

Harpenden Secondary Education Trust
(Katherine Warrington School)
(A Company Limited by Guarantee)

Annual Report and Financial Statements
For the year ended 31 August 2020

Harpenden Secondary Education Trust (Katherine Warington School)

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	2- 12
Governance Statement	11 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Trustees' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17 - 19
Independent Reporting Accountant's Report on Regularity	20 - 21
Statement of Financial Activities incorporating Income & Expenditure Account	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements, incorporating:	25 - 39
Statement of Accounting Policies	
Other Notes to the Financial Statements	

Harpenden Secondary Education Trust

Trustees' Report

Reference and Administrative Details

Members

Angela Karp
Claire Robins
Glen Pettengell (Appointed 24/09/2019)
Helen Barton
Julie Newlan

Trustees

Grace Aikman (Appointed 15/10/2019)
Steven Angus
Helen Fish (Resigned 17/06/2020)
Ian Grimes (Appointed 24/09/2019)
Fiona Haynes (Appointed 21/01/2020 and resigned 12/10/20))
Alan Henshall
Ryan Hockley (Appointed 22/01/19 and resigned 10/12/19)
Jennifer Howarth
Helen Parkinson
Anthony Smith
Neal Tobin (Appointed 15/10/2019)
Phillip Waters
Donna Witter (Appointed 15/10/2019)
Dimple Mistry (Appointed 22/06/20)
John Bohun Burt (Appointed 20/07/20)

Senior Management Team:

- Executive Headteacher
- Chairman
- Vice Chairman

Alan Henshall
Helen Parkinson
Jennifer Howarth

Company Name

Harpenden Secondary Education Trust

Principal and Registered Office

Katherine Warrington School
Harpenden
Herts
AL5 5FH

Company Registration Number

09238779 (England and Wales)

Independent Auditor

Moore Kingston Smith LLP
4 Victoria Square
St Albans
Herts

Bankers

Barclays PLC
11 Bank Court
Hemel Hempstead
Herts.

Solicitors

Stone King LLP
13 Queen Square
Bath

Harpenden Secondary Education Trust

Trustees' Report (continued)

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 18 serving a catchment area in North Hertfordshire. It has a pupil capacity of 1150 although during the 2019/2020 financial year had a roll of 180 Year 7 Pupils.

The school will grow by 180 students each year. At the time of the school census in October 2019 the roll was 176. The forecasted roll for 2020 is 360.

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 Harpenden Secondary Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Katherine Warington School. Details of the trustees who served during the year, and to the date these accounts are approved 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.

Trustees' Indemnities

In accordance with the Companies Act 2006 S236, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School and Trust business. The Risk Protection Arrangement provides cover up to £10,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

Up to 10 Trustees, some of whom are the members of the Charitable Company for the purpose of company law, are nominated by the Members to the Board of Trustees. The articles of association require that there are at least 3 Trustees, but there is no maximum number. The recruitment process is as follows:

- Advertised on social media, school communications (website, newsletter) and via existing trustees. Adverts outline any particular skills we are looking for (eg Finance, SEND)
- Application form and skills audit completed by applicant
- If relevant skills/experience, an informal interview with chair/vice chair of trustees carried out
- Following this meeting, one of the following will happen depending upon type of trustee being recruited
- Members emailed information about applicant/s and asked for approval to appoint (if member appointed position)
- Trustees emailed information about applicant/s and asked for approval to appoint (if trustee appointed co-opted position)
- Following successful recruitment, induction process begins including buddy system, training requirements and setting up school email accounts

All Trustees are required to complete Child Protection, Prevent and Induction training within 3-6 months of election. There are several other suggested training courses for Trustees to attend - it is expected that Trustees complete training appropriate to their link role. The Clerk maintains a training matrix to ensure training reflects school aims/gaps in skills. Trustees are required to update the matrix.

The Trust Board has a contract with Herts for Learning, The Key for School Governors, the National Governance Association and Educare to support development, guidance and training.

Harpenden Secondary Education Trust

Trustees' Report (continued)

We have appointed 6 Trustees this year - all positions were advertised - two governors were elected by parents, one by the staff, two were Member appointed and one was a trustee elected governor. We would seek to appoint governors with relevant background or experience to complement the existing governor qualifications.

With the exception of the Chief Executive Officer, Trustees are appointed for a fixed term of four years, but are eligible for re-election at the end of the fixed term. The time limit does not apply to the Chief Executive Officer.

