved by order of the Board of Trustees on 27 November 2017 and signed on its behalf by:



K Brown
Chair of Trustees

THE HOWARD ACADEMY TRUST

GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2017

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times throughout the year. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
K Brown – Chair of Trustees	3	3
T Croucher – Thames View Representative	1	1
D Drizen – Howard School Representative	3	3
B Fincham – Temple Mill Representative	3	3
D Giles – Deanwood Representative	2	3
F Martin	3	3
R McKenna	3	3
O McColgan, Staff Trustee	3	3
P Morris, CEO and Accounting Officer	3	3
J Richardson	3	3
J Watson	3	3

Governance reviews:

When recruiting Trustees to fill vacancies, the Board of Trustees identifies which skills and competencies are required in order for the Board to have a broad balance of relevant skills and knowledge. New and existing trustees are provided access to a range of courses to develop their skills. A responsible officer review took place in July 2017 review the effectiveness of Governance within THAT.

Governor training is provided via a Service Level Agreement with Governor Services at the Local Authority. Governors on Local Governing Bodies complete an annual skills audit to ensure that committee membership is based on skills and areas of expertise.

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

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

THE HOWARD ACADEMY TRUST

GOVERNANCE STATEMENT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

The Finance Committee held four meetings during the period (Autumn, Spring and Summer Term), attended as follows:

Trustee	Meetings attended	Out of a possible
K Brown – Chair of Trustees	3	4
T Croucher – Thames View Representative	1	1
B Fincham – Temple Mill Representative	3	4
F Martin	4	4
R McKenna	4	4
O McColgan, Staff Trustee	4	4
P Morris, CEO and Accounting Officer	3	4
J Richardson	3	4
J Watson	1	3

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

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

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

Trustee	Meetings attended	Out of a possible
K Brown – Chair of Trustees	2	3
D Drizen – Howard School Representative	2	3
B Fincham – Temple Mill Representative	3	3
D Giles – Deanwood Representative	1	2
O McColgan, Staff Trustee	3	3
P Morris, CEO and Accounting Officer	3	3
J Watson	2	3

THE HOWARD ACADEMY TRUST

GOVERNANCE STATEMENT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

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 Trust's use of its resources has provided good value for money during each academic year.

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

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE HOWARD ACADEMY TRUST

GOVERNANCE STATEMENT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017

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 committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However, the trustees have appointed Moore Stephens LLP, the external auditor, to undertake additional checks.

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

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

Each term, the appointee will report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. No material issues have been identified.

REVIEW OF EFFECTIVENESS

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

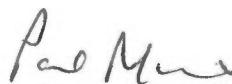
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer is advised of the implications of the result of their review of the system of internal control by the Audit/Finance Committee and addresses weaknesses to ensure continuous improvement of the systems and controls that are in place.

Approved by order of the members of the Board of Trustees on 27 November 2017 and signed on its behalf by:



K Brown
Chair of Trustees



P Morris
Accounting Officer

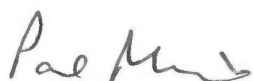
THE HOWARD ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Howard Academy Trust, I have considered my responsibility to notify the Academy Trust's Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



P Morris
Accounting Officer

Date: 27 November 2017

THE HOWARD ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction 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 period. 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 in the Charities SORP 2015 (FRS 102) and the Academies Accounts Direction 2016 to 2017
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 27 November 2017 and signed on its behalf by:



K Brown
Chair of Trustees

THE HOWARD ACADEMY TRUST

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

We have audited the financial statements of The Howard Academy Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, Balances Sheet, Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at Year End and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

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

Other information

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

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

THE HOWARD ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HOWARD ACADEMY TRUST (CONTINUED)

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, including the incorporated strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, including the incorporated strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters where 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 directors

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of the company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

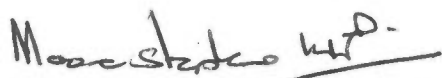
THE HOWARD ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HOWARD ACADEMY TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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



Nicholas Simkins FCA, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

Date: 13/2/2017

THE HOWARD ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 27 May 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 period 1 September 2016 to 31 August 2017 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 30 September 2014 and updated on 27 November 2015, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE HOWARD ACADEMY TRUST

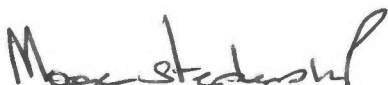
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HOWARD ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

Our procedures included, but were not limited to the following:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Academy Trust's purposes and are appropriately authorised;
- Sample testing on expenditure, review for any indication of purchase for personal use by staff, Principal or Trustees;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the period for evidence of unusual entries and making further enquiries into any such items where relevant;
- Checking a selection of nominal ledger accounts for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Academy Trust.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Moore Stephens LLP

Chartered Accountants

150 Aldersgate Street
London
EC1A 4AB

Date: 13/12/2017 .

