

Company Registration Number: 09175427 ()

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 3
Trustees' report	4 - 21
Governance statement	22 - 25
Statement on regularity, propriety and compliance	26
Statement of Trustees' responsibilities	27
Independent auditor's report on the financial statements	28 - 30
Independent reporting accountant's assurance report on regularity	31 - 32
Statement of financial activities incorporating income and expenditure account	33
Balance sheet	34 - 35
Statement of cash flows	36
Notes to the financial statements	37 - 62

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

A Norman
K Brown
D Daburn (resigned 8 October 2018)
N Ward (appointed 8 October 2018)
A Reed (appointed 7 January 2019)
J Watson (appointed 24 June 2019)

Trustees

S Bass (appointed 23 November 2018)
P Morris, Chief Executive and Accounting Officer
O McColgan, Finance & HR Director (resigned 22 January 2019)
F Martin
J Watson (resigned 15 November 2018)
R McKenna
D Giles (appointed 11 September 2018)
D McDonald (appointed 1 September 2018)
R Zaltzman (appointed 20 September 2018)

Company registered number

09175427

Company name

The Howard Academy Trust

Principal and registered office

Derwent Way, Gillingham, Kent, ME8 0BX

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019

Advisers (continued)

Member Schools

The Howard School
Derwent Way
Rainham
Kent
ME8 0BX

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

Miers Court Primary School
Silverspot Close
Rainham
Kent
ME8 8JR

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

Thames View Primary School
Bloors Lane
Rainham
Kent
ME8 7DX

Waterfront UTC
South Side Three Road
Chatham
Kent
ME3 3FQ

Senior Leadership team

P Morris, Chief Executive
O McColgan, Director of Finance and HR
C Reid, Director of Education
K Moore, Head of School (The Howard School)
E Taylor, Headteacher (Temple Mill Primary School)
D Bignell, Headteacher (Deanwood Primary School)
D Daburn, Headteacher (Thames View Primary School)
S Chapman, Headteacher (Miers Court Primary School)
P Cottam, Principal (Waterfront UTC)

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019**

Advisers (continued)

Independent auditor

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

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
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

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

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

Academy Name	2019	2018
Deanwood Primary School	198	201
The Howard School	1488	1466
Miers Court Primary School	389	421
Temple Mill Primary School	210	209
Thames View Primary School	420	409
Waterfront UTC	202	N/A

Structure, governance and management

CONSTITUTION

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

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administration Details on page

MEMBERS LIABILITY

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

TRUSTEES' INDEMNITIES

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 12 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 Academy Board are established or if no provision is made for at least 2 Parent Trustees on each established Local Governing Body

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

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

TERM OF OFFICE

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

ORGANISATIONAL STRUCTURE

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

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 (a 11 – 19 Secondary School)
- Temple Mill Primary School (a 3 – 11 Primary School and Nursery)
- Deanwood Primary School (a 4 – 11 Primary School)
- Thames View Primary School (a 3 – 11 Primary School and Nursery)
- Miers Court Primary School (a 4 – 11 Primary School)
- Waterfront UTC (a 13 – 19 free school with a license from the Baker Deering Trust to operate as a University Technical College)

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 the South-East of England 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
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 five fundamental tenets:

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

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.

Strategic report

Achievements and performance

Overview

The academic year 2018/19 has been a period of further success for The Howard Academy Trust (THAT). The Trust is made up of six academies; one very large non-selective boys' (mixed in Sixth Form) 11 to 18 secondary. A 13 to 18 university technical college and four primary schools. Our key driver remains improving student achievement and outcomes, particularly with regard to progress measures. There remains a strong focus on delivering success particularly for those students who trigger the Pupil Premium. The Trust seeks to secure further growth in 2019/20. The opening of a new mixed 11 to 16 non-selective secondary school sponsored by the Trust in Thanet scheduled for 2020 has been delayed to 2021. Recruitment for Year 7 will start from September 2020. The Trust is confident that we have capacity and that this planned growth is timely and appropriate at this point in our development.

Two Trust academies were visited by Ofsted during the year and both were judged to be 'Good' under all headings. Temple Mill Primary School had been previously in Special Measures and was sponsored by the Trust. Deanwood Primary School maintained a 'Good' rating.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Significant building work is scheduled to take place at The Howard School in 2019/20 when new Science and Technology buildings will be created. This is an exciting project which will deliver fresh and up to date facilities for the Trust.

There has been much to celebrate across THAT in 2018/19 with success for students evident in all our academies. Students attending THAT primary academies have performed well, delivering impressive and improved outcomes under the majority of key headings. This achievement is particularly commendable given a proportion of academies are placed at the centre of disadvantaged communities where there exists volatility in student rolls and academic profiles are significantly below National Averages.

Secondary students have faced increasing demands when engaging in examinations this summer. At A level, this was the second year of the more challenging 2-year linear programmes. Applied and vocational qualifications have been revised and specifications changed. There is now the requirement for more rigorous assessment and the sitting of public examinations for students studying these courses. Despite these changes, performance of THAT secondary schools was comparatively strong and achievements at the UTC improved.

Students find that GCSE courses are now more academically challenging, and the content volume significantly increased. Assessments are based almost entirely on performance at the terminal examination. At THAT secondary academies, 62% of students achieved grade 4 (formerly C grade) in both English and Maths.

Across the Trust:

- 74% of EYFS students achieved GDL
- 80% of students in Year 1 passed the Phonics screening test
- 77% of students in KS1 achieved expected levels in Reading
- 72% of students in KS1 achieved expected levels in Writing
- 81% of students in KS1 achieved expected levels in Maths
- 71% of students in KS2 achieved expected levels in Reading
- 77% of students in KS2 achieved expected levels in Writing
- 76% of students in KS4 achieved a Grade 4 in English
- 65% of students in KS4 achieved a Grade 4 in Maths
- 53% of students in KS4 achieved two Grade 4 in Science

The Howard School

The Howard School clearly exceeded existing government floor targets in the summer of 2019 at GCSE. Using key indicators at KS4 (students achieving grades 4 to 9 in both English and Maths), 63% 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 were entered for the EBacc and the provisional Progress 8 figure stands at or around -0.14. This is ahead of all boys nationally and significantly better than all boys in Medway non-selective schools. It is fair to say that boys at The Howard make better progress and achieve more than in other local schools. The average GCSE grade for exams taken was C/4.

