

Company Registration Number: 09175427 (England & Wales)

The Howard Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2023

The Howard Academy Trust
(A company limited by guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2023

Members

Professor A Reed
Mr A Norman
Mrs J Watson (Resigned 1 January 2023)
Dr C Ude
Mr B Gallivant (Appointed 26 May 2023)

Trustees

Mr D McDonald* (Chair)
Mr S Bass* (Chair Finance, Audit and Resources Committee)
Ms C Nott (Vice Chair)
Mr D Giles (Chair of the Academic Standard Committee)
Mr O McColgan (Chief Executive & Accounting Officer)
Miss H Tait
Mrs D Cusack

* members of the Finance, Personnel & Estates Committee
renamed Finance, Audit and Resources Committee

Company registered number 09175427 (England and Wales)

Principal and registered office Waterfront UTC
South Side Three Road
Chatham
Gillingham
ME4 4FQ

Senior management team Mr O McColgan, Chief Executive & Accounting Officer
Ms C Reid, Director of Education
Mr K Taylor, Director of Finance & Operations
Mr B Symons, Assistant Director of Education (Appointed 1 September 2023)
Ms A Neech, Trust Improvement Lead

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

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

Solicitors Anthony Collins LLP
134 Edmund Street
Birmingham
B3 2ES

Actuaries Barnett Waddingham
Cheapside House
138 Cheapside
London
EC2V 6BW

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Trustees' Report

For the Year Ended 31 August 2023

The Directors present their annual report together with the financial statements and auditor's report of the academy trust for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates 7 primary/secondary academies in Medway & Kent. Its academies have a combined pupil capacity of 4,461 (according to Get Information About Schools) and had a roll of 4,140 (including Nursery) in the October 2022 school census.

Academy	October 2022 Census
Deanwood Primary School	204
The Howard School	1,520
The Abbey School	1,093
Miers Court Primary School	400
Temple Mill Primary School	236
Thames View Primary School	444
Waterfront UTC	341
Total	4,140

During the reporting period The Abbey School joined the Trust on 1 April 2023.

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

Members' Liability

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

Directors' Indemnities

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

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

THAT Academies

There were 7 academies within the Trust on 31 August 2023 as shown below. The Abbey School joined the Trust with effect from 1 April 2023.

- Deanwood Primary School (a 2 – 11 Primary School and Nursery)
- Temple Mill Primary School (a 3 – 11 Primary School and Nursery)
- Miers Court Primary School (a 4 -11 Primary School)
- Thames View Primary School (a 3 – 11 Primary School and Nursery)
- The Howard School (an 11-19 Secondary School)
- Waterfront UTC (an 13-19 free school with licence from the Baker Dearing Trust to operate as a University Technical College)
- The Abbey School (an 11-19 Secondary School)

Method of Recruitment and Appointment or Election of Directors

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

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The academy trust has the following Directors and methods of appointment:

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

Policies and procedures adopted for the induction and training of trustees

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

Organisational Structure

The structure of the organisation has three levels; the Directors, the Academy Trust Executive and the operational Academy Trust Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Directors are responsible for overall administration of the academy trust's finances. They are also responsible for ensuring that funding is used for the purposes intended, approve the annual budget and material changes, ensure a scheme of delegation is in place, ensure assets are managed and accounting records are maintained, ensure budget monitoring statements are a true and accurate record on income and expenditure and approve the Annual Statutory Financial Statements.

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

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

Arrangements for setting pay and remuneration of key management personnel

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

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

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

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	Release is ad hoc as and when required
Provide the total pay bill	£17,377,549
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	Not disclosed due to ad hoc and limited nature

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Paid trade union activities

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

There are no connected organisations or related party relationships other than those noted in note 33 to the Financial Statements.

Engagement with employees (including disabled persons)

Regular engagement takes place with all employees within the Trust via an annual employee survey. This is carried out by the Trust Central Team to provide feedback to individual academies about areas of strength and future opportunities. In addition, each academy holds Academy Council meetings three times per year. Representatives from teaching and support staff meet with Executive Leaders from THAT to discuss what is going well within the school and trust and what improvements could be made. This is a valuable mechanism for gaining staff voice across our organisation.

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

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

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object of the academy trust is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum (the mainstream Academies) or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them (the alternative provision Academies) or 16 to 19 Academies offering a curriculum appropriate to the needs of its students (the 16 to 19 Academies) or schools specially organised to make special educational provision for pupils with Special Educational Needs (the Special Academies).
- to promote for the benefit of individuals living in the South-East area of England who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, Strategies and Activities

The vision statement for The Howard Academy Trust is “Working together to build a community of successful learners”. This is underpinned by four core values:

- Inclusivity
- Dignity
- Respect
- Ambition

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The mission statement of the Trust consists of:

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

This is achieved through:

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

Public Benefit

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

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

STRATEGIC REPORT

Achievement and Performance

The 2022/23 academic year has been very positive for The Howard Academy Trust with key highlights including successful Ofsted visits, significant improvements in the financial position of the organisation and secondary academy performance for some academies being significantly above average. This was the first year of "normal" assessment at Key Stage 4 and 5 which has resulted in outcomes being difficult to compare to prior years.

Ofsted Inspections

During the reporting period two THAT academies received an Ofsted inspection and received excellent judgements.

Academy	Ofsted Judgement	Date of Inspection	Ofsted Judgement on joining THAT
Waterfront UTC	Good	January 2023	Inadequate
Thames View Primary School	Good	May 2023	Good

Waterfront UTC joined THAT as a sponsored academy having been rated as Inadequate (Special Measures) by Ofsted in March 2018. The school joined THAT in April 2019 and we are pleased that the improvements made to the school have been recognised in the recent inspection.

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Student Outcomes at KS4

Outcomes at Key Stage 4 have been shown for each individual academy rather than a consolidated figure for secondary as The Abbey School only joined THAT on 1 April 2023 during the reporting period. In addition, UTCs due to their nature are not subject to Progress 8 measures and are measured on their destinations data. An analysis of UTC data has been conducted against CAT 4 tests which are taken on entry to the UTC to measure progress pupils have made. This considers the variety of starting points that pupils have coming from a wide variety of schools at the end of year 8 or elective home education. Due to the exceptionally small cohort within the UTC data fluctuations may appear to show large movements from the prior year.

KEY STAGE 4 PERFORMANCE			The Howard	The Abbey		UTC
	National	LA Medway	2023 Results	LA Kent	2023 Results	2023 Results
EM 9 - 4			57%		45%	16%
EM 9 - 5			31%		23%	7%
EM 9 - 7			3%		1%	0%
ENG 9 - 4			80%		57%	31%
ENG 9 - 5			61%		38%	18%
ENG 9 - 7			14%		10%	0%
MAT 9 - 4			58%		50%	38%
MAT 9 - 5			35%		31%	25%
MAT 9 - 7			4%		2%	5%
Entered EBacc	39%	40%	18%	40%	39%	N/A
EBacc 9 - 5			0%		9%	N/A
EBacc 9 - 4			3%		17%	N/A
EBacc APS	4.05	3.97	3.51	4.11	3.08	N/A
Attainment 8	46.2	45.3	42.50	46.90	35.57	30.12
Progress 8	-0.03	-0.1	0.24	-0.12	-0.81	N/A
P8 English	-0.04	-0.14	0.46	-0.15	-0.91	N/A
P8 Maths	-0.02	-0.14	-0.08	-0.15	-0.86	N/A
P8 EBacc	-0.03	-0.13	0.18	-0.16	-0.97	N/A
P8 Open	-0.04	-0.05	0.36	-0.08	-0.87	N/A

Outcomes at KS4 have significantly increased at The Howard School with the school achieving a positive Progress 8 school. The performance within the reporting period is very strong and places the school as the top achieving non-selective boys' school in Medway and in the top 5 in Kent. As Medway and Kent are selective local authority areas the outcomes achieved by The Howard School this year are a great achievement and one that THAT and the school are incredibly proud of.

For UTC outcomes data when compared against CAT4 tests show that pupils have made progress when measured against their starting points. Value added was positive in several subjects.

Data has been provided for The Abbey School which shows that performance is behind other THAT academies and below local authority averages. The Abbey School joined THAT in April 2023 and the results reflect external examinations taken in May/June 2023.