THE HOWARD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income from:						
Donations and capital grants	2	8	-	53	61	78
Transfer from local authority on conversion	3	-	(1,610)	13,926	12,316	4,858
Charitable activities:						
Funding for the academy trust's educational operations	6		10,474	-	10,474	8,916
Other trading activities	4	65	422	-	487	209
Investments	5	-	-	-	-	-
Total		<u>73</u>	<u>9,286</u>	<u>13,979</u>	<u>23,338</u>	<u>14,061</u>
Expenditure on:						
Raising funds	7	1	87	-	88	86
Charitable activities:						
Academy trust educational operations	7	-	11,608	1,070	12,678	10,706
Other						
Total	7	<u>1</u>	<u>11,695</u>	<u>1,070</u>	<u>12,766</u>	<u>10,792</u>
Net income / (expenditure)		72	(2,409)	12,909	10,572	3,269
Transfers between funds	15	-	(44)	44	-	-
Other recognised gains / (losses):						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,785	-	1,785	(1,587)
Net movement in funds		<u>72</u>	<u>(668)</u>	<u>12,953</u>	<u>12,357</u>	<u>1,682</u>
Reconciliation of funds						
Total funds brought forward		87	(3,840)	26,917	23,164	21,482
Total funds carried forward		<u>159</u>	<u>(4,508)</u>	<u>39,870</u>	<u>35,521</u>	<u>23,164</u>

All of the Academy Trust's activities derive from continuing operations during the above financial period.

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

The notes on pages 33 to 55 form part of these financial statements.

THE HOWARD ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2016

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income from:					
Donations and capital grants	8	-	70	78	91
Transfer from local authority on conversion	-	(11)	4,869	4,858	22,297
Charitable activities:					
Funding for the academy trust's educational operations		8,916	-	8,916	7,476
Other trading activities	43	166	-	209	210
Investments	-	-	-	-	-
Total	51	9,071	4,939	14,061	30,074
Expenditure on:					
Raising funds	-	86	-	86	88
Charitable activities:					
Academy trust educational operations	-	9,869	837	10,706	8,560
Other	-	-	-	-	-
Total	-	9,955	837	10,792	8,648
Net income / (expenditure)	51	(884)	4,102	3,269	21,426
Transfers between funds	-	(267)	267	-	-
Other recognised gains / (losses):					
Actuarial gains/(losses) on defined benefit pension schemes	-	(1,587)	-	(1,587)	56
Net movement in funds	51	(2,738)	4,369	1,682	21,482
Reconciliation of funds					
Total funds brought forward	36	(1,102)	22,548	21,482	-
Total funds carried forward	87	(3,840)	26,917	23,164	21,482

All of the Academy Trust's activities derive from continuing operations during the above financial period.

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

The notes on pages 33 to 55 form part of these financial statements.

THE HOWARD ACADEMY TRUST

**BALANCE SHEET
AS AT 31 AUGUST 2017
Company Number: 09175427**

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	12		39,870		26,917
Current assets					
Debtors	13	366		183	
Cash at bank and in hand		340		511	
		<u>706</u>		<u>694</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(836)</u>		<u>(732)</u>	
Net current (liabilities) / assets			<u>(130)</u>		<u>(38)</u>
Total assets less current liabilities			39,740		26,879
Creditors: Amounts falling due more than one year	14		<u>(164)</u>		<u>(223)</u>
Net assets excluding pension liability			39,576		26,656
Defined benefit pension scheme liability	24		<u>(4,055)</u>		<u>(3,492)</u>
Total net assets			<u>35,521</u>		<u>23,164</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15	39,870		26,917	
. Restricted income fund	15	(453)		(348)	
. Pension reserve	15	<u>(4,055)</u>		<u>(3,492)</u>	
Total restricted funds			35,362		23,077
Unrestricted income funds	15		<u>159</u>		<u>87</u>
Total funds			<u>35,521</u>		<u>23,164</u>

The financial statements were approved by the Trustees, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:



K Brown
Chair of Trustees

The notes on pages 33 to 55 form part of these financial statements.