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Waterfront University Technical College

Utilising a key indicator at KS4 (students achieving grades 4 to 9 in English and Maths), a good proportion of students were successful. 45% of the cohort reached level 4 in English and 58% in Maths. This places WUTC clearly ahead of many Medway non-selective schools. 31% of students reached level 5+ in English and 26% in Maths. A noteworthy 80% of the year group made expected or greater than expected progress from the end of KS2 to KS4 in Maths. The KS4 attainment 8 score rose from 34.3 in 2018 to 37.6 in 2019. Disadvantaged students performed better than the whole cohort.

At KS5, the average academic grade moved from E in 2018 to D in 2019. The average grade in technical subjects was an impressive Merit+.

Temple Mill Primary School

In 2019, Temple Mill Primary School delivered an incredible set of outcomes under all headings in EYFS, KS1 and KS2. Outcomes at KS2 were in the top 5%-10% in the Local Authority.

EYFS: Good levels of development. School (2018) 74%. School (2019) 77% (up 3%).
Year 1 Phonics: School (2018) 90%. School (2019) 90%.
Year 2/KS1 Reading expected standard School (2018) 90%. School (2019) 90%.
Year 2/KS1 Writing expected standard School (2018) 87%. School (2019) 83%.
Year 2/KS1 Maths expected standard School (2018) 83%. School (2019) 87% (up 4%).
Year 6/KS2 Reading expected standard School (2018) 68%. School (2019) 90% (up 22%).
Year 6/KS2 Writing expected standard School (2018) 82%. School (2019) 83% (up 1%).
Year 6/KS2 Maths expected standard School (2018) 76%. School (2019) 87% (up 13%).
Year 6/KS2 Combined expected standard School (2018) 57%. School (2019) 79% (up 22%).

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

Progress from KS1 to KS2 was between +2.6 and +3.1 under key headings which places the school at least in the top 10% for progress under all headings.

Deanwood Primary School

In 2019, Deanwood delivered a strong performance under the clear majority of the 9 key performance indicators in EYFS, KS1 and KS2.

EYFS: Good levels of development. School (2018) 70%. School (2019) 61%.
Year 1 Phonics: School (2018) 80%. School (2019) 69%.
Year 2/KS1 Reading expected standard School (2018) 70%. School (2019) 73% (up 3%).
Year 2/KS1 Writing expected standard School (2018) 70%. School (2019) 73% (up 3%).
Year 2/KS1 Maths expected standard School (2018) 73%. School (2019) 87% (up 14%).

Year 6/KS2 Reading expected standard School (2018) 77%. School (2019) 67%.
Year 6/KS2 Writing expected standard School (2018) 77%. School (2019) 73%.
Year 6/KS2 Maths expected standard School (2018) 77%. School (2019) 67%.
Year 6/KS2 Combined expected standard. School (2018) 68%. School (2019) 63%.

Generally, the strong outcomes evident in 2018 were maintained in 2019.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Deanwood is a one-form entry school where the performance of two or three students can have a dynamic impact on overall outcomes.

Each student in Year 6 = 3.5% approximately.

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

The performance of Pupil Premium students was strong and there were minimal gaps evident at KS1 and KS2. Progress from KS1 to KS2 was +0.3 in Reading.

Thames View Primary School

In 2019, Thames View managed a particularly challenging year group and one that is not typical or reflective of the whole school community. In the Year 6 cohort, approaching ¼ of students were identified on the SEN register and there was a significant gender imbalance where boys outnumbered girls. A minority of students exhibited a range of extreme behaviours. There was clear evidence that a significant group within the cohort experienced genuine levels of social deprivation. The school's performance at KS1 was further improved and outcomes at KS2 generally secure after intense support and intervention from the Trust.

EYFS: Good levels of development. School (2018) 72.5%. School (2019) 73% (up 0.5%).
Year 1 Phonics: School (2018) 81%. School (2019) 80% (strong performance maintained).
Year 2/KS1 Reading expected standard School (2018) 70%. School (2019) 76% (up 6%).
Year 2/KS1 Writing expected standard School (2018) 61%. School (2019) 62% (up 1%).
Year 2/KS1 Maths expected standard School (2018) 72%. School (2019) 75% (up 3%).
Year 6/KS2 Reading expected standard School (2018) 67%. School (2019) 59%.
Year 6/KS2 Writing expected standard School (2018) 69%. School (2019) 59%.
Year 6/KS2 Maths expected standard School (2018) 67%. School (2019) 74%.
Year 6/KS2 Combined expected standard School (2018) 59%. School (2019) 48%.

The school has made genuine progress under many headings, particularly in KS1 but acknowledges there remains much work to do. The Trust has placed a new Headteacher into the school and there is a clear improvement strategy in place. Progress from KS1 to KS2 was +0.5 in Maths.

Miers Court Primary School

In 2019, the performance of Miers Court improved exponentially at KS2 and remains relatively strong in EYFS and KS1.

EYFS 77% School (2018) 77% good levels of development. School 80% (up 3%).
Year 1 Phonics School (2018) 61%. School (2019) 80% (up 19%).
Year 2/KS1 Reading expected standard School (2018) 80%. School 2019 72%.
Year 2/KS1 Writing expected standard School (2018) 82%. School (2019) 73%.
Year 2/KS1 Maths expected standard School (2018) 83%. School (2019) 73%.
Year 6/KS2 Reading expected standard School (2018) 68%. School (2019) 67%.
Year 6/KS2 Maths expected standard School (2018) 47%. School (2019) 70% (up 23%).
Year 6/KS2 Writing expected standard School (2018) 77%. School (2019) 85% (up 8%).
Year 6/KS2 Combined expected standard (2018) 44%. School (2019) 62%. Up 18%.