Student Outcomes at KS5

KEY STAGE 5 PERFORMANCE			The Howard	The Abbey		UTC
	National	LA Medway	2023 Results	LA Kent	2023 Results	2023 Results
Average point score per Academic Entry	38.87 (B)	35.64 (B-)	29.95 (C)	37.64 (B-)	29.45 (C)	N/A
Average point score per Applied General entry	31.98 (Dist -)	28.22 (Merit+)	26.13 (Merit)	31.43 (Dist -)	31.75 (Dist -)	29.06 (Merit +)

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We are pleased that outcomes at Key Stage 5 have remained inline with local authority averages. When compared to the National picture it looks like THAT academies underperform. This is due to the selective nature of the education system operating in Medway and Kent. This is not the case as a significant number of pupils attending THAT academies typically complete more Applied General qualifications than A Levels. The Howard School has a high level of A Level entries and the average grade achieved has remained at a C.

Primary Performance (Early Years, Key Stage 1 and 2)

EYFS		National	Medway	THAT	% Diff from National	% Diff from LA Av
	GLD	68		72	3.8	
Key Stage 1		National	Medway	THAT	% Diff from National	% Diff from LA Av
	Y1 Phonics	79.6	75.1	69	-10.2	-5.7
	Y2 Phonics					
		National	Medway	THAT	% Diff from National	% Diff from LA Av
	KS1 ALL Subjects	56.7		62	4.8	
	KS1 Reading	68	67	71	2.9	3.9
	KS1 Writing	71	58.8	65	-5.6	6.6
	KS1 Maths	73	69.4	73	-0.4	3.2
Key Stage 2		National	Medway	THAT	% Diff from National	% Diff from LA Av
	Y4 MTC	20.2	19.1	21.43	1.23	2.33
		National	Medway	THAT	% Diff from National	% Diff from LA Av
	KS2 ALL Subjects	59	55	55	-4.3	0
	KS2 Reading	73	68	68	-5.4	0
	KS2 Writing	71	72	76	4.7	4
	KS2 Maths	73	67	62	-10.9	-5

Performance at Key Stage 1 and 2 has started to return to normal levels following the pandemic. Primary performance for Good Level of Development (GLD) has been strong across the Trust with overall performance being 3.8% above the National Average.

Key Stage 1 performance in Reading, Writing and Maths are all largely in line with National and above the local authority averages for this year. There are strengths in Reading and Maths at Key Stage 1.

THAT academies each follow different systematic synthetic phonics schemes. Performance across the trust appears to be lower for phonics. Most THAT academies phonics outcomes are largely in line with National averages. For one academy their cohort entered Key Stage 1 with a low percentage having achieved a Good Level of Development in EYFS which has impacted the overall outcomes.

At Key Stage 2 each academy has continued to move their outcomes forward from the previous year. Outcomes at Key Stage 2 are mostly inline with local authority averages

Strategic Priorities

The Trust continues to implement and embed the Strategic priorities which has been refreshed last year. Our current priorities are:

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

Key Performance Indicators

The Directors consider the following are the key performance indicators for the Trust via the trust academy review process.

- Latest pupil outcomes
- Ofsted ratings for each THAT Academy
- Pupil Attendance
- Behaviour & Exclusions
- Finance
 - Target Reserves
 - Percentage of Income spent on Teaching Staff
 - Percentage of Income spent on Total Staff Costs
 - General Financial Position of each THAT Academy
- Staff Turnover
- Pupil Numbers

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

Going Concern

After making appropriate enquiries, the Directors have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

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

Overall the Trust is carrying a net surplus of £1.87m on revenue income reserves, up from £279k at the end of the prior year. Of these revenue income funds £1.12m relate to completely free unrestricted reserves. As disclosed in note 20 all, but one, individual academies carry a revenue surplus, and the central trust function returned to an overall surplus position during 2022/23. Strong underlying financial progress has been made, and the overall financial position has received a one-off boost on receiving revenue funds of £1.37m transferred into the Trust when The Abbey School joined on 1 April 2023.

Waterfront UTC remains in deficit of £841k, although it did return an in-year surplus of £30k for 2022/23, which follows a similar surplus of £27k in 2021/22. Waterfront UTC joined the Trust during 2019, and brought a revenue deficit of £131k with it. The position worsened during 2019/20 primarily due to a historic pupil number adjustment, and the UTC's deficit increased by a further £65k during 2020/21. Two successive years of in-year surpluses are testament to the hard work that has gone into improving the position. Further information about the Trust's planned actions to return Waterfront UTC to surplus is provided in note 20.

Promoting the success of the company

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

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

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

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

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

Financial review

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

With The Abbey School joining the Trust part-way through the year, on 1 April 2023, it is not possible to make direct comparisons between the results of the current and prior years. Total income for 2022/23, as shown by the SoFA, amounted to £40.27m, a significant increase on the £23.87m in the prior year. The acquisition of The Abbey School is treated as a donation at fair value for the purposes of the accounts, and thus 2022/23 income includes a notional donation of £16.30m to reflect the transfer of The Abbey School net assets and liabilities. Income for 2022/23 of course also included The Abbey School income for the period 1 April 2023 to 31 August 2023, which amounted to £3.68m.

Total income also includes capital funding of £809k (2022: £6.2m - which included a notional donation for the fair value of the new art Science and DT block at The Howard School, valued at £5.6m).

Excluding the capital funding, and the donation in respect of The Abbey School transfer, revenue income funds for the year ended 31 August 2023 were £23.16m up from £17.67m in the prior year. As noted above a significant element of this increase relates to The Abbey School.

Most of the revenue income comprises funding for the Trust's academies' educational operations, as detailed in note 6. Core General Annual Grant (GAG) funding is the key element and this has increased by £3.05m in the year (£2.53m of which relates to The Abbey School).

The SoFA shows total expenditure for the year of £23.81m, resulting in a net income of £16.46m before other recognised gains and losses.

After an actuarial gain of £1.87m (2022: £8.51m), in respect of the Local Government Pension Scheme (LGPS) fund, the overall movement in funds for year was an increase of £18.32m (2022: £12.29m). The actuarial gain is explained further in notes 2 and 24.

These overall fund movements do not reflect the operational result for the day-to-day running of the Trust, with the transfers in, capital transactions, depreciation and the movement in the LGPS fund all blurring the more meaningful result on revenue income funds.

The table below has therefore been included to reconcile to the movement in revenue income funds, an increase of £216k (2022: £826k) and then to the operational result excluding the revenue balances transferred in with The Abbey School, and prior to the voluntary contributions to capital, which represent fixed assets acquired with revenue income funds:

	2023 (£000s)	2022 (£000s)
Overall net movement in funds for the year per SOFA	18,322	12,294
Decrease attributable to fixed asset fund	(15,445)	(4,097)
LGPS actuarial loss	368	(8,505)
LGPS service and interest costs	(1,866)	1,134
Movement in revenue income funds	216	826
Less revenue balances transferred in with The Abbey School	(1,374)	-
Add: Transfers from revenue to capital to fund fixed asset additions	951	235
Operational surplus /(deficit) on revenue funds before transfers to capital	1,172	1,061

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At 31 August 2023, the net book value of fixed assets was £63.6m and movements in tangible fixed assets are shown in note 16 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

Financial position

The Trust held fund balances at 31 August 2023 of £63.4m (2022: £48.0m). These funds comprised:

- restricted fixed asset funds of £64.5m (2022: £49.1m) which represent the net book value of fixed assets, together with any unspent capital grant money, less associated permitted loans;
- revenue income reserves, which were in overall surplus by £1.87m (2022: £279k) split across restricted and unrestricted funds as shown in note 20.
- a pension reserve, although at 31 August 2023 this show a £nil balance (2022: deficit of £1.28m. This reserve relates to the Local Government Pension Scheme (LGPS), a defined benefit multi-employer pension scheme of which the Trust's non-teaching staff are members. The Trust's share of the scheme is calculated each year by the Local Authority appointed actuary and carried on the Balance Sheet in accordance with accounting rules.

The pension deficit reduced significantly during the 2021/22 year as a result of a change in actuarial assumptions which created a large actuarial gain. A further large actuarial gain arose during 2022/23, to the extent that the valuation report indicated that a pension accounting surplus existed at 31 August 2023. Accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. There are differing opinions across both the public sector and the accounting profession as to the extent to which a pension surplus represents an "unconditional right" of employers and therefore the extent to which the surplus can be recognised as being of economic value, and to date the ESFA have been unable to give any guidance to academy trusts. The Trustees have therefore taken the view that, since the Trust is a long-term employer open to new members, there is not a reasonable expectation of ever reaching a point of cessation and therefore being able to access a return of surplus. Accordingly the surplus has not been included, and a break-even £nil position has been reflected on the Balance Sheet. The pension surplus is disclosed in note 2 and the actuarial assumptions and other movements in the year are disclosed in note 28.