THE HOWARD ACADEMY TRUST

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	(143)	108
Cash flows from investing activities	21	87	(202)
Cash flows from financing activities	20	(115)	(103)
Change in cash and cash equivalents in the reporting period		<u>(171)</u>	<u>(197)</u>
Cash and cash equivalents at 1 September 2016		511	708
Cash and cash equivalents at 31 August 2017	22	<u>340</u>	<u>511</u>

The notes on pages 33 to 55 form part of these financial statements.

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

1. STATEMENT OF ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

The Board of Trustees believe that the Trust is a going concern as there are consistent student numbers across all our academies which secures future income for the academies operation. The Trust currently prepare five-year budget forecasts which enables management to ensure that a secure budget is in place.

The Trust is carrying a net deficit £294,000 on restricted general funds (excluding pension reserve) plus unrestricted funds because of increased curriculum costs and surplus staffing at The Howard School. The Trust is taking the following action to return these funds to surplus:

- Recovery plan in place with the ESFA;
- Review of non-staffing costs across academies;
- Reductions in staffing at The Howard School via natural wastage

In 2017-18, a further two academies are projected to join the Trust which will ensure our continued sound operation into the foreseeable future.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

The assets and liabilities transferred on conversion from Thamesview Primary School, Deanwood Primary School and Miers Court Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in 'Voluntary income – transfer from local authority on conversion' in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in Note 26.

1.4 Income

All income is recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

School trips and activities

These transactions are included in restricted funds. Income is recognised when received and expenditure is recognised when paid, any surpluses being carried forward as deferred within restricted funds until the trip or activity is completed.

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold.

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Interest receivable

Interest receivable is included within the Statement of financial activities on accrual basis.

1.5 Expenditure

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust 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 trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of fixed assets on a straight-line basis over their expected useful lives as follows:

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

Freehold property	-	10 – 49 years straight line
Leasehold land and building	-	39 – 125 years straight line
Fixtures, fittings and equipment	-	15% straight line
ICT equipment	-	33% straight line
Motor Vehicles	-	20% straight line

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

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

1.7 Liabilities

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

1.8 Leased Assets

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

1.9 Stock

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

1.10 Taxation

The Academy Trust 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 Trust 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.

1.11 Pension Benefits

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

Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

1.12 Fund accounting

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

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

1.13 Financial instruments

The only financial instruments held by the School are debtors and creditors. These are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at their transaction price less any impairment.

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

On conversion to an academy trust, the assets and liabilities of the Schools are measured at fair value. This includes any land and buildings. The valuation of the land and buildings involves a significant degree of estimation. Refer to note 12 for further detail on this estimation.

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	53	53	70
Other donations	8	-	8	8
	<u>8</u>	<u>53</u>	<u>61</u>	<u>78</u>

3. TRANSFER FROM LOCAL AUTHORITY ON CONVERSION

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Transfer from local authority on conversion	-	12,316	12,316	4,858
	<u>-</u>	<u>12,316</u>	<u>12,316</u>	<u>4,858</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Other income	-	422	422	166
Letting income	65	-	65	43
	<u>65</u>	<u>422</u>	<u>487</u>	<u>209</u>

5. INVESTMENT INCOME

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Interest receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

6. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £000	Restricted Fund £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	9,245	9,245	7,974
. Start Up Grants	-	50	50	-
. Other DfE/ESFA grants	-	712	712	576
	<u>-</u>	<u>10,007</u>	<u>10,007</u>	<u>8,550</u>
Other Government grants				
. Local authority grants	-	81	81	54
. Special educational projects	-	-	-	-
	<u>-</u>	<u>81</u>	<u>81</u>	<u>54</u>
Other income from the academy trust's educational operations	-	386	386	312
	<u>-</u>	<u>10,474</u>	<u>10,474</u>	<u>8,916</u>

7. EXPENDITURE

	Staff Costs £000	Non Pay Expenditure		Total 2017 £000	Total 2016 £000
		Premises £000	Other £000		
Expenditure on raising funds	47	-	41	88	86
Academy's educational operations:					
. Direct costs	7,531	1,070	1,188	9,789	8,483
. Allocated support costs	1,697	-	1,192	2,889	2,223
	<u>9,275</u>	<u>1,070</u>	<u>2,421</u>	<u>12,766</u>	<u>10,792</u>