Outcomes for the Year 6 cohort were significantly improved in comparison to 2018. There was an intensive level of support and intervention delivered by the Trust to ensure outcomes improved.

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Educational Management

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

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

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

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

Ofsted Reports presently show that 5 of our 6 schools are considered Good with 1 (WUTC) without an Ofsted rating.

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 was sponsored by THAT, having been placed in Special Measures in 2014. In 2018, the school was judged to be Good under all headings..

Deanwood Primary School was rated as a Good school by Ofsted in 2018. 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.

Waterfront University Technical College has no Ofsted rating but its predecessor school was judged by Ofsted to require Special Measures in January 2018. The school was subject to a new start in January 2019. External reviews indicate the school is rapidly moving to 'Good'.

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Attendance, Behaviour and Safety

The Howard School

Available data indicates that attendance for 2018/19 stood at 94.4% for years 7-11, which is marginally below NA for all secondary schools but ahead of the average for Medway non-selective schools. Analysis indicates that sickness and bad weather (snow) during Terms 4 and 5 in 2019 were the most significant factors impacting on attendance. Data for persistent absence indicates the school is at or around NA under this heading.

Years 12 and 13 attendance stood at 93% for 2018/19. The school is particularly pleased with the improvements secured in Sixth Form attendance. There are now restrictions on Sixth Form movement during the school day.

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

After many years where the number of FTEs progressively reduced, 2018/19 saw a marginal increase. It should be noted that there has been no dilution of expectations of what can be interpreted as acceptable behaviour. There were 4 PEs in 2018/19 which was a reduction the previous 2 years.

Waterfront UTC

Available data indicates that attendance from September 2018 to July 2019 stood at 94.79% which is marginally above NA for all secondary schools and much better than the majority of non-selective schools in the LA. Data relating to persistent absence indicates the school is at or around NA under this heading. Unauthorised absence has reduced significantly and is low when compared to similar schools. A small group of vulnerable Year 11 students who joined the school with existing attendance issues impacted negatively on all areas reported on under this heading.

Exclusions at Waterfront UTC have reduced significantly in 2018/19. There were 42 FTEs compared with 155 in 2017/18. There was 1 permanent exclusion.

Trust Primary Schools

Attendance for 2018/19 across the Trust's primary schools stood at 96.2% (0.1% above average for all primary schools nationally).

Deanwood

Attendance from September 2018 to August 2019 was 96.1%, which was in line with expectations and at NA. Unauthorised absence was statistically insignificant, indicating that virtually all absences were authorised. There is evidence of minimal persistent absence. The school continues to work hard to reduce the number of Persistent Absentees (PA) to zero. Interventions have delivered some welcome success in reducing the number of PAs. Data continues to show some concern over the attendance of PP pupils whose attendance is marginally less good than non-PP pupils. The proportion of PP pupils at the school is at our around 18% which is above NA. The strongest attendance is in Years 2, 3, 4 and 5. The highest attendance figures for identified groups were LAC and EAL. Attendance in Years 1 and 6 is below the school average and has a drag effect on

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 was just 1 fixed term exclusion of a pupil for 1 day in 2016/17. There have been no recorded exclusions 2017/18 or in 2018/19.

Behaviour for Learning is considered at least 'Good' and in many cases 'Outstanding' based on external and internal observations. Behaviour outside the classroom is also considered 'Good' or better based on external and internal observations. There were no bullying incidents recorded in 2018/19.

Temple Mill

Attendance figures for 2016/17 indicated that students attended for 94.7% of available sessions. Attendance from September 2017 to July 2018 showed a clear improvement to 95.7%. Attendance in 2018/19 moved to an impressive 97.3% which is significantly above NA. The school has issued a number of Persistent Absence letters and governors' attendance panels take place with children and families.

The Headteacher believes that both actions have had a positive impact.

There was 1 fixed term exclusion in 2016/17 for half a day. There were no FTEs in either 2017/18 or 2018/19. No permanent exclusions have taken place. There had been no recorded racist incidents since September 2017 and just 1 parental complaint of bullying which was effectively dealt with.

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

Thames View

Attendance from September 2018 to July 2019 stood at 95.24% which is slightly below national norms. Unauthorised absences were significantly reduced during the year. There is a whole school attendance plan in place which includes an attendance clinic which focuses on pupils with poor or erratic attendance.

There was 1 FE exclusions for 1 day in 2018. This is a significant reduction over 2017/18 when there were 8 FTEs totalling 28 days.

Behaviour for Learning remains a focus and is considered broadly Good both inside and outside the classroom. Monitoring indicates that Behaviour for Learning improved during the year. Reports of unacceptable behaviour at lunchtime have reduced.

Miers Court

Attendance from September 2018 to August 2019 was 96.1% which is at NA. The school has in place a well-refined tracking system related to absence and punctuality. Attendance for Pupil Premium pupils was 94%, SEND 95% and, for the most significant identified minority group at the school (Travellers) 90%.

There were no fixed term exclusions in 2018/19. There have been no permanent exclusions since 2015. In 2017/18, there were 4 FEs involving 2 pupils for a total of 4 days (2 half-days, 1 one-day and 1 two-day).

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 is at or around 1500, an increase of 60 from September 2018. The school is over PAN in Years 7, 8 and 9 and slightly below capacity in Years 10 and 11. Year 7 recruitment for September 2019 was particularly strong. The school has accepted 273 pupils which is 23 over PAN. To accept this number in Year 7 effectively neutralises potential loss of pupils at the end of Year 8 and Year 9 to the UTC. The number of students in the Sixth Form has increased to 225 and there has been improved retention from Year 12 into Year 13.

The school clearly remains a popular choice for the community.

Waterfront UTC

There are currently (September 2019) 208 Year 9 to Year 13 students on the roll. This is an increase from 172 in September 2018. The school has now started to take students from Year 9 and saw an increase in enrolment into Year 12. There is real confidence that numbers will continue to grow in light of the school's improved outcomes and reputation.