It is noteworthy that any pension surplus or deficit is merely an accounting figure calculated under FRS 102 for the purposes of the financial statements, and has no direct effect on the employer contribution rate paid by the Trust, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the Trust are fixed until 1 April 2026.

Reserves Policy

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

As noted in the financial position section above, revenue income funds were in surplus by £1.87m at 31 August 2023, this is a significant improvement from the prior year which ended at 31 August 2022 with revenue funds of £279k.

Waterfront UTC reports a cumulative deficit of £842k at 31 August 2023, and remains an ongoing challenge, although pupil numbers for 2022/23 were 17% higher than the prior year, which in turn was 21% higher than the year before that and the school delivered a second successive in-year surplus.

The Trust have set a balanced budget for all schools and the central fund for 2023/24 and expect this to be delivered. The Trust has an internal reserves policy by which academies are required to have 5% of their GAG and 16-19 ESFA funding income as reserves. At the year ended 31 August 2023, 5 out of the 7 academies are at or above their reserves target, with Deanwood Primary school holding a balanced budget and working towards a surplus.

Investment Policy

The Trust's investment policy ensures that funds within the Trust are used only in accordance with the law, its articles of association, its funding agreement and the Academy Trust Handbook. Funds are used in a way that commands broad public support; Value for money (economy, efficiency and effectiveness) is achieved; Trustees/Directors fulfil their duties and responsibilities as charitable Trustees and company Directors.

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The Trust only invests funds in low risk and easily accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 months. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

Principal Risks and Uncertainties

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

The principal risk for the finances of the Academy Trust is a reduction in pupil numbers. Most of the Trust's income comes from the ESFA, which is principally calculated by reference to the numbers of students enrolled at the Academy. The Directors assess the risk of a substantial reduction in funding to be low.

However, income could still be affected by any changes in government funding. The Government is currently transitioning towards National Funding Formula. Early indications show that all THAT academies will benefit from the new formula. The Directors have mitigated this risk by being mindful of the situation and are therefore constantly monitoring and promoting each academy within the Trust to ensure that it has sufficient pupil numbers.

Despite the reduction in the reflected Local Government Pension Scheme deficit over the past two years, the possibility of a return to a deficit position and the impact on employer contribution levels remains a key risk for the Trust. 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.

Increased cost pressures across the sector are a significant risk to all schools within the academy sector. Increased prices for supplies, utilities and unfunded staff pay awards have resulted in budget pressures in all schools. The Trust finance team continue to monitor the impact of price increases closely and adapt budget plans as a result.

FUNDRAISING

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

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period	1 September 2022 to 31 August 2023	1 September 2021 to 31 August 2022
Energy consumption used to calculate emissions (kWh):		
Gas	2,569,671	2,548,497
Electricity	1,041,031	1,043,575
Transport fuel	14,589	16,006
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	469.12	464.28
Owned transport – mini-buses	4.48	2.90
Total scope 1	473.60	467.19
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	215.57	201.81
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	4.77	2.03
Total gross emissions in metric tonnes CO2e	693.93	671.02
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.20	0.22

The Howard Academy Trust (A company limited by guarantee)

Trustees' Report For the Year Ended 31 August 2023

Quantification and Reporting Methodology:

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

Intensity measurement

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

Measures taken to improve energy efficiency

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

PLANS FOR FUTURE PERIODS

We continue to implement our Strategic plan to ensure that the young people attending a THAT academy get the best possible educational experience. Our plans focus on ensuring that we increase pupil outcomes, provide the best possible teaching experience and ensure that we have a well-rounded, motivated workforce who are developed to implement our plans.

Strategic Priorities (2021 – 2023)



Continuously improving the quality of provision of all our academies and enhance pupil outcomes across the Trust.

Provide excellent teaching and learning that promotes inclusivity.

Continue to build the profile of THAT to support further growth within the Southeast.

Champion our THAT People Strategy to retain, recruit, develop and reward an excellent workforce.

Ensuring a financially viable and sustainable MAT with a strong business infrastructure.

Ensuring effective leadership and governance at all levels.

The strategic priorities above are key to The Howard Academy Trust continuing to develop and improve our existing provision for our member academies whilst growing capacity to support further growth within the sector.

The Board of Directors continue to explore growth opportunities as they arise and have also considered the publication of the White Paper by the Government earlier in the year. The future growth of The Howard Academy Trust will be measured ensuring that any school joining is the correct cultural fit for THAT. Future growth of the Trust will depend on whether it is a maintained school looking to join the Trust, a merger or a sponsored academy joining a strong trust. The risk profile of each will carefully be considered by Directors before progressing.

A key future plan for THAT is the roll out of a one-to-one device scheme in secondary academies and key stage 2 within primary academies within the next few years. This has been planned to ensure that our pupils are digitally literate and use technology as part of their daily learning preparing them for future employment and training.

The Howard Academy Trust
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Trustees' Report
For the Year Ended 31 August 2023

AUDITOR

In so far as the trustees are aware:

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

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

DocuSigned by:
Dan McDonald
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Mr D McDonald
Chair of Directors

Date: 19 December 2023

DocuSigned by:
Owen McColgan
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Mr O McColgan
Accounting Officer

The Howard Academy Trust

(A company limited by guarantee)

Governance Statement For the Year Ended 31 August 2023

Scope of Responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Director's Report and in the Statement of Directors 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:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass	6	6
Mr D Giles	5	6
Mr O McColgan – Chief Executive	6	6
Mr D McDonald – Chair of Directors	5	6
Ms C Nott	5	6
Miss H Tait	4	6
Mrs D Cusack	2	6

Governance reviews

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

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

The review consisted of:

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

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

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

Findings within the report have found that the Board of Directors robustly challenge the Trust Executive Team for implementing the Strategic Priorities of the Trust. Areas of development within the view focussed on strengthening the link between the Board of Directors and Local Academy Boards ensuring that all key stakeholders are aware of their role within the Governance structure of the Trust. The Board of Directors carry out a self-evaluation of Governance at the end of reporting period and will carry out periodic external reviews of Governance as appropriate. The findings of the external review of Governance have been implemented in full.

The Howard Academy Trust
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Governance Statement
For the Year Ended 31 August 2023

The Finance, Audit and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to:

- Reviewing and recommending of the annual budget to the Board of Directors;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, the Charity Commission’s Statement of Recommended Practice: Accounting and Reporting by Charities and the DfE guidance issued to academies;
- Authorising the award of contracts up to the amount stated in the Scheme of Delegation;
- Reviewing the reports of the Responsibility Officer on the effectiveness of the financial procedures and controls. Reports must also be reported to the Board of Directors;
- Reviewing the financial policies of the Academy and where necessary, make recommendations to the Board of Directors
- 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, review the company’s internal control and risk management systems;
- Monitor and review the effectiveness of the internal audit function;
- Make recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;
- Review the auditor’s independence and objectivity; and
- Develop and implement the non-audit services policy.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass - Chair	3	3
Mr David Giles	2	3
Mr D McDonald – Chair of Directors	1	3
Mrs D Cusack	3	3

Mr S Bass, a member of the Finance, Audit and Resources Committee, is a qualified accountant.