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Operating lease rentals	84	66
Depreciation	1,070	837
Fees payable to auditor for:		
- audit	20	12
- other services	3	3

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

7. EXPENDITURE (continued)

Expenditure on raising funds

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Letting expenditure	1	-	1	-
Sport Partnership Salaries	-	47	47	41
Sport Partnership other costs	-	40	40	45
	<u>1</u>	<u>87</u>	<u>88</u>	<u>86</u>

Expenditure on charitable activities

	Total 2017 £000	Total 2016 £000
Academy's educational operations - Direct costs		
Teaching and educational support staff costs	7,531	6,635
Depreciation	1,070	837
Examination fees	133	150
Technology costs	127	58
Educational supplies	152	140
Staff development	50	68
Educational consultancy	150	171
Catering	427	306
Trips and activities	101	110
Other direct costs	48	8
	<u>9,789</u>	<u>8,483</u>

Academy's educational operations - Allocated support costs

	Total 2017 £000	Total 2016 £000
Support staff costs	1,697	1,356
Pension finance costs	89	59
Recruitment and support	7	18
Maintenance of Premises & equipment	138	112
Cleaning	34	18
Rent and rates	165	124
Energy costs	170	140
Insurance	106	52
Security and transport	15	12
Governance costs	37	15
Other support costs	431	317
	<u>2,889</u>	<u>2,223</u>
Total expenditure on charitable activities	<u>12,678</u>	<u>10,706</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

8. STAFF COSTS

a. Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	6,750	5,895
Apprenticeship Levy	16	-
Social security costs	637	494
Operating costs of defined benefit pension schemes	1,698	1,459
	<u>9,101</u>	<u>7,848</u>
Supply staff costs	136	52
Staff restructuring costs	38	132
	<u>9,275</u>	<u>8,032</u>
Staff restructuring costs comprise:		
Redundancy payments	-	57
Severance payments	38	75
Other restructuring costs	-	-
	<u>38</u>	<u>132</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £38,409 (2016: £75,367). Individually, the payments were £7,607, £11,966 and £18,836 (2016: £8,800, £17,245, £11,000, £23,628 and £14,694).

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	127	117
Administration and support	142	99
Management	14	13
	<u>283</u>	<u>229</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

8. STAFF (continued)

d. Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	4	4
£70,001 - £80,000	2	1
£80,000 - £90,000	1	-
	<u>7</u>	<u>5</u>

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, the pension contributions amounted to £69,937 (2016: £48,281).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £522,802 (2016: £383,678).

9. RELATED PARTY TRANSACTIONS-TRUSTEES' REMUNERATION AND EXPENSES

No trustees have been paid remuneration or have received other benefits from an employment with the academy trust other than the principal and three staff trustees who received remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

P Morris (Chief Executive and trustee):

Remuneration £50,000 – £55,000 (2016: £65,000 – £70,000)

Employer's pension contributions £0 - £5,000 (2016: £5,000 - £10,000)

O McColgan (Chief Financial Officer and trustee):

Remuneration £75,000 – £80,000 (2016: £45,000 – £50,000)

Employer's pension contributions £10,000 – £15,000 (2016: £5,000 – £10,000)

The above amounts have been pro-rated to the time the staff members were Trustees.

During the year ended 31 August 2017, no expenses were reimbursed to the Trustees.

Other related party transactions involving the trustees are set out in note 25.

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

10. TRUSTEES' AND OFFICERS' INSURANCE

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

11. DISCLOSURE OF CENTRAL SERVICES

The academy trust provides central services to its academies during the year as follows:

- Chief Executive Leadership time and support
- Finance & HR Director Leadership time and support
- Human Resources advice and guidance
- Payroll processing
- Internal and external audit
- Legal advice and support
- Governance and Risk Management
- External quality assurance from consultants
- Finance system licence
- School Management Information system licence

The trust currently charges each academy for these services on the following basis:

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

Any unused surplus is rolled forward into the next year.