Deanwood

Deanwood is a one form entry school. A 'form' is 30 students. There are presently 199 students on roll which means that the school is now 11 short of being at full capacity. The majority of vacancies exist in Year 1. The school has an improving reputation but, in common with other local schools, has to work extremely hard to maintain numbers due to local demographic factors.

Temple Mill

Temple Mill is a one form entry school. A 'form' is 30 students. There are presently 209 students on roll (up 3 from last year) which means that the school is effectively at full capacity. The roll is increasingly stable and has been since June 2016. There are 50+ part-time pupils in Nursery equating to 25 full-time equivalents. There has been a degree of mobility in some parts of the school's catchment area which has an impact. In September 2019, the school was fully subscribed in Reception (with a short waiting list) and up to capacity in all years but one. The gender balance of the school remains at 55% male and 45% female. In Year 4, males make up 66% of the cohort. In Reception, there are 3 boys to every 2 girls. The school's improved reputation in the locality is reflected by the increase in roll and numbers applying for places.

Thames View

Thames View is a 2-form entry school. A 'form' is 30 students. There are presently 418 pupils on roll which means that the school is effectively full. The roll is relatively stable and has been for some time. In September 2019, the school was fully subscribed in Reception and up to capacity in almost every year (with waiting lists in some). In Year 6, 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.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Miers Court

Miers Court is a two-form entry school. A 'form' is 30 students. There are presently around 390 pupils on roll which means that the school has a number of vacancies. These vacancies are focused very much in Reception and Year 1. The school has an improving reputation but, in common with other local schools, has to work extremely hard to maintain numbers due to local demographic factors.

Leadership

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

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

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

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

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

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

Key Education Performance Indicators

The Howard School

Key education performance indicators are:

Inspection outcomes 2016 –

Overall effectiveness: Good 2

Quality and Standards of Education – Good 2

Quality of teaching, learning and assessment – Good 2

Personal development, behaviour and welfare – Good 2

Effectiveness of Leadership and management – Good 2

Waterfront University Technical College

As a new school as of January 2019, WUTC does not have an Ofsted judgement.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Deanwood Primary School

Key education performance indicators are:

Inspection outcomes 2018 –
Overall effectiveness: Good 2
Quality and Standards of Education – Good 2
Quality of teaching, learning and assessment – Good 2
Personal development, behaviour and welfare – Good 2
Effectiveness of Leadership and management – Good 2

Temple Mill Primary School

Key education performance indicators are:

Inspection outcomes 2018 –

Overall effectiveness: Good 2
Quality and Standards of Education – Good 2
Quality of teaching, learning and assessment – Good 2
Personal development, behaviour and welfare – Good 2
Effectiveness of Leadership and management – Good 2

Thames View Primary School

Key education performance indicators are:

Inspection outcomes 2016 –
Overall effectiveness: Good 2
Quality and Standards of Education – Good 2
Quality of teaching, learning and assessment – Good 2
Personal development, behaviour and welfare – Good 2
Effectiveness of Leadership and management – Good 2

Miers Court Primary School

Key education performance indicators are:

Inspection outcomes 2016 –
Overall effectiveness: Good 2
Quality and Standards of Education – Good 2
Quality of teaching, learning and assessment – Good 2
Personal development, behaviour and welfare – Good 2
Effectiveness of Leadership and management – Good 2

THAT Strategic Priorities for 2019/20

- Continuously improving the quality of provision of all our academies and enhance pupil outcomes across the Trust.
- Creating new school provision to meet emergent need.
- Ensuring a financially viable and sustainable MAT and developing a strong business infrastructure.
- Building an effective school improvement team.
- Ensuring effective leadership and governance.
- Further building the Trust to 8-10 academies of different types by 2022.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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:

1. The Board of Trustees believe that the Trust is a going concern as
2. GAG funding has been agreed with the ESFA for the next financial year.
3. There is no further anticipated reduction in pupil numbers that would make an academy within the Trust not viable. Miers Court and Deanwood Primary School have a reduction in the number of students with Year R and 1 which continues to grow via casual admissions. Discussions have taken place with these academies regarding staffing structures moving forward to support lower student numbers.
4. Educational performance across all Trust schools is consistently strong.
5. Medway as an area has strong pupil numbers for the foreseeable future due to rising birth rates and housing developments which impact the Rainham area.
6. The Howard Academy Trust have been working with the ESFA on a recovery plan to improve the fund position of some academies within the Trust. The UTC joining the Trust has had an impact on the overall fund balance as this academy joined with a large negative fund balance. UTC's nationally have a negative fund balance due to pupil numbers. The Trust continues to work with the ESFA on moving towards a positive fund balance for the UTC and other academies with a negative fund balance.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the period ended 31 August 2019 total expenditure of £16,434,022 (2018: £15,211,268) was covered by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period was £2,134,049 (2018: £1,590,832) excluding income from assets inherited on conversion).

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

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the Balance Sheet in accordance with FRS102. At 31 August 2019, the deficit stood at £5,327,000. 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 2019 the net book value of fixed assets was £48,230,261 and movements in tangible assets are shown in Note 14 to the financial statements. The buildings and land at The Howard School are owned by the Trust. Temple Mill Primary School and Waterfront UTC 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 2019 amounted to a surplus of £42,282,045. This includes a pension fund deficit of £5,327,000. Free reserves amounted to a negative position of £685,006 (2018 - negative position of £113,444). See the Statement of Financial Activities for more detail.

INVESTMENT POLICY AND PERFORMANCE

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

PRINCIPALS RISKS AND UNCERTAINTIES

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

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

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.

FUTURE DEVELOPMENTS

The Trust have also been approved as a sponsor of a presumption free school in partnership with Kent County Council. This will open in Margate, Thanet in September 2021.

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.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Plans for future periods

LIQUIDITY RISK

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

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.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

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

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

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

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

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

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11/12/2019 and signed on its behalf by:



D McDonald
Chair of Trustees

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Howard Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
S Bass	4	5
P Morris	6	6
O McColgan	2	2
F Martin	6	6
J Watson	1	1
R McKenna	4	6
D Giles	5	6
D McDonald	5	6
C Nott	3	5

Governance reviews:

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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

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

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Bass	1	2
F Martin	3	3
R McKenna	3	3
P Morris, CEO and Accounting Officer	3	3
R Zaltzman	1	3
D McDonald	3	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 terms).