The Academic Standard Committee is a sub-committee of the main board of trustees. Its purpose is to:

- Review data on academic outcomes, including attainment and achievement data, the overall performance of each of the academies; Leadership standards; Governance effectiveness; Academy’s quality improvement and intervention strategies and plans; Special Educational Needs (SEN) and inclusion; Partnership working; Admissions; Safeguarding arrangements; Attendance – Absence, Persistent Absence and Exclusions figures; Performance Dashboard displayed in a traffic light (RAG) format outlining all key data information by school together with three-year trend outcomes data. Review all external monitoring reports and monitor agreed actions
- The Committee will be responsible for the Academies’ statutory requirements in relation to the curriculum offer and other curriculum issues such as spiritual, moral, social and cultural learning.
- Review and monitor the educational needs of the pupils attending the Trust’s academies.
- Monitor and review Extracurricular activities.
- Review and agreed on the Trust’s policies in relation to its Curriculum Statement.
- Determine and update relevant strategies relating to the above.
- Monitor and review the achievement of strategic objectives, in particular, the overview of performance against quantitative and qualitative benchmarks for key indicators/outcomes and the Ofsted framework and provide the appropriate challenge.
- Receive information on curriculum and quality issues for all the Trust’s academies.
- Receive progress reports on the implementation of post-Ofsted action plans and each academy’s actions following on from THAT external quality assurance.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs C Nott	3	3
Mr D Giles	2	3
Mr O McColgan – Chief Executive	1	3
Miss H Tait	2	3

The Howard Academy Trust
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Governance Statement
For the Year Ended 31 August 2023

Conflicts of Interest

Conflicts of Interest are checked regularly by way of an annual statement from each trustee as well as confirmation at each Full Board and Committee meeting. Were there to be any conflict of interest declared the individual would not be able to take part in the agenda item discussion or voting. This would be documented by the Clerk to Trustees.

A conflicts of interest register is maintained by the Trust and is updated annually or once a change is declared by a Trustee. The administration of the conflicts of interest is completed by the THAT Governance Professional who sends each Trustee a link with guidance of what a conflict of interest might be.

Declarations of interest is a standing item on all THAT Governance Meetings to ensure that any identified conflicts are not part of the relevant agenda item and decision making. In addition, THAT have procedures in place for example ensuring that new suppliers are not a related party transaction. Any parties who are related parties are clearly marked in the register.

Review of value for money

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

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

- Ending the 2022/23 financial and academic year with all schools delivering either a balanced outturn or an in year surplus, which evidences the Trusts efforts to drive value for money and improve financial performance across Trust.
- Procuring a new Trust wide print and photocopying contract saving £130k over 3 years whilst enhancing the quality of the equipment available.
- Continued to embed sound procurement and contract management practices, to continue to, and further achieve Trust wide economies of scale.
- Improving the financial position of the Trust with an in year surplus of £250k, with all schools/ sites returning a balance or surplus in year position within 2022/23 and the Trust now returning to a cumulative in year position.
- Implementing further strategic plans to ensure substantial pupil number growth at Waterfront UTC

Estates Safety and Management

- The Trust has a robust service level agreements in place for Health and Safety and fire protection, with internal systems to monitor and track compliance;
- The Head of Estates is IOSH accredited to oversee the operational aspects of Health and Safety across the site;
- The Trust has assessed all of its buildings to identify signs of RAAC and does not believe that any of its buildings contain RAAC;
- A programme is underway for replacing currently non-compliant fire doors to ensure they are compliant;
- Annual Boiler and Gas compliance service is in place;
- Fire Alarm panels are subject to 6 monthly servicing;
- Building alarms are subject to 6 monthly servicing to uphold site security.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The board of directors have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period year to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The Howard Academy Trust
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Governance Statement
For the Year Ended 31 August 2023

The Risk and Control Framework

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

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

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

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

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

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


Review of Effectiveness

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

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

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

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

DocuSigned by:

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Dan McDonald
Chairman of Trustees

DocuSigned by:

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Owen McColgan
Accounting Officer

Date: 19 December 2023

The Howard Academy Trust
(A company limited by guarantee)

Statement of 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, including for estates safety and management, 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 2022, including responsibilities for estates safety and management.

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

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

DocuSigned by:

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Mr O McColgan
Accounting Officer

Date: 19 December 2023

The Howard Academy Trust
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2023

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

DocuSigned by:

Dan McDonald

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Mr D McDonald
Chair of Trustees

Date: 19 December 2023

The Howard Academy Trust
(A company limited by guarantee)

Independent Auditors' 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 trust') for the year ended 31 August 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

The Howard Academy Trust
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

How the audit was considered capable of detecting irregularities including fraud

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

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

The Howard Academy Trust
(A company limited by guarantee)

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

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

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

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

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

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

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

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

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

Use of our report

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

Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date:

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 and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 April 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, 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 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Howard Academy Trust's funding agreement with the Secretary of State for Education dated 27 November 2015 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Howard Academy Trust for the year ended 31 August 2023 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

In line with the Framework and guide for External Auditors and Reporting Accountants of Academy Trusts issued April 2023, we have not performed any additional procedures regarding the academy trust's compliance with safeguarding, health and safety and estates management.

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 suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Date:

The Howard Academy Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	286,904	737,255	16,104,447	17,128,606	6,208,368
Other trading activities	4	719,784	113,770	-	833,554	684,496
Investments	5	4,361	-	-	4,361	131
Funding for educational operations	6	16,580	22,286,892	-	22,303,472	16,977,143
Total income		1,027,629	23,137,917	16,104,447	40,269,993	23,870,138
Expenditure on:						
Raising funds	8	-	197,173	-	197,173	146,763
Charitable activities	9	180,918	21,825,181	1,610,073	23,616,172	19,934,738
Total expenditure		180,918	22,022,354	1,610,073	23,813,345	20,081,501
Net income		846,711	1,115,563	14,494,374	16,456,648	3,788,637
Transfers between funds	20	(413,390)	(537,599)	950,989	-	-
Net movement in funds before other recognised gains		433,321	577,964	15,445,363	16,456,648	3,788,637
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	28	-	1,866,000	-	1,866,000	8,505,000
Net movement in funds		433,321	2,443,964	15,445,363	18,322,648	12,293,637
Reconciliation of funds:						
Total funds brought forward		977,898	(1,981,168)	49,051,999	48,048,729	35,755,092
Net movement in funds		433,321	2,443,964	15,445,363	18,322,648	12,293,637
Total funds carried forward	20	1,411,219	462,796	64,497,362	66,371,377	48,048,729

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

The notes on pages 28 to 56 form part of these financial statements.

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

Balance Sheet
As at 31 August 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	16	63,584,120	49,104,085
Current assets			
Debtors	17	1,075,657	607,441
Cash at bank and in hand	25	3,314,651	863,093
		<u>4,390,308</u>	<u>1,470,534</u>
Creditors: amounts falling due within one year	18	(1,522,188)	(1,198,176)
Net current assets / liabilities		<u>2,868,120</u>	<u>272,358</u>
Total assets less current liabilities		<u>66,452,240</u>	<u>49,376,443</u>
Creditors: amounts falling due after more than one year	19	(80,863)	(45,714)
Net assets excluding pension asset / liability		<u>66,371,377</u>	<u>49,330,729</u>
Defined benefit pension scheme asset / liability	28	-	(1,282,000)
Total net assets		<u><u>66,371,377</u></u>	<u><u>48,048,729</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	20	64,497,362	49,051,999
Restricted income funds	20	462,796	(699,168)
		<u>64,960,158</u>	<u>48,352,831</u>
Restricted funds excluding pension liability	20	64,960,158	48,352,831
Pension reserve	20	-	(1,282,000)
Total restricted funds	20	<u>64,960,158</u>	<u>47,070,831</u>
Unrestricted income funds	20	1,411,219	977,898
Total funds		<u><u>66,371,377</u></u>	<u><u>48,048,729</u></u>

The financial statements on pages 25 to 56 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

DocuSigned by:

 B7BA0A5FEAF4468...
Mr D McDonald
 Chair of Trustees

DocuSigned by:

 3933861F67F54BB...
Mr O McColgan
 Chief Executive & Accounting Officer

Date: 19 December 2023

The notes on pages 28 to 56 form part of these financial statements.

The Howard Academy Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash provided by operating activities	22	2,417,384	987,900
Cash flows from investing activities	24	(13,531)	(418,876)
Cash flows from financing activities	23	47,705	(295,192)
		<u>2,451,558</u>	<u>273,832</u>
Change in cash and cash equivalents in the year		2,451,558	273,832
Cash and cash equivalents at the beginning of the year		863,093	589,261
Cash and cash equivalents at the end of the year	25, 26	<u><u>3,314,651</u></u>	<u><u>863,093</u></u>

The notes on pages 28 to 56 form part of these financial statements

The Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Transfer of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within 'Income from Donations and Capital Grants' to the net assets acquired.

The Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

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**

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

- **Charitable activities**

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

Where relevant, resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

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

1.7 Tangible fixed assets

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

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

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

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

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

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

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

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

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight-line basis over the lease term.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.13 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

1.14 Pensions

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

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

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

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 31.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The ultimate responsibility for setting the LGPS assumptions is that of the academy trust, as the employer, however each year the LGPS actuary proposes a standard set of assumptions as part of the valuation exercise, using their expert opinion, and which comply with the accounting requirements. The academy trust has, in practice with most employers, adopted the recommended actuarial assumptions following further consultation with its auditors to ensure these assumptions are reasonable and in line with those adopted by other academy trusts.

The key assumption is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate used of 5.30% is higher than the rate of 4.25% used in 2022. Since a higher discount rate means assets will grow more rapidly in the future, this results in lower current liabilities.

Critical areas of judgment:

LGPS pension surplus recognition

FRS 102 section 28.22 allows an entity to recognise a pension asset "only to the extent it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan."

Whilst the LGPS actuarial valuation report for the year ended 31 August 2023 indicates a defined benefit asset of £283k exists at the year end date, the Trustees have considered that there is insufficient evidence that a surplus being recognised would ever result in a repayment or reduction in contributions, given that such a surplus is probably only temporary. Also, as a longer term employer that is open to new members, there isn't a reasonable expectation that the academy trust will ever reach a point of cessation that would enable access to a return of surplus.

The actuarial gain has therefore been restricted to instead leave a break-even position on the Balance Sheet with neither an asset or liability recognised.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

3. Income from donations and capital grants

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Transfer in of existing academy trust (see note 34)	269,028	737,255	15,295,892	16,302,175	-
Donations	17,876	-	-	17,876	4,992
Capital grants	-	-	808,555	808,555	6,203,376
	<u>286,904</u>	<u>737,255</u>	<u>16,104,447</u>	<u>17,128,606</u>	<u>6,208,368</u>
<i>Analysis of 2022 by fund</i>	<u>4,992</u>	<u>-</u>	<u>6,203,376</u>	<u>6,208,368</u>	

4. Income from other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Lettings income	315,963	-	315,963	234,391
Sports partnership income	-	112,423	112,423	95,777
Sales of goods and services	92,003	-	92,003	82,775
Other income	311,818	-	311,818	271,553
Insurance	-	1,347	1,347	-
	<u>719,784</u>	<u>113,770</u>	<u>833,554</u>	<u>684,496</u>
<i>Analysis of 2022 by fund</i>	<u>588,719</u>	<u>95,777</u>	<u>684,496</u>	

5. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Bank interest	4,361	4,361	131

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

6. Funding for educational operations

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	<i>As restated Total funds 2022 £</i>
Educational operations				
DfE/ESFA grants				
General Annual Grant	-	16,609,238	16,609,238	13,562,967
Other DfE/ESFA grants				
16-19 student funding	-	1,825,706	1,825,706	1,442,458
Pupil Premium	-	734,011	734,011	513,266
Universal Infant Free School Meals	-	179,880	179,880	135,404
Schools supplementary grant	-	496,473	496,473	170,565
Mainstream schools additional grant	-	306,664	306,664	-
Trust capacity fund	-	161,089	161,089	-
PE and Sports grant	-	71,435	71,435	84,303
Teachers' pay grant	-	4,144	4,144	24,071
Teachers' pension grant	-	82,415	82,415	68,022
Others	-	71,004	71,004	54,578
	-	20,542,059	20,542,059	16,055,634
Other Government grants				
Local Authority - Special Educational Needs	-	183,168	183,168	57,851
Local Authority - Early Years	-	300,088	300,088	341,060
Other government revenue grants	-	784,779	784,779	199,860
	-	1,268,035	1,268,035	598,771
Other income from educational operations	16,580	262,440	279,020	160,272
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	-	-	11,756
Other DfE/ESFA COVID-19 funding	-	214,358	214,358	150,710
	-	214,358	214,358	162,466
	16,580	22,286,892	22,303,472	16,977,143
<i>Analysis of 2022 by fund</i>	7,395	16,969,748	16,977,143	

The comparative figures within this note have been reclassified in some instances, with the main change to strip out 16 to 19 funding from GAG and include this income under the separate row within Other DfE/ESFA grants. Rates reclaim income and 16 to 19 bursary funding are now included within 'others', having previously been shown separately in the prior year.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

7. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other 2023 £	Total 2023 £	<i>Total</i> <i>2022</i> £
Expenditure on educational operations					
Direct costs	123,200	-	73,973	197,173	146,763
Educational operations:					
Direct costs	15,123,183	1,307,952	2,640,942	19,072,077	14,794,020
Allocated support costs	2,466,749	1,307,319	770,027	4,544,095	5,140,718
	<u>17,713,132</u>	<u>2,615,271</u>	<u>3,484,942</u>	<u>23,813,345</u>	<u>20,081,501</u>
<i>Analysis of 2022 by type</i>	<u>14,462,111</u>	<u>2,119,651</u>	<u>3,499,739</u>	<u>20,081,501</u>	

8. Expenditure on raising funds

Fundraising trading expenses

	Restricted funds 2023 £	Total funds 2023 £	<i>Total</i> <i>funds</i> <i>2022</i> £
Sports partnership - other costs	73,973	73,973	38,003
Sports partnership and lettings - salaries	100,660	100,660	92,013
Sports partnership and lettings - national insurance	6,118	6,118	5,391
Sports partnership and lettings - pension costs	16,422	16,422	11,356
	<u>197,173</u>	<u>197,173</u>	<u>146,763</u>
<i>Analysis of 2022 by fund</i>	<u>146,763</u>	<u>146,763</u>	

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	<i>Total 2022 £</i>
Educational operations	180,918	23,435,254	23,616,172	19,934,738
<i>Analysis of 2022 by fund</i>	<i>134,802</i>	<i>19,799,936</i>	<i>19,934,738</i>	

10. Analysis of expenditure by activities

	Direct costs 2023 £	Support costs 2023 £	Total funds 2023 £	<i>Total funds 2022 £</i>
Educational operations	19,072,077	4,544,095	23,616,172	19,934,738
<i>Analysis of 2022</i>	<i>14,794,020</i>	<i>5,140,718</i>	<i>19,934,738</i>	

Analysis of support costs

	Total funds 2023 £	<i>Total funds 2022 £</i>
Staff costs	2,466,749	2,803,302
Technology costs	114,372	47,263
Premises costs	1,307,319	974,202
Other support costs	631,952	1,292,324
Governance costs	23,703	23,627
	4,544,095	<i>5,140,718</i>

The Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

11. Net income

Net income for the year includes:

	2023	<i>2022</i>
	£	£
Operating lease rentals	179,551	<i>140,923</i>
Depreciation of tangible fixed assets	1,610,073	<i>1,598,419</i>
Loss on disposal of fixed assets *	-	<i>743,808</i>
Fees paid to auditors for:		
- audit	18,200	<i>16,950</i>
- other services	3,315	<i>3,100</i>
	<u>18,515</u>	<u>3,100</u>

* In November 2021 the Trust opened a new build science and DT block, funded by the Department for Education, at a value of £5.5m. As a result, two old blocks were demolished which meant their residual value of £743,808 was accounted for as a loss on disposal of fixed assets.

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023	<i>2022</i>
	£	£
Wages and salaries	13,183,732	<i>10,062,938</i>
Social security costs	1,284,537	<i>975,938</i>
Pension costs	3,125,280	<i>3,346,674</i>
	<u>17,593,549</u>	<u>14,385,550</u>
Agency staff costs	79,568	<i>55,753</i>
Staff restructuring costs	40,015	<i>20,808</i>
	<u>17,713,132</u>	<u>14,462,111</u>

Staff restructuring costs comprise:

	2023	<i>2022</i>
	£	£
Redundancy payments	24,392	<i>20,808</i>
Severance payments	15,623	<i>-</i>
	<u>40,015</u>	<u>20,808</u>

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For the Year Ended 31 August 2023

12. Staff (continued)

b. Staff numbers

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

	2023	<i>2022</i>
	No.	<i>No.</i>
Teachers	214	<i>175</i>
Administration and Support	226	<i>210</i>
Management	4	<i>5</i>
	<u>444</u>	<u><i>390</i></u>

c. Higher paid staff

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

	2023	<i>2022</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	5	<i>6</i>
In the band £70,001 - £80,000	5	<i>5</i>
In the band £80,001 - £90,000	2	<i>-</i>
In the band £90,001 - £100,000	-	<i>1</i>
In the band £100,001 - £110,000	1	<i>-</i>
In the band £120,001 - £130,000	-	<i>1</i>
In the band £130,001 - £140,000	1	<i>-</i>
	<u>1</u>	<u><i>-</i></u>

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £519,577 (2022 - £558,968).