The actual amounts paid during the year were as follows:

	2017 £
The Howard School	£315,751
Temple Mill Primary School	£53,899
Deanwood Primary School	£41,438
Thamesview Primary School	£32,526
Miers Court Primary School	£5,929
	<u>£449,543</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

12. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Fittings £000	Computer Equipment £000	Total £000
Cost					
At 1 September 2016	22,746	4,818	358	503	28,425
Transfer on conversion	-	13,895	-	31	13,926
Additions	-	-	53	44	97
Disposals	-	-	-	-	-
At 31 August 2017	<u>22,746</u>	<u>18,713</u>	<u>411</u>	<u>578</u>	<u>42,448</u>
Depreciation					
At 1 September 2016	1,153	71	46	238	1,508
Charged in year	604	267	61	138	1,070
Disposals	-	-	-	-	-
At 31 August 2017	<u>1,757</u>	<u>338</u>	<u>107</u>	<u>376</u>	<u>2,578</u>
Net book values					
At 31 August 2016	<u>21,593</u>	<u>4,747</u>	<u>312</u>	<u>265</u>	<u>26,917</u>
At 31 August 2017	<u>20,989</u>	<u>18,375</u>	<u>304</u>	<u>202</u>	<u>39,870</u>

The cost of the leasehold land and property donated relates to:

- the value on transfer of the land and buildings when Thamesview Primary School became an Academy on 1 April 2017. The property valuation was carried out by Kura Chakadini MRICS, RICS Registered Valuer from DVS Property Specialists as at 1 April 2017. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. The freehold is held by Medway Council.
- The cost of the leasehold land and property donated relates to the value on transfer of the land and buildings when Mier Court Primary School became an Academy on 1 August 2017. The property valuation was carried out by Kura Chakadini MRICS, RICS Registered Valuer from DVS Property Specialists as at 1 August 2017. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. The freehold is held by Medway Council.
- The cost of the leasehold land and property donated relates to the value on transfer of the land and buildings when Deanwood Primary School became an Academy on 1 October 2016. The property valuation was carried out by Kura Chakadini MRICS, RICS Registered Valuer from DVS Property Specialists as at 1 October 2016. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. The freehold is held by Medway Council.

The cost of the leasehold land and property brought forward relates to the value on transfer of the land and buildings when Temple Mill primary School became an Academy on 1 December 2015. The property valuation was carried out by Kura Chakadini MRICS, RICS Registered Valuer from DVS Property Specialists as at 1 December 2015. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. The freehold is held by Medway Council.

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

12. TANGIBLE FIXED ASSETS (continued)

The cost of the freehold land and property relates to the value on transfer of the land and buildings when the The Howard School became an Academy on 1 October 2014. The property valuation was carried out by Alistair Stewart MRICS, RICS Registered Valuer from DVS Property Specialists as at 10 March 2015. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. Included within freehold property is non-depreciated land of £6,459,713.

13. DEBTORS

	2017 £000	2016 £000
Trade debtors	33	13
VAT recoverable	39	25
Prepayments and accrued income	223	145
Other Debtors	71	-
	<u>366</u>	<u>183</u>

14. CREDITORS

Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	203	214
Other taxation and social security	374	269
Other creditors	137	105
Accruals and deferred income	122	144
	<u>836</u>	<u>732</u>

Amounts falling due after more than one year

	2017 £000	2016 £000
Other creditors	164	223
	<u>164</u>	<u>223</u>

Included within creditors are loans of £231,040 (2016: £258,561) from Medway Council and a Salix loan totalling £51,300 (2016: £65,957).

The Salix loan is repayable over 7 years, which commenced on 1 March 2014 and ends on 1 September 2020. The loan is interest free. The amount repayable after five years is nil (2016: £nil).

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

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

All loans were transferred to the Academy Trust upon conversion.

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

15. FUNDS

	Balance at 1 September 2016 £000	Income £000	Expenses £000	Gains, losses and transfer £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)(i)	(653)	9,245	(8,863)	(182)	(453)
Start-up grants	-	50	(50)	-	-
Other DfE/ESFA grants	31	712	(743)	-	-
Local authority grants	-	81	(81)	-	-
Trips and Activities	50	97	(147)	-	-
Catering	-	289	(427)	138	-
Other income (ii)	224	422	(646)	-	-
Donated (iii)	-	66	(66)	-	-
Pension reserve	(3,492)	(1,676)	(672)	1,785	(4,055)
	<u>(3,840)</u>	<u>9,286</u>	<u>(11,695)</u>	<u>1,741</u>	<u>(4,508)</u>
Restricted fixed asset funds (iv)					
Transfer on conversion (iv)	26,219	13,926	(1,070)	-	39,075
DfE/ESFA capital grants	114	53	-	-	167
Capital expenditure from GAG	543	-	-	44	587
Private sector capital sponsorship	41	-	-	-	41
	<u>26,917</u>	<u>13,979</u>	<u>(1,070)</u>	<u>44</u>	<u>39,870</u>
Total restricted funds	<u>23,077</u>	<u>23,265</u>	<u>(12,765)</u>	<u>1,785</u>	<u>35,362</u>
Unrestricted funds (v)	87	73	(1)	-	159
	<u>87</u>	<u>73</u>	<u>(1)</u>	<u>-</u>	<u>159</u>
Total funds	<u>23,164</u>	<u>23,338</u>	<u>(12,766)</u>	<u>1,785</u>	<u>35,521</u>