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Bass	1	3
D Giles	3	3
D McDonald	3	3
R Zaltzman	1	3

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

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

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Howard Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2018 to 31 August 2019 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
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

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

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

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

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

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit/Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11/12/2019 and signed on their behalf, by:



D McDonald
Chair of Trustees



P Morris
Accounting Officer

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Howard Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 11/12/2019 and signed on its behalf by:



D McDonald
Chair of Trustees

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of The Howard Academy Trust (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Darren Rigden

Darren Rigden (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Riverside House
40 - 46 High Street
Maidstone
Kent

ME14 - 1JH

Date: *20/12/2019*

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 14 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Howard Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Howard Academy Trust's funding agreement with the Secretary of State for Education dated 27 November 2015, and the Academies Financial Handbook extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

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

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Darren Rigden

Crowe U.K. LLP

Statutory Auditor

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

Date: 20/12/19

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	2	7,843	-	198,927	206,770	73,276
Charitable activities	3	-	13,502,778	-	13,502,778	12,971,908
Other trading activities	4	121,645	468,419	-	590,064	543,736
Investments		361	-	-	361	397
Assets/(liabilities) inherited upon transfer into the Trust	5	-	(219,386)	10,604,052	10,384,666	31,119
TOTAL INCOME		129,849	13,751,811	10,802,979	24,684,639	13,620,436
EXPENDITURE ON:						
Raising funds	7	204	83,050	-	83,254	58,641
Charitable activities		11,420	15,018,548	1,320,800	16,350,768	15,152,627
TOTAL EXPENDITURE	6	11,624	15,101,598	1,320,800	16,434,022	15,211,268
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		118,225	(1,349,787)	9,482,179	8,250,617	(1,590,832)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,098,000)	-	(1,098,000)	1,199,000
NET MOVEMENT IN FUNDS		118,225	(2,447,787)	9,482,179	7,152,617	(391,832)
RECONCILIATION OF FUNDS:						
Total funds brought forward		265,171	(3,847,615)	38,711,872	35,129,428	35,521,260
TOTAL FUNDS CARRIED FORWARD		383,396	(6,295,402)	48,194,051	42,282,045	35,129,428

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

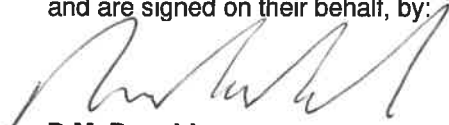
BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Tangible assets	14		48,230,261		38,745,136
CURRENT ASSETS					
Stocks	16	2,720		-	
Debtors	17	638,030		555,372	
Cash at bank and in hand		72,207		388,750	
			<u>712,957</u>	<u>944,122</u>	
CREDITORS: amounts falling due within one year	18	(1,326,844)		(1,056,344)	
NET CURRENT LIABILITIES			(613,887)		(112,222)
TOTAL ASSETS LESS CURRENT LIABILITIES			47,616,374		38,632,914
CREDITORS: amounts falling due after more than one year	19		(7,329)		(34,486)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			47,609,045		38,598,428
Defined benefit pension scheme liability	24		(5,327,000)		(3,469,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			42,282,045		35,129,428
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	(1,068,402)		(378,615)	
Restricted fixed asset funds	20	48,194,051		38,711,872	
Restricted income funds excluding pension liability		47,125,649		38,333,257	
Pension reserve		(5,227,000)		(3,469,000)	
Total restricted income funds			41,898,649		34,864,257
Unrestricted income funds	20		383,396		265,171
TOTAL FUNDS			42,282,045		35,129,428

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2019

The financial statements on pages 33 to 62 were approved by the Trustees, and authorised for issue, on 11/12/2019 and are signed on their behalf, by:



D McDonald
Chair of Trustees

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(273,612)	299,841
Cash flows from investing activities:			
Dividends, interest and rents from investments		361	398
Purchase of tangible fixed assets		(146,373)	(168,163)
Capital grants from DfE Group		198,927	60,377
Net cash provided by/(used in) investing activities		52,915	(107,388)
Cash flows from financing activities:			
Repayments of borrowings		(95,846)	(144,195)
Net cash used in financing activities		(95,846)	(144,195)
Change in cash and cash equivalents in the year		(316,543)	48,258
Cash and cash equivalents brought forward		388,750	340,492
Cash and cash equivalents carried forward	23	72,207	388,750

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

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

1. The Board of Trustees believe that the Trust is a going concern as
2. GAG funding has been agreed with the ESFA for the next financial year.
3. There is no further anticipated reduction in pupil numbers that would make an academy within the Trust not viable. Miers Court and Deanwood Primary School have a reduction in the number of students with Year R and 1 which continues to grow via casual admissions. Discussions have taken place with these academies regarding staffing structures moving forward to support lower student numbers.
4. Educational performance across all Trust schools is consistently strong.
5. Medway as an area has strong pupil numbers for the foreseeable future due to rising birth rates and housing developments which impact the Rainham area.
6. The Howard Academy Trust have been working with the ESFA on a recovery plan to improve the fund position of some academies within the Trust. The UTC joining the Trust has had an impact on the overall fund balance as this academy joined with a large negative fund balance. UTC's nationally have a negative fund balance due to pupil numbers. The Trust continues to work with the ESFA on moving towards a positive fund balance for the UTC and other academies with a negative fund balance.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

School trips and activities

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

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

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

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

1.6 Stocks

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

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

1.9 Liabilities

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 Taxation

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

1.12 Pensions

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

Teacher Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

Local Government Pension Scheme

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

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

1.13 Fund accounting

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Donations	7,843	-	7,843	12,900
Capital Grants	-	198,927	198,927	60,376
	<u>7,843</u>	<u>198,927</u>	<u>206,770</u>	<u>73,276</u>
<i>Total 2018</i>	<u>12,900</u>	<u>60,376</u>	<u>73,276</u>	