13. Trustees' remuneration and expenses

The Accounting Officer has been paid remuneration and received other benefits from his employment with the academy trust. He only receives remuneration in respect of services provided undertaking his role under his contract of employment, and not in respect of his role as a trustee. The value of his remuneration and other benefits was as follows:

		2023	<i>2022</i>
		£	<i>£</i>
O McColgan, Accounting Officer	Remuneration	130 - 135,000	<i>120 - 125,000</i>
	Pension contributions paid	30 - 35,000	<i>25 - 30,000</i>

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

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14. Central services

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

- Strategic and Educational support and time from the Chief Executive, Director of Education and Education team
- Director of Finance and Operations and operations management team leadership time and support
- Fully centralised HR and Payroll services including HR policy and people strategy development, HR advisory services and employee relations case management, management and system costs. Fully in house payroll processing and management
- Fully centralised finance services including full strategic financial support e.g. budget planning and monitoring, technical and statutory accounting services, exchequer (transactional) services, lettings and income generation services. Systems and internal and external audit fees.
- Estates leadership and support including 5 year planning, compliance management, energy management and Estates development, Estates systems costs
- Centralised IT services including ICT school support, fully managed helpdesk, IT infrastructure and 5 year planning development
- Centralised marketing and design services including school branding, school promotions and social media and website content
- Governance and risk management
- Legal advice and support

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

Each school is charged 7.5% of their GAG funding for each financial year.

The actual amounts charged during the year were as follows:

	2023	<i>2022</i>
	£	<i>£</i>
The Howard School	627,081	<i>617,203</i>
Temple Mill Primary School	67,494	<i>66,148</i>
Deanwood Primary School	61,832	<i>62,387</i>
Thamesview Primary School	133,388	<i>131,357</i>
Miers Court Primary School	123,152	<i>122,265</i>
Waterfront UTC	134,553	<i>122,473</i>
The Abbey School	244,460	<i>-</i>
Total	1,391,960	<i>1,121,833</i>

15. Trustees' and Officers' insurance

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

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16. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2022	37,249,497	18,915,624	1,915,239	2,473,948	60,554,308
Additions	13,044	96,789	316,326	400,288	826,447
Transfer in from existing academy trust	-	15,236,988	-	26,673	15,263,661
At 31 August 2023	<u>37,262,541</u>	<u>34,249,401</u>	<u>2,231,565</u>	<u>2,900,909</u>	<u>76,644,416</u>
Depreciation					
At 1 September 2022	5,072,850	2,874,335	1,245,653	2,257,385	11,450,223
Charge for the year	721,988	585,964	178,996	123,125	1,610,073
At 31 August 2023	<u>5,794,838</u>	<u>3,460,299</u>	<u>1,424,649</u>	<u>2,380,510</u>	<u>13,060,296</u>
Net book value					
At 31 August 2023	<u>31,467,703</u>	<u>30,789,102</u>	<u>806,916</u>	<u>520,399</u>	<u>63,584,120</u>
At 31 August 2022	<u>32,176,647</u>	<u>16,041,289</u>	<u>669,586</u>	<u>216,563</u>	<u>49,104,085</u>

Included within freehold property and long-term leasehold property is land at valuation £7,035,012 and £8,224,211 respectively.

17. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	54,205	24,071
Other debtors	60,440	26,098
Prepayments and accrued income	842,581	507,752
VAT recoverable	118,431	49,520
	<u>1,075,657</u>	<u>607,441</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2023

18. Creditors: Amounts falling due within one year

	2023	<i>2022</i>
	£	<i>£</i>
Other loans	18,928	<i>6,372</i>
Trade creditors	318,813	<i>82,227</i>
Other taxation and social security	401,613	<i>503,601</i>
Other creditors	108,968	<i>39,341</i>
Accruals and deferred income	673,866	<i>566,635</i>
	<u>1,522,188</u>	<u><i>1,198,176</i></u>
	2023	<i>2022</i>
	£	<i>£</i>
Deferred income at 1 September 2022	155,908	<i>174,726</i>
Resources deferred during the year	231,992	<i>155,908</i>
Amounts released from previous periods	(155,908)	<i>(174,726)</i>
	<u>231,992</u>	<u><i>155,908</i></u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2023-24 academic year for Universal Infant Free School Meals, Early Years Funding and school trips.

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

	2023	<i>2022</i>
	£	<i>£</i>
Other loans	<u>80,863</u>	<u><i>45,714</i></u>

Included in other loans due within one year are two Salix loans of £14,728 (*2022 - £1,417*) and a CIF loan of £4,200 (*2022 - £4,955*).

The Salix loans are repayable over 8 years, both of which commenced on 1 September 2019 and are scheduled to end in March 2027. The loans are interest free.

The CIF loan is repayable over 10 years. Repayments started 1 September 2022 and are due to end in August 2032. Interest is charged at a rate of 2.22% per annum.

Within creditors falling due after more than one year are the two Salix loans totalling £44,181 (*2022 - £5,668*) and CIF loan of £36,682 (*2022 - £40,046*).

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

	2023	<i>2022</i>
	£	<i>£</i>
Payable or repayable by instalments	<u>19,049</u>	<u><i>20,225</i></u>

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Notes to the Financial Statements
For the Year Ended 31 August 2023

20. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
Designated funds						
3G Sports Maintenance fund	-	-	-	225,000	-	225,000
Edward Vinson donation	-	-	-	40,000	-	40,000
Sport England	-	-	-	6,891	-	6,891
Youth Sports Trust	-	-	-	4,370	-	4,370
Dance fundraising	-	1,403	(246)	1,001	-	2,158
English reading challenge	-	-	-	561	-	561
Mental health lead grant	-	-	(605)	605	-	-
Great big green week	-	-	-	400	-	400
Ollie Slack Reading Garden	-	-	-	7,894	-	7,894
Pastoral donation	-	-	(510)	1,250	-	740
Transfer in of existing academy trust	-	237,555	-	(237,555)	-	-
	-	238,958	(1,361)	50,417	-	288,014
General funds						
General Funds	977,898	757,198	(179,557)	(432,334)	-	1,123,205
Transfer in of existing academy trust	-	31,473	-	(31,473)	-	-
	977,898	788,671	(179,557)	(463,807)	-	1,123,205
Total Unrestricted funds	977,898	1,027,629	(180,918)	(413,390)	-	1,411,219

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Notes to the Financial Statements
For the Year Ended 31 August 2023

20. Statement of funds (continued)

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Restricted general funds						
General Annual Grant (GAG)	(699,168)	16,609,238	(15,919,732)	471,370	-	461,708
Other DfE/ESFA grants	-	3,932,821	(3,989,044)	56,223	-	-
Other government grants	-	1,268,035	(1,269,509)	2,034	-	560
Other restricted funds	-	376,210	(413,711)	38,029	-	528
Other DfE/ESFA Covid funding	-	214,358	(214,358)	-	-	-
Transfer in of existing academy trust	-	1,105,255	-	(1,105,255)	-	-
Pension reserve	(1,282,000)	(368,000)	(216,000)	-	1,866,000	-
	<u>(1,981,168)</u>	<u>23,137,917</u>	<u>(22,022,354)</u>	<u>(537,599)</u>	<u>1,866,000</u>	<u>462,796</u>
Restricted fixed asset funds						
Fixed assets	49,104,085	-	(1,610,073)	16,090,108	-	63,584,120
DfE/ESFA capital grants	-	808,555	-	(135,285)	-	673,270
Salix loans	(7,085)	-	-	(51,823)	-	(58,908)
CIF loan	(45,001)	-	-	4,119	-	(40,882)
Designated infrastructure improvement fund	-	-	-	339,762	-	339,762
Transfer in of existing academy trust	-	15,295,892	-	(15,295,892)	-	-
	<u>49,051,999</u>	<u>16,104,447</u>	<u>(1,610,073)</u>	<u>950,989</u>	<u>-</u>	<u>64,497,362</u>
Total Restricted funds	<u>47,070,831</u>	<u>39,242,364</u>	<u>(23,632,427)</u>	<u>413,390</u>	<u>1,866,000</u>	<u>64,960,158</u>
Total funds	<u>48,048,729</u>	<u>40,269,993</u>	<u>(23,813,345)</u>	<u>-</u>	<u>1,866,000</u>	<u>66,371,377</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2023

20. Statement of funds (continued)

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

Restricted funds:

General Annual Grant must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward as at 31 August 2023.