Policies and Procedures Adopted for the Induction and Training of Trustees

There is a full induction and training programme for Trustees supported by both the Clerk to governors and Office manager. Ongoing training is mandatory for all Trustees and Governors and those undertaking specific roles undertake further appropriate subject training. All Trustees and Governors undertake mandatory safeguarding training every year.

Organisational Structure

The Trustees are responsible for the overall management and control of the Harpenden Secondary Education Trust and meet six times a year.

The work of reviewing and monitoring most of their policies is delegated to the members of the Education and the Resources Committees. They meet once each term and work under the chairmanship of a Governor appointed at the first Full Governors General Meeting each academic year. Terms of reference of these committees are agreed annually at this meeting. The Harpenden Secondary Education Trust clerk to the Trustees is responsible for coordinating the work of the Trustees and their Committees, preparation of agendas and papers and review of matters arising. The Chief Financial Officer is responsible for the preparation of accounts.

The Trustees determine the general policy of the School. The day to day running of the School is delegated to the Headteacher, supported by the Senior Leadership Team. The Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with the Senior Leadership Team. The day to day administration is undertaken within the policies and procedures approved by the Trustees which provide for only significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Headteacher oversees the recruitment of all school staff. The Headteacher is an ex-officio governor/ Principal Accounting Officer and attends all meetings. Members of the Senior Leadership Team are invited to attend Trustee Body meetings as appropriate.

All trustees give of their time freely and no remuneration or expenses were paid in the year in respect of their work as a Trustee.

Arrangements for setting pay and remuneration of key management personnel

Teachers pay is set against the nationally negotiated Leadership Scale inclusive of Outer London Fringe. Support staff pay is set against the National Joint Council pay grades.

Pay grades are determined by Trustee Remuneration Committee who also set the Headteacher's remuneration using guidance of the STRB, based on size and success of the Academy as well as additional duties undertaken. Headteacher pay is ratified by the Chair of Governors on behalf of the Trust board.

Harpenden Secondary Education Trust

Trustees' Report (continued)

Related Parties and other Connected Charities and Organisations

The Headteachers of the three existing secondary schools support Harpenden Secondary education Trust as follows:

- Claire Robins – Sir John Lawes - Member of HSET
- Helen Barton – St George's - Member and Trustee of HSET
- Alan Henshall – Roundwood Park - Executive Headteacher

Throughout the academic year there has been an arm's length transaction with Roundwood Park for secondment of IT services and Headship mentoring to the value of £ 30K and costs of £3.4K in relation to hire of facilities for KWS school open day from Rothamsted

Objectives and Activities

The objectives of the academy trust were to successfully open and populate a new secondary school in Harpenden, meeting the outstanding educational expectations of the community. The school is established through the educational partnership of Harpenden's three other secondary schools. The aim of the school is to provide an excellent education, comparable with the existing three schools for students in the local community. The existing schools are oversubscribed. As the first new secondary school in Harpenden for 50 years, we offer traditional academic values with an innovative approach.

Our core purpose is learning. Our plan is designed to focus on learning outcomes for our students and by doing so, enhance the life chances of all of the young people in our community and allow them to achieve economic wellbeing and take their place in society as active, global citizens. Academic excellence is of prime importance but it is not the measure of a human being's worth. Our school allows students to achieve because they will learn in a happy, friendly community where the contributions of all staff and students are valued.

Our vision for KWS enshrines our values: Knowledge, Wellbeing, Success.

Knowledge – built through our robust and diverse curriculum. Students develop a thirst for knowledge through inspirational teaching and, as their school career progresses, they are afforded more and more personalised opportunities to apply knowledge and develop life skills.

Wellbeing – students and staff value the importance of looking after their own and others wellbeing and health. Through participation, collaboration and a focus on kindness and integrity, our school community is ready to face the challenges of a developing world.

Success – students and staff believe nothing is impossible if it will improve learners' life chances. They are supported to fulfil their potential, realise their personal ambitions, and have the confidence and resilience to meet their challenges.

Curriculum- Inspiring, Evidence Informed and Knowledge Based

Within the framework of the national curriculum our school delivers an inclusive and personalised school curriculum that is designed around each student. In Key Stage 3 Year 8 students select up to 9 GCSE subjects to study through Years 9,10 and 11 (Key Stage 4) with an additional option point in Year 9 for final GCSE selection. Our school provides an exciting, dynamic, and inspiring environment that utilises the latest technology and augmented reality to drive teaching and learning. The school environment fosters a collaborative and caring community of learners who are proud of their school and are aware of the pride their school has in them. The principles that underpin our evidence based approach to learning are: Rosenshine's Principles of Instruction, Willingham's Principles of the Mind and Caviglioli summary of Cognitive Load Theory.