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	11,816,238	11,816,238	11,214,081
Other DfE/ESFA grants	-	1,009,414	1,009,414	1,134,393
	-	12,825,652	12,825,652	12,348,474
Other government grants				
Local authority grants	-	107,972	107,972	127,018
	-	107,972	107,972	127,018
Other funding				
Other income from the academy Trust's educational operations.	-	569,154	569,154	496,416
	-	569,154	569,154	496,416
	-	13,502,778	13,502,778	12,971,908
<i>Total 2018</i>	-	12,971,908	12,971,908	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Other income	-	468,419	468,419	451,323
Lettings income	121,645	-	121,645	92,413
	121,645	468,419	590,064	543,736
<i>Total 2018</i>	92,413	451,323	543,736	

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. OTHER INCOMING RESOURCES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Assets/(liabilities) inherited upon transfer into the Trust	-	10,384,666	10,384,666	31,119
<i>Total 2018</i>	-	31,119	31,119	

6. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income					
Direct costs	44,492	-	38,762	83,254	58,641
Support costs	-	-	-	-	-
Education:					
Direct costs	10,017,053	931,571	2,072,041	13,020,665	12,054,719
Support costs	2,083,716	-	1,234,967	3,318,683	3,094,045
	12,145,261	931,571	3,345,770	16,422,602	15,207,405
<i>Total 2018</i>	11,174,209	1,292,613	2,782,809	15,249,631	

7. COSTS OF RAISING FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Letting expenditure	204	-	204	369
Sport partnership other costs	-	38,558	38,558	16,046
Sport partnership salaries	-	44,492	44,492	42,226
	204	83,050	83,254	58,641
<i>Total 2018</i>	369	58,272	58,641	

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. DIRECT COSTS

	Total 2019 £	<i>Total 2018 £</i>
Catering	535,997	489,518
Examination fees	153,775	127,417
Technology costs	206,870	121,829
Educational supplies	152,113	132,518
Staff development	60,055	56,014
Educational consultancy	171,912	206,908
Trips and activities	218,991	168,947
Other direct costs	46,887	45,339
Other staff costs	188,868	102,729
Wages and salaries	7,950,010	7,408,027
National insurance	767,951	682,923
Pension cost	1,299,092	1,219,937
Depreciation	1,268,144	1,292,613
	<u>13,020,665</u>	<u>12,054,719</u>
<i>Total 2018</i>		<u>12,054,719</u>

9. SUPPORT COSTS

	Governance £	Education £	Total 2019 £	<i>Total 2018 £</i>
Pension finance costs	-	87,000	87,000	100,000
Recruitment & Support	-	52,250	52,250	28,800
Maintenance of Premises & Equipment	-	167,034	167,034	170,346
Cleaning	-	97,569	97,569	86,077
Rent and rates	-	231,626	231,626	173,827
Energy costs	-	232,517	232,517	224,356
Insurance	-	77,790	77,790	91,396
Security & transport	-	36,936	36,936	23,237
Governance	11,420	-	11,420	3,863
Other support costs	-	441,113	441,113	477,637
Wages and salaries	-	1,043,417	1,043,417	965,271
National insurance	-	72,964	72,964	65,220
Pension cost	-	778,467	778,467	687,878
	<u>11,420</u>	<u>3,318,683</u>	<u>3,330,103</u>	<u>3,097,908</u>
<i>Total 2018</i>	<u>3,863</u>	<u>3,094,045</u>	<u>3,097,908</u>	

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	9,027,164	8,401,438
Social security costs	844,486	755,084
Operating costs of defined benefit pension schemes	2,084,743	1,914,958
	11,956,393	11,071,480
Agency staff costs	137,590	102,729
Staff restructuring costs	51,278	-
	12,145,261	11,174,209

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	51,278	-
	51,278	-

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

Included in the staff restructuring costs are non-statutory/non-contractual severance payments totalling £51,278 (2018 - £nil). Individually, the payments were £5,064, £20,350 and £25,864 (2018 - £nil).

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	169	154
Administration and support	208	190
Management	25	19
	402	363

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	5	5
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	2	1
In the band £90,001 - £100,000	1	1

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

10. STAFF COSTS (continued)

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, the pension contributions amounted to £98,176 (2018 - £101,564).

e. Key management personnel

The key management personnel of the academy trust comprise the Trustees and senior leadership team as listed on page 1. The total amount of employee benefits (including employer contributions) received by key management personnel for their services to the academy trust was £1,251,078 (2018 - £711,105).

11. TRUSTEES' REMUNERATION AND EXPENSES

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

		2019 £	2018 £
P Morris (Chief Executive and Trustee)	Remuneration	55,000-60,000	50,000-55,000
O McColgan (Chief Financial Officer and Trustee)	Remuneration	85,000-90,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £NIL).

12. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets: - owned by the Trust	1,269,494	1,292,613
Auditor's remuneration - audit	18,500	16,000
Auditor's remuneration - other services	3,350	3,350
	<u>1,291,344</u>	<u>1,311,963</u>

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. CENTRAL SERVICES

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

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

The academy charges for these services on the following basis:

Each academy pays a "top slice" of their General Annual Grant income to the Trust's Central Service fund. This payment is set on a percentage basis based on the Ofsted rating of each academy. A school deemed to be good or outstanding will pay 3.5% (2018 - 3.5%), requires improvement 5% (2018 - 5%) and sponsored academies 5%.