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

- (i) General Annual Grant must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.
- (ii) Consists of income the trust has generated.
- (iii) Funds inherited on conversion of school to the trust.
- (iv) Represents the donation of land and buildings on conversion from the schools to the trust.
- (v) Funds include income generated from sponsorship and donations and hire of facilities.

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

15. FUNDS (CONTINUED)

Total funds analysis by academy

Fund balance at 31 August 2017 were allocated as follows:

	2017 £000	2016 £000
The Howard Academy Trust	(208)	3
The Howard School	(192)	(272)
Temple Mill Primary School	47	8
Deanwood Primary School	(27)	-
Thamesview Primary School	59	-
Miers Court Primary School	27	-
Total before fixed assets and pension reserve	(294)	(261)
Restricted fixed assets fund	39,870	26,917
Pension reserve	(4,055)	(3,492)
Total	<u>35,521</u>	<u>23,164</u>

The Trust is carrying a net deficit £294,000 on restricted general funds (excluding pension reserve) plus unrestricted funds because of increased curriculum costs and surplus staffing at The Howard School. The Trust is taking the following action to return these funds to surplus:

- Recovery plan in place with the ESFA;
- Review of non-staffing costs across academies;
- Reductions in staffing at The Howard School via natural wastage

Total cost analysis by academy

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

	Teaching & educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs (exc. Depreciation) £000	Total 2017 £000	Total 2016 £000
The Howard Academy Trust	205	828	-	328	1,361	206
The Howard School	5,490	692	124	1,485	7,791	8,999
Temple Mill Primary School	693	86	14	174	967	750
Deanwood Primary School	539	93	7	172	811	-
Thamesview Primary School	507	37	7	101	652	-
Miers Court Primary School	97	8	-	9	114	-
Total	<u>7,531</u>	<u>1,744</u>	<u>152</u>	<u>2,269</u>	<u>11,696</u>	<u>9,955</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds 2017 £000	Restricted general funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Tangible fixed assets	-	-	39,870	39,870	26,917
Current assets	159	547	-	706	694
Creditors due within one year	-	(836)	-	(836)	(732)
Creditors due after more than one year	-	(164)	-	(164)	(223)
Pension scheme liability	-	(4,055)	-	(4,055)	(3,492)
	<u>159</u>	<u>(4,508)</u>	<u>39,870</u>	<u>35,521</u>	<u>23,164</u>

17. CAPITAL COMMITMENTS

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	-	-

18. COMMITMENTS UNDER OPERATING LEASES

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £000	2016 £000
Amounts due within one year	106	52
Amounts due between one and five years	284	134
Amounts due after five years	-	-
	<u>390</u>	<u>186</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

19. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	10,572	3,269
Adjusted for:		
Donation of land and buildings	(13,926)	(4,869)
Transfer of cash on conversion	(131)	(65)
Transfer of pension liability on conversion	1,676	76
Transfer loan on conversion	66	-
Depreciation [note 12]	1,070	837
Capital grants from DfE and other capital income	(53)	(70)
Repayments of borrowing	115	103
Defined benefit pension scheme cost less contributions payable [note 24]	517	479
Defined benefit pension scheme finance cost [note 24]	89	59
(Increase)/decrease in debtors	(183)	(59)
Increase/(decrease) in creditors	45	348
Net cash provided by / (used in) Operating Activities	(143)	108

20. CASH FLOWS FROM FINANCING ACTIVITIES

	2017	2016
	£000	£000
Repayments of borrowing	(115)	(103)
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	(115)	(103)

21. CASH FLOWS FROM INVESTING ACTIVITIES

	2017	2016
	£000	£000
Purchase of tangible fixed assets	(97)	(337)
Capital grants from DfE/ESFA	53	29
Capital funding received from sponsors and others	-	41
Transfer of cash on conversion	131	65
Net cash provided by / (used in) investing activities	87	(202)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31	At 31
	August	August
	2017	2016
	£000	£000
Cash in hand and at bank	340	511
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	340	511

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

23. MEMBERS' LIABILITY

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

24. PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: Teacher's 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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £176,262 were payable to the schemes at 31 August 2017 (2016: £122,514) and are included within creditors.