Harpenden Secondary Education Trust

Trustees' Report (continued)

Objects and Aims

Katherine Warrington School is a modern school with traditional core values. Central to our vision for the school is the shared belief that young people have the right to a transformational educational experience that will enable them to fulfil their potential and realise their ambitions. Our school has begun to establish a culture that fosters and rewards success and engenders a shared belief amongst all members of the school community that nothing is impossible if it will improve learners' life chances. We aim to provide the highest quality teaching and learning to meet the needs and expectations of Harpenden and the surrounding community. We intend for our students to be fully fledged members and leaders of our democratic society – ready, when they leave us as adults, to make their mark on the world. The ethos of our school focuses on enabling every student to make outstanding progress whatever their starting point and will be achieved by:

- a relentless focus on improving standards of teaching and learning;
- an innovative and flexible curriculum which enables learners to follow individualized pathways stretching the most able and also providing more appropriate opportunities (such as work-related learning and college placements) for those who prefer a more vocational route;
- developing a strong student voice so that learners are involved in the transformational process;
- developing the inclusion agenda by providing high quality provision for learners who struggle to access a mainstream curriculum and stretch and challenge the most able;
- a high quality and creative programme of CPD for staff which will improve learner experience and also contribute to staff recruitment and retention;
- creating a staffing structure that allows senior leaders to focus their time on strategic issues;
- drawing on the expertise of the proposers to support the new school as it grows and to broaden the opportunities available to all students in the early years of the school;
- working in partnership with all members of the local community, both educational and wider;
- embed and embody the principles of the Prevent strategy, teaching tolerance, respect for others and responding unequivocally to the ideological challenge of terrorism and addressing any areas of risk of radicalisation.

Objectives, Strategies and Activities

Katherine Warrington School defines success using the standards and targets described below and by setting Key Performance Indicators in governance and finance using the guidance provided by the self-evaluation framework published by the Education Funding Agency (EFA). We will also consider success measures such as:

- High quality relationships between staff, students and families
- Ability to recruit high quality staff (as the school grows to full capacity) and replacements for leavers
- High numbers of referrals and staff applications
- Low exclusion and persistent absence rates
- High levels of staff/student/parent satisfaction
- The levels and outcomes of investment in the CPD of staff (teaching and support) and Governing Body

- The size and continuing efficacy of our community network and levels of community involvement

Self-evaluation involves collecting, analysing and interpreting a wide range of evidence through such activities as data analysis, sampling of students' work, lesson observations, learning walks, interviews and surveys. This allows the identification of development priorities.

The school listens and responds to the views of its stakeholders. Evaluation will focus strongly on the impact of the school's actions on learners, families, staff and the local community. We also measure contributory factors to achievement including attendance and punctuality as well as other pastoral indicators such as behaviour measures (e.g. detentions and exclusion rates) as intermediate outcomes.

Harpenden Secondary Education Trust

Trustees' Report (continued)

Strategic objectives

- To realise the vision of Katherine Warrington School as a new outstanding school for Harpenden and Hertfordshire.
- To establish a highly aspirational learning-led environment from the outset, delivering an outstanding education to all students. With this all-encompassing vision, monitoring identifiable sections of the student community such as higher achieving pupil premium recipients to ensure all are stretched and challenged.
- To promote innovative learning where all staff will also be learners.
- To promote an enviable programme of enrichment opportunities for all students.
- To create an environment of belonging and succeeding for every student, where those with specific learning needs (of all abilities and disabilities) will be fully supported, stretched and challenged in class, through one to one and small group learning, depending upon their individual requirements.
- To embed continuous assessment for learning, at the heart of securing outstanding student progress. To inform this, baseline assessment will guide the starting points but we will also seek to identify previously depressed progress so that targets set may be higher than KS2 starting points if students have underachieved for various reasons to date.
- To use restorative approaches to secure outstanding behaviour for learning, courtesy and integrity amongst the students.
- To participate in a robust and resilient network of excellent critical friends to support KWS learning targets.
- To create a pastoral approach based on a strong year group identity, recognising and celebrating effort and personal development.
- To have a positive impact on the local community, fully using the school's resources for the benefit of the local community.

Public Benefit

Harpenden Secondary Education Trust is a charitable trust which seeks to benefit the public through the pursuit of its stated aims.

The Academy Trust trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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

Harpenden Secondary Education Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance

Our primary goals have been the successful completion of the main school building, occupancy of it with a full body of appropriately skilled staff and a student body numbering 180. This has been achieved.