The actual amounts charged during the year were as follows:

	2019	<i>2018</i>
	£	£
The Howard School	313,682	<i>343,948</i>
Temple Mill Primary School	54,569	<i>60,241</i>
Deanwood Primary School	51,154	<i>50,568</i>
Thamesview Primary School	86,409	<i>84,728</i>
Miers Court Primary School	84,369	<i>83,796</i>
Waterfront UTC	45,122	<i>-</i>
Total	635,305	<i>623,281</i>

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost					
At 1 September 2018	22,746,041	18,713,895	570,168	730,908	42,761,012
Additions	-	-	93,344	53,029	146,373
Transferred on joining Trust	9,354,868	-	690,627	1,494,324	11,539,819
Disposals	(73,085)	-	-	-	(73,085)
At 31 August 2019	<u>32,027,824</u>	<u>18,713,895</u>	<u>1,354,139</u>	<u>2,278,261</u>	<u>54,374,119</u>
Depreciation					
At 1 September 2018	2,359,644	848,542	171,657	636,033	4,015,876
Charge for the year	602,780	509,431	75,385	81,898	1,269,494
Transferred on joining Trust	-	-	351,819	579,752	931,571
On disposals	(73,083)	-	-	-	(73,083)
At 31 August 2019	<u>2,889,341</u>	<u>1,357,973</u>	<u>598,861</u>	<u>1,297,683</u>	<u>6,143,858</u>
Net book value					
At 31 August 2019	<u>29,138,483</u>	<u>17,355,922</u>	<u>755,278</u>	<u>980,578</u>	<u>48,230,261</u>
At 31 August 2018	<u>20,386,397</u>	<u>17,865,353</u>	<u>398,511</u>	<u>94,875</u>	<u>38,745,136</u>

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

- Temple Mill Primary School (converted to an academy and values as at 1 December 2015)
- Thamesview Primary School (converted to an academy and values as at 1 April 2017)
- Miers Court Primary School (converted to an academy and values as at 1 August 2017)
- Deanwood Primary School ((converted to an academy and values as at 1 October 2016)
- Waterfront UTC (transferred into the academy on 1 April 2019 at book value with no independent valuation carried out as book value was considered the fair value).

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. TRUSTEES' AND OFFICERS' INSURANCE

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

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

16. STOCKS

	2019 £	2018 £
Finished goods and goods for resale	<u>2,720</u>	<u>-</u>

17. DEBTORS

	2019 £	2018 £
Trade debtors	95,865	29,103
Other debtors	69,188	3,174
Prepayments and accrued income	398,547	485,795
VAT recoverable	74,430	37,300
	<u>638,030</u>	<u>555,372</u>

18. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	491,387	337,990
Other taxation and social security	417,985	366,256
Other creditors	258,077	106,236
Accruals and deferred income	159,395	245,862
	<u>1,326,844</u>	<u>1,056,344</u>

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	88,041	37,856
Resources deferred during the year	85,292	88,041
Amounts released from previous years	(88,041)	(37,856)
	<u>85,292</u>	<u>88,041</u>
Deferred income at 31 August 2019	<u>85,292</u>	<u>88,041</u>

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. CREDITORS: Amounts falling due after more than one year

	2019	<i>2018</i>
	£	£
Other creditors	7,329	<i>34,486</i>

Included in other creditors are loans of £28,287 (2018 - £95,252) from Medway Council and a Salix loan totalling £21,986 (2018 - £36,643).

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

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

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

All loans were transferred to the Academy Trust upon conversion.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds - all funds	265,171	129,849	(11,624)	-	-	383,396
Restricted funds						
General Annual Grant (GAG) (i)	(378,615)	11,596,852	(12,286,639)	-	-	(1,068,402)
Other DfE/ESFA grants	-	1,009,414	(1,009,414)	-	-	-
Local authority grants	-	107,972	(107,972)	-	-	-
Trips and activities	-	274,355	(274,355)	-	-	-
Catering	-	294,799	(294,799)	-	-	-
Other income (ii)	-	468,419	(468,419)	-	-	-
Pension reserve	(3,469,000)	-	(660,000)	-	(1,098,000)	(5,227,000)
	<u>(3,847,615)</u>	<u>13,751,811</u>	<u>(15,101,598)</u>	<u>-</u>	<u>(1,098,000)</u>	<u>(6,295,402)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	38,644,493	10,802,979	(1,320,800)	67,379	-	48,194,051
DfE/ESFA capital grants	67,379	-	-	(67,379)	-	-
	<u>38,711,872</u>	<u>10,802,979</u>	<u>(1,320,800)</u>	<u>-</u>	<u>-</u>	<u>48,194,051</u>
Total restricted funds	<u>34,864,257</u>	<u>24,554,790</u>	<u>(16,422,398)</u>	<u>-</u>	<u>(1,098,000)</u>	<u>41,898,649</u>
Total of funds	<u><u>35,129,428</u></u>	<u><u>24,684,639</u></u>	<u><u>(16,434,022)</u></u>	<u><u>-</u></u>	<u><u>(1,098,000)</u></u>	<u><u>42,282,045</u></u>

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

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

i) General Annual Grant must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that is could carry forward as at 31 August 2019.

ii) Consists of income the trust has generated

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	<i>Total 2018 £</i>
The Howard Academy Trust	(517,055)	(195,108)
The Howard School	65,343	(5,457)
Temple Mill Primary School	(27,688)	14,523
Deanwood Primary School	(89,832)	(67,796)
Thamesview Primary School	248,177	120,380
Miers Court Primary School	(9,263)	20,014
Waterfront UTC	(354,688)	-
Total before fixed asset fund and pension reserve	(685,006)	<i>(113,444)</i>
Restricted fixed asset fund	48,194,051	<i>38,711,872</i>
Pension reserve	(5,227,000)	<i>(3,469,000)</i>
Total	<u>42,282,045</u>	<i><u>35,129,428</u></i>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	<i>Total 2018 £</i>
The Howard Academy Trust	334,540	342,760	41	220,202	897,543	1,429,870
The Howard School	5,543,119	565,047	87,334	1,518,034	7,713,534	7,486,521
Temple Mill Primary School	819,163	72,797	9,256	198,693	1,099,909	1,005,994
Deanwood Primary School	639,943	85,811	4,917	198,577	929,248	913,809
Thamesview Primary School	1,224,760	78,648	21,908	279,380	1,604,696	1,565,669
Miers Court Primary School	1,189,591	88,843	28,690	249,688	1,556,812	1,516,792
Waterfront UTC	456,583	74,164	1,594	158,406	690,747	-
	<u>10,207,699</u>	<u>1,308,070</u>	<u>153,740</u>	<u>2,822,980</u>	<u>14,492,489</u>	<i><u>13,918,655</u></i>