The other DfE/ESFA grants fund is used to track core non-GAG money received from the DfE/ESFA and connected bodies, as detailed in note 6.

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

The other restricted funds is used to track income received for school trips and sports partnership.

Other Covid funding relates to school led tutoring/national tutoring programme and recovery premium provided by the ESFA to support schools with the costs associated with Covid related expenditure.

The pensions reserve is a restricted fund to account for movements in the Local Government Pension Scheme balance.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held. This fund is also used to track the loans received in respect of fixed asset purchases. The net transfer to the restricted fixed asset fund of £950,989 comprises total capital expenditure met from revenue reserves of £599,036, loan repayments of £12,191 as well as funds set aside for future capital projects as described below of £339,762.

The designated fund within the restricted fixed asset fund relates to money set aside to facilitate significant infrastructure improvement projects within schools.

Designated funds:

All designated funds, bar £1,403 received into The Dance fundraising fund, were transferred to the trust on 1 April 2023 when The Abbey School joined the trust.

The 3G Sports Maintenance fund was set up to cover the replacement cost of the 3G pitch facilities at The Abbey School - the anticipated replacement cost currently is £260k. £25k is contributed to the fund each year. £10,417 has been transferred this year representing the 5 month period The Abbey School has been part of the trust.

The Edward Vinson donation fund was received from the Edward Vinson Fund in 2019 to fund new tennis and netball courts. As the funds had not been utilised, The Edward Vinson trust gave permission for the trust to spend the funds on any other purpose which will benefit the students. The funds have therefore been designated for the refurbishment of the science classrooms, which is expected to be completed in 2023/24.

The Sport England fund represents fund received for sports related projects and extra curricular clubs for FSM, EAL and SEN students to enhance sports take up with these groups.

The Youth Sports Trust fund is used to track spending on enhancing sports facilities.

Dance fund raising income has been ring fenced for The Abbey School's performing arts department who have fund raised for these monies.

English Reading Challenge income was received for The Abbey School's English reading challenge and is ring-fenced for spending by the english department. This will be spent in 2023/24.

The mental health lead fund was ringfenced for spending on mental health provisions across the school. This was fully spent in 2022/23.

Great big green week is used to track a donation received and has been designated for spending on green initiatives. This will be spent in 2023/24.

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

The Ollie Slack reading garden has been set up to create a reading garden in memory of Ollie Slack, former Deputy Headteacher of Deanwood Primary School. This will be spent in 2023/24.

The pastoral donation fund comprises donations from two companies and has been ringfenced for the pastoral team at Waterfront UTC. This will be spent in 2023/24.

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

	<i>Balance at 1 September 2021</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2022</i>
	£	£	£	£	£	£
Unrestricted funds						
General Funds	655,334	601,237	(134,802)	(143,871)	-	977,898
Restricted general funds						
General Annual Grant (GAG)	(1,202,262)	15,005,425	(14,364,653)	(137,678)	-	(699,168)
Other DfE/ESFA grants	-	1,050,209	(1,075,957)	25,748	-	-
Other government grants	-	598,771	(598,771)	-	-	-
Other restricted funds	-	248,654	(266,284)	17,630	-	-
Covid catchup premium	-	11,756	(11,756)	-	-	-
Other DfE/ESFA covid funding	-	150,710	(153,051)	2,341	-	-
Pension reserve	(8,653,000)	-	(1,134,000)	-	8,505,000	(1,282,000)
	<u>(9,855,262)</u>	<u>17,065,525</u>	<u>(17,604,472)</u>	<u>(91,959)</u>	<u>8,505,000</u>	<u>(1,981,168)</u>

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20. Statement of funds (continued)

	<i>Balance at 1 September 2021</i>					<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2022</i>
	£	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>		£	£
Restricted fixed asset funds							
Fixed assets	45,003,929	-	(2,342,227)	6,442,383		-	49,104,085
DfE/ESFA capital grants	1,762	6,086,376	-	(6,088,138)		-	-
Other capital grants	-	117,000	-	(117,000)		-	-
Salix loans	(5,670)	-	-	(1,415)		-	(7,085)
CIF Loan	(45,001)	-	-	-		-	(45,001)
	<u>44,955,020</u>	<u>6,203,376</u>	<u>(2,342,227)</u>	<u>235,830</u>		<u>-</u>	<u>49,051,999</u>
Total Restricted funds	<u>35,099,758</u>	<u>23,268,901</u>	<u>(19,946,699)</u>	<u>143,871</u>		<u>8,505,000</u>	<u>47,070,831</u>
Total funds	<u>35,755,092</u>	<u>23,870,138</u>	<u>(20,081,501)</u>	<u>-</u>		<u>8,505,000</u>	<u>48,048,729</u>

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2023	2022
	£	£
The Howard Academy Trust (central)	126,351	(58,096)
The Howard School	690,890	665,890
Temple Mill Primary School *	154,578	154,578
Deanwood Primary School *	-	-
Thamesview Primary School *	289,095	289,095
Miers Court Primary School	110,000	99,337
Waterfront UTC	(841,259)	(872,074)
The Abbey School	1,344,360	-
	<u>1,874,015</u>	<u>278,730</u>
Total before fixed asset funds and pension reserve	1,874,015	278,730
Restricted fixed asset fund	64,497,362	49,051,999
Pension reserve	-	(1,282,000)
Total	<u>66,371,377</u>	<u>48,048,729</u>

* these academies do not show any movement in revenue funds during 2022/23 following transfers to the designated infrastructure improvement fund within restricted fixed asset funds.

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20. Statement of funds (continued)

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
Waterfront UTC	841,259

The deficit at Waterfront UTC is due to historic debt.

The academy trust is taking the following action to return the academy to surplus:

This is the second year in a row that Waterfront UTC has delivered an in-year surplus, as a result of the substantial work undertaken at the school to grow pupil numbers by 37% in the last two years and stabilise the school financially. Pupil numbers have grown a further 26% in September 2023. The inherited, historic debt for Waterfront UTC remains challenging for the school to resolve.

The trust consolidated position is now a surplus of £1,874k. As well as an increase in revenue funds from the existing academies, the trust funds have also benefited from the transfer in of The Abbey School during the year.

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2023 £	<i>Total 2022 £</i>
The Howard Academy Trust (central)	378,771	823,921	12,742	407,609	1,623,043	2,214,062
The Howard School	6,368,242	857,184	600,640	1,100,163	8,926,229	8,928,228
Temple Mill Primary School	936,956	68,706	84,253	168,314	1,258,229	1,087,750
Deanwood Primary School	800,165	101,398	62,894	159,421	1,123,878	1,040,125
Thamesview Primary School	1,547,692	109,300	130,380	298,254	2,085,626	1,851,937
Miers Court Primary School	1,381,920	119,789	103,777	225,152	1,830,638	1,684,669
Waterfront UTC	1,358,601	141,042	124,263	331,770	1,955,676	1,676,311
The Abbey School	2,350,836	368,609	331,621	348,887	3,399,953	-
Academy trust	15,123,183	2,589,949	1,450,570	3,039,570	22,203,272	18,483,082

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Notes to the Financial Statements
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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	63,584,120	63,584,120
Current assets	1,411,219	1,966,057	1,013,032	4,390,308
Creditors due within one year	-	(1,503,261)	(18,927)	(1,522,188)
Creditors due in more than one year	-	-	(80,863)	(80,863)
Total	1,411,219	462,796	64,497,362	66,371,377

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Restricted fixed asset funds 2022 £</i>	<i>Total funds 2022 £</i>
Tangible fixed assets	-	-	49,104,085	49,104,085
Current assets	1,082,833	387,701	-	1,470,534
Creditors due within one year	(104,935)	(1,086,869)	(6,372)	(1,198,176)
Creditors due in more than one year	-	-	(45,714)	(45,714)
Provisions for liabilities and charges	-	(1,282,000)	-	(1,282,000)
Total	977,898	(1,981,168)	49,051,999	48,048,729

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Notes to the Financial Statements
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22. Reconciliation of net income to net cash flow from operating activities