Teacher's Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

THE HOWARD ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 AUGUST 2017

24. PENSION AND SIMILAR OBLIGATIONS (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amount to £773,000 (2016: £715,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 2017 was £419,000 (2016: £341,000), of which employer's contributions totalled £323,000 (2016: £262,000) and employees' contributions totalled £96,000 (2016: £79,000). The agreed contribution rates for future years are 20% for employers and between 5.5% and 12.5% for employees.

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

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION AND SIMILAR OBLIGATIONS (continued)

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	4.2%	4.1%
Rate of increase for pensions in payment/inflation	2.7%	2.3%
Discount rate	2.6%	2.2%
Inflation-CPI	3.6%	2.7%
Inflation-RPI	3.6%	2.7%

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

	31 Aug 2017	31 Aug 2016
Retiring today		
Males	23	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

Sensitivity analysis

	31 Aug 2017 £'000	31 Aug 2016 £'000
Discount rate +0.1%	8,307	5,839
Discount rate -0.1%	8,749	6,152
Mortality assumption +1 year	8,798	6,148
Mortality assumption -1 year	8,261	5,842
Salary +0.1%	8,578	6,024
Salary -0.1%	8,473	5,963
Pension +0.1%	8,696	6,121
Pension -0.1%	8,359	5,869

The academy trust's share of the assets in the scheme and the expected rates of return were:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities instruments	3,147	1,692
Debt instruments	774	458
Property	549	351
Total market value of assets	<u>4,470</u>	<u>2,501</u>
Present value of scheme liabilities	-	-
Present value of obligations	<u>(8,525)</u>	<u>(5,993)</u>
(Surplus)/Deficit in the scheme	<u>(4,055)</u>	<u>(3,492)</u>

The actual return on the scheme assets was £541,000 (2016: £279,000).

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION AND SIMILAR OBLIGATIONS (continued)

The amount recognised in the Statement of Financial Activities is as follows:

	31 August 2017 £000	31 August 2016 £000
Current service cost	(377)	(109)
Gains/losses on settlement	(1,881)	(445)
Admin expenses	(1)	(1)
Net interest cost	(89)	(59)
Total operating charge	<u>(2,348)</u>	<u>(614)</u>

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 102 is £1,785,000 - gain (2016: £1,587,000 - loss).

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

	2017 £000	2016 £000
At 1 September	5,993	2,793
Current service cost	700	371
Interest cost	164	138
Employee contributions	96	79
Experience loss/gain	(1,774)	
Change in financial assumptions	(359)	1,787
Benefits paid	(6)	(14)
Liabilities assumed/(extinguished) on settlements	3,711	839
At 31 August	<u>8,525</u>	<u>5,993</u>

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

	2017 £000	2016 £000
At 1 September	2,501	1,502
Settlement prices received/(paid)	1,830	394
Interest income	75	79
Return on plan assets (excluding net interest on the net defined pension liability)	466	200
Actuarial gain/(loss)	(814)	-
Employer contributions	323	262
Employee contributions	96	79
Benefits paid	(6)	(14)
Admin expenses	(1)	(1)
At 31 August	<u>4,470</u>	<u>2,501</u>

THE HOWARD ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

25. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

26. CONVERSION TO AN ACADEMY TRUST

On 1st October 2016 Deanwood Primary School, on 1st April 2017 Thamesview Primary School and on 1 August 2017 Miers Court Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Howard Academy Trust from the Medway Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as Transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000
Tangible fixed assets				
- Freehold land and buildings & other assets	-	-	13,926	13,926
Loan		(66)		(66)
Budget surplus on LA funds	-	132	-	132
LGPS pension deficit	-	(1,676)	-	(1,676)
Net assets	-	(1,610)	13,926	12,316

The above net assets include £132,000 that was transferred as cash.