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	48,230,261	48,230,261
Current assets	383,396	382,165	-	765,561
Creditors due within one year	-	(1,343,238)	(36,210)	(1,379,448)
Creditors due in more than one year	-	(7,329)	-	(7,329)
Provisions for liabilities and charges	-	(5,327,000)	-	(5,327,000)
	<u>383,396</u>	<u>(6,295,402)</u>	<u>48,194,051</u>	<u>42,282,045</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	38,745,138	38,745,138
Current assets	265,171	611,572	67,378	944,121
Creditors due within one year	-	(955,701)	(100,644)	(1,056,345)
Creditors due in more than one year	-	(34,486)	-	(34,486)
Provisions for liabilities and charges	-	(3,469,000)	-	(3,469,000)
	<u>265,171</u>	<u>(3,847,615)</u>	<u>38,711,872</u>	<u>35,129,427</u>

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	8,250,617	(1,590,832)
Adjustment for:		
Depreciation charges	1,269,494	1,292,613
Assets received on conversion	(10,608,248)	-
Dividends, interest and rents from investments	(361)	(398)
Loss on the sale of fixed assets	2	-
Increase in stocks	(2,720)	-
Increase in debtors	(82,658)	(202,859)
Increase in creditors	339,189	248,694
Capital grants from DfE and other capital income	(198,927)	(60,377)
Defined benefit pension scheme cost less contributions payable	673,000	513,000
Defined benefit pension scheme finance cost	87,000	100,000
Net cash (used in)/provided by operating activities	(273,612)	299,841

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash in hand	72,207	388,750
Total	72,207	388,750

24. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,024,538 (2018 - £944,172).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. PENSION COMMITMENTS (continued)

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £568,000 (2018 - £568,000), of which employer's contributions totalled £440,000 (2018 - £440,000) and employees' contributions totalled £128,000 (2018 - £128,000). The agreed contribution rates for future years are 20% for employers and 5.5-12.5% for employees.

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". According to HM Treasury, any impact of GMPs is unlikely to be material to the pension valuation and therefore no allowance for GMP equalisation has been made in the FRS102 LGPS pension liability for this year. Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. PENSION COMMITMENTS (continued)

event of academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.90 %	2.65 %
Rate of increase in salaries	3.70 %	3.80 %
Rate of increase for pensions in payment / inflation	2.20 %	2.30 %
Inflation assumption (CPI)	2.20 %	2.30 %

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

	2019	2018
Retiring today		
Males	22.1	23.1
Females	24.0	25.2
Retiring in 20 years		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis	At 31 August 2019	At 31 August 2018
	£	£
Discount rate +0.1%	11,125,000	8,470,000
Discount rate -0.1%	11,721,000	8,920,000
Mortality assumption - 1 year increase	11,820,000	8,971,000
Mortality assumption - 1 year decrease	11,032,000	8,421,000
Pension +0.1%	-	8,882,000

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

	Fair value at 31 August 2019	Fair value at 31 August 2018
	£	£
Equities	4,152,000	3,559,000
Gilts	44,000	40,000
Corporate bonds	550,000	464,000
Property	710,000	646,000
Cash and other liquid assets	163,000	160,000
Absolute return fund	473,000	354,000
Total market value of assets	6,092,000	5,223,000

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. PENSION COMMITMENTS (continued)

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

	2019 £	2018 £
Current service cost	963,000	951,000
Interest cost	97,000	100,000
Admin expenses	3,000	2,000
	<u>1,063,000</u>	<u>1,053,000</u>
Total	<u>1,063,000</u>	<u>1,053,000</u>

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

	2019 £	2018 £
Opening defined benefit obligation	8,692,000	8,525,000
Past service costs	161,000	-
Current service cost	833,000	951,000
Liabilities assumed/(extinguished) on settlements	272,000	-
Interest cost	234,000	223,000
Employee contributions	128,000	128,000
Actuarial losses/(gains)	1,201,000	(1,112,000)
Benefits paid	(102,000)	(23,000)
Change in financial assumptions	-	-
	<u>11,419,000</u>	<u>8,692,000</u>
Closing defined benefit obligation	<u>11,419,000</u>	<u>8,692,000</u>

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

	2019 £	2018 £
Opening fair value of scheme assets	5,223,000	4,470,000
Settlement prices received/ (paid)	155,000	-
Interest income	147,000	123,000
Actuarial gains/losses	103,000	87,000
Employee contributions	128,000	128,000
Benefits paid	(102,000)	(23,000)
Employer contributions	440,000	440,000
Admin expenses	(2,000)	(2,000)
	<u>6,092,000</u>	<u>5,223,000</u>
Closing fair value of scheme assets	<u>6,092,000</u>	<u>5,223,000</u>

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

25. OPERATING LEASE COMMITMENTS

At 31 August 2019 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts payable:		
Within 1 year	138,134	106,360
Between 1 and 5 years	185,675	177,777
Total	<u>323,809</u>	<u>284,137</u>

26. MEMBERS' LIABILITY

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

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Prior to forming of the Academy Trust in 2014, The Howard School sold a piece of land at the school to Scallywags (Medway) Limited. Joanne Watson is a director of Scallywags (Medway) Limited and was a Trustee of The Howard Academy Trust up to 15 November 2018. Joanne Watson is now a member of the Trust.

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

In the year to 31 August 2019, The Howard School received £4,800 (2018 - £4,800) under the agreement.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

28. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

Waterfront UTC (formerly Medway UTC)

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	9,350,672	-	9,350,672
Plant and machinery	914,572	-	914,572
Fixtures and fittings	338,808	-	338,808
Stock	2,720	-	2,720
Debtors due after one year	70,958	-	70,958
Cash in bank and in hand	34,713	-	34,713
Liabilities			
Creditors due within one year	(239,777)	-	(239,777)
Pensions			
Pensions - pension scheme assets	123,000	-	123,000
Pensions - pension scheme liabilities	(211,000)	-	(211,000)
Net assets	<u>10,384,666</u>	<u>-</u>	<u>10,384,666</u>