	2023	<i>2022</i>
	£	<i>£</i>
Net income for the year (as per Statement of financial activities)	16,456,648	3,788,637
Adjustments for:		
Depreciation	1,610,073	<i>1,598,419</i>
Capital grants from DfE and other capital income	(808,555)	<i>(6,023,376)</i>
Interest receivable	(4,361)	<i>(131)</i>
Defined benefit pension scheme obligation inherited	368,000	-
Defined benefit pension scheme cost less contributions payable	151,000	<i>996,000</i>
Defined benefit pension scheme finance cost	65,000	<i>138,000</i>
(Increase)/decrease in debtors	(468,216)	<i>40,926</i>
Increase/(decrease) in creditors	311,456	<i>(294,383)</i>
Loss on disposal of fixed assets	-	<i>743,808</i>
Transfer of fixed assets from existing academy trust	(15,263,661)	-
Net cash provided by operating activities	2,417,384	<i>987,900</i>

23. Cash flows from financing activities

	2023	<i>2022</i>
	£	<i>£</i>
Cash inflows from new borrowing	59,895	-
Repayments of borrowing	(12,190)	<i>(295,192)</i>
Net cash provided by/(used in) financing activities	47,705	<i>(295,192)</i>

24. Cash flows from investing activities

	2023	<i>2022</i>
	£	<i>£</i>
Dividends, interest and rents from investments	4,361	<i>131</i>
Purchase of tangible fixed assets	(826,447)	<i>(6,454,053)</i>
Proceeds from the sale of tangible fixed assets	-	<i>11,670</i>
Capital grants from DfE Group	808,555	<i>5,906,376</i>
Capital funding received from sponsors and others	-	<i>117,000</i>
Net cash used in investing activities	(13,531)	<i>(418,876)</i>

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25. Analysis of cash and cash equivalents

	2023	<i>2022</i>
	£	£
Cash in hand and at bank	3,314,651	863,093

26. Analysis of changes in net debt

	At 1 September 2022	Cash flows	At 31 August 2023
	£	£	£
Cash at bank and in hand	863,093	2,451,558	3,314,651
Debt due within 1 year	(6,372)	(12,556)	(18,928)
Debt due after 1 year	(45,714)	(35,149)	(80,863)
	<u>811,007</u>	<u>2,403,853</u>	<u>3,214,860</u>

27. Capital commitments

	2023	<i>2022</i>
	£	£
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	71,068	131,465

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28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £nil were payable to the schemes at 31 August 2023 (2022 - £257,843) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The revised employer contribution rate, arising from the 2020 valuation, is due to be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the year amounted to £2,073,000 (2022 - £1,579,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>).

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

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28. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £1,008,000 (2022 - £758,000), of which employer's contributions totalled £798,000 (2022 - £595,000) and employees' contributions totalled £210,000 (2022 - £163,000). The agreed contribution rates for future years are 5.5-12.5 per cent for employees. The current employer's rate of 22.5% has recently been confirmed as continuing until March 2026.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.85	3.95
Rate of increase for pensions in payment/inflation	2.85	2.95
Discount rate for scheme liabilities	5.30	4.25

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

	2023	2022
	Years	Years
<i>Retiring today</i>		
Males	20.7	23.2
Females	23.2	23.5
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	24.6	24.9

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate +0.1%	(316)	(249)
Discount rate -0.1%	324	255
Mortality assumption - 1 year increase	462	305
Mortality assumption - 1 year decrease	(450)	(297)

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28. Pension commitments (continued)

Share of scheme assets

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

	At 31 August 2023	<i>At 31 August 2022</i>
	£	£
Equities	10,814,000	6,197,000
Gilts	100,000	55,000
Corporate bonds	2,353,000	1,251,000
Property	1,717,000	1,112,000
Cash and other liquid assets	180,000	160,000
Other	1,866,000	681,000
Total market value of assets	17,030,000	9,456,000

The actual return on scheme assets was £77,000 (2022 - £(117,000)).

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

	2023	<i>2022</i>
	£	£
Current service cost	(949,000)	(1,586,000)
Interest income	526,000	153,000
Interest cost	(585,000)	(291,000)
Administrative expenses	(6,000)	(5,000)
Total amount recognised in the Statement of Financial Activities	(1,014,000)	(1,729,000)

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

	2023	<i>2022</i>
	£	£
At 1 September	10,738,000	17,658,000
Transferred in on existing academies joining the trust	6,489,000	-
Current service cost	949,000	1,586,000
Interest cost	585,000	291,000
Employee contributions	210,000	163,000
Actuarial gains	(1,752,000)	(8,775,000)
Benefits paid	(189,000)	(185,000)
Losses on curtailments	-	-
At 31 August	17,030,000	10,738,000

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28. Pension commitments (continued)

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

	2023	<i>2022</i>
	£	<i>£</i>
At 1 September	9,456,000	9,005,000
Transferred in on existing academies joining the trust	6,121,000	-
Interest income	526,000	153,000
Actuarial gains/(losses)	114,000	(270,000)
Employer contributions	798,000	595,000
Employee contributions	210,000	163,000
Benefits paid	(189,000)	(185,000)
Administrative expenses	(6,000)	(5,000)
At 31 August	<u>17,030,000</u>	<u>9,456,000</u>

29. Operating lease commitments

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

	2023	<i>2022</i>
	£	<i>£</i>
Not later than 1 year	171,597	97,327
Later than 1 year and not later than 5 years	135,894	72,020
	<u>307,491</u>	<u>169,347</u>

30. Members' liability

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

31. Agency arrangements

The academy trust distributes 16-19 bursary funds to the students as an agent of the ESFA. During the year ended 31 August 2023, the trust received £27,820 (2022 - £19,630) and disbursed £24,900 (2022 - £20,331) from the fund. £34,566 was transferred into the trust when The Abbey School joined on 1 April 2023. Undistributed funds of £39,925 (2022 - £2,439) are included in other creditors as at 31 August 2023.

32. Controlling party

The academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.

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33. Related party transactions

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

The following related party transactions took place during the year:

Income related party transactions

(1) Prior to the forming of the Academy Trust in 2014, The Howard School sold a piece of land at the school to Scallywags (Medway) Limited. Joanne Watson, is a director of Scallywags (Medway) Limited and was a member of the Trust until 1 January 2023.

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

Up to 1 January 2023, when Scallywags (Medway) Limited ceased to be a related party, The Howard School received £1,600 (2022 - £4,800) under the agreement

(2) Medway Academy of Performing Arts hire facilities at The Howard School. They are a related party by virtue of Owen McColgan being a trustee of The Howard Academy Trust and a Partner at Medway Academy of Performing Arts.

The Howard School received £3,106 (2022 - £4,276) for the hire of these facilities.

(3) The Inspiring Change Multi-Academy Trust (ICMAT) leases a building at Miers Court Primary School for the Primary Support Service from 1 September 2021. They are a related party due to Caron Nott being a trustee of The Howard Academy Trust and trustee and executive head at ICMAT.

Miers Court Primary School received £11,340 (2022 - £12,252) for the leasing of this building.

(4) Owen McColgan and Catherine Reid, members of the trust's executive and senior leadership team, became qualified Ofsted Inspectors during the year. Ofsted pay the Trust for these employees to perform Ofsted Inspections on their behalf and £14,330 (2022 - £7,395) was received during the year.

Expenditure related party transactions

The husband of Mrs C. Reid, a member of the trust's executive and senior leadership team, is employed by the academy trust as a teacher. The appointment was made in open competition and Mrs Reid was not involved in the decision-making process regarding appointment. Mrs Reid's husband is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a member of the senior leadership team.

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34. Transfer of existing academies into the academy trust

On 1 April 2023 The Abbey School transferred into the trust.

The Abbey School was a single academy trust, company number 07697086, until this date.

The Abbey School

	Value reported by transferring trust £	Transfer in recognised £
Tangible fixed assets		
Long-term leasehold property	15,236,989	15,236,989
Computer equipment	26,673	26,673
Current assets		
Debtors due after one year	363,199	363,199
Cash at bank and in hand	1,404,482	1,404,482
Liabilities		
Creditors due within one year	(314,583)	(314,583)
Creditors due after one year	(46,585)	(46,585)
Pensions		
Pensions - pension scheme liabilities	(368,000)	(368,000)
Net assets	<u>16,302,175</u>	<u>16,302,175</u>