Key Performance Indicators

We met all expectations regarding education standards and safeguarding opening the school in the University of Hertfordshire Law Court Building for a two week induction period before moving the school to the Sports Centre on the allocated site. The Sports Centre had been repurposed with classrooms. The school ran effectively and efficiently until March when lockdown occurred. The school received an exemplary report from the Education Advisor inspection carried out post opening.

Other performance indicators include:

- High quality relationships between staff, students and families
- Ability to recruit high quality staff (as the school grows to full capacity) and replacements for leavers
- High numbers of referrals and staff applications
- Low exclusion and persistent absence rates
- High levels of staff/student/parent satisfaction
- The levels and outcomes of investment in the CPD of staff (teaching and support) and Governing Body
- The size and continuing efficacy of our community network and levels of community involvement

Evidence to support the achievement of these goals has been presented to Trustees.

Key Performance Indicators and Targets

In line with our vision for the school, the Trust's initial proposed key outcomes, are as follows:

- the school ranks amongst the highest performing schools in Hertfordshire and nationally in terms of attainment, progress and attendance;
- create a culture of praise, recognition and reward using student and staff voice in line with our ethos and values;
- no students are permanently excluded from school;
- establish a system of KS3 assessment to measure and ensure good progress is made in KS3 and beyond;
- all students develop a sense of physical, social, spiritual, cultural and emotional well-being;
- all students leave the school ready to move to the next stage of education, employment or training;
- the school is fully subscribed and on timeline regarding building and opening of the completed school;
- parents demonstrate a high degree of satisfaction with the school as judged by parental feedback and formal surveys;
- the school has a positive impact on the community as monitored by feedback and surveys;
- the school is judged outstanding by Ofsted and other external reviews;
- the school has a sustainable budget and is providing good value for money.

Harpenden Secondary Education Trust

Trustees' Report (continued)

In addition, student and staff attendance will be monitored as will rewards and sanctions, staff performance management and its impact, SEND progress and impact, use of Pupil Premium, CLA, destination post-16, quality of teaching assessments, departmental and whole school budget management.

The Headteacher will be responsible for overseeing school improvement and performance, with the support of the leadership team and Trust. The Headteacher, in conjunction with the Trust, has created a robust School Development Plan. The Trustees will then provide challenge at a detailed level during their monitoring visits, where they will focus on key areas from the School Development Plan to find evidence to back up what is being reported by the school and report back to the Trust on its impact.

The responsibility for safeguarding sits with the Governing Body. However, the work will be delegated to the Headteacher. This includes ensuring the appropriate training is taking place for all staff, governors, visitors and volunteers e.g. safeguarding training (appropriate level for role), Prevent, safer recruitment. The governors are responsible for ensuring the Single Central Record is up to date. The work will be done in school, but will be closely monitored by the link governor. This will be reported to the Trust at each meeting.

Going Concern

After making appropriate enquiries, the board of trustees has 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

Financial Review

The vast majority of the Trust's incoming resources is obtained from the DfE via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants restricted to specific educational purposes. The Trust continues to receive set up resource funding and diseconomies funding as a new school. Katherine Warington serves a catchment area where 11% of pupils are in receipt of Pupil Premium funding and this funding has enabled greater resources to be spent on educational support staff and materials, to support pupil interventions.

Covid 19 has not had a detrimental effect on the school as every student has access to a Chromebook enabling them to maintain distance learning in times of school closure. The school was also using its Sports centre as temporary accommodation in the academic year. As such, no lettings income was budgeted in the financial overview and the lack of opportunity to raise funds in year 1 has not had an impact on budgeted income. The school is at full capacity and as such full GAG income has been received.

The school has maintained robust cost controls whilst maintaining a high staff to student ratio. As such the Trust made an in year surplus of £31,765,601. This includes the following four elements: land and building transfer 31,188,066, surplus from school operations £110,680, surplus on restricted fixed assets funds £472,855 and defined benefit pension actuarial loss of £6,000.

To facilitate the growth of the school and the new year group, capital funds from the ESFA of £568K were spent on ICT. As this grant is deemed capital expenditure, all of the spend is shown in the Statement of Financial Activities as funding for the Academy's operations in the restricted fixed asset fund. Being a new building little capital expenditure is required in the short term.

No unexpected donations or grants were received during the year

Reserves Policy

The school will always try to spend funding allocated for the education of students within the same financial year. The Governors consider free reserves to be unrestricted funds excluding fixed assets and general restricted funds arising from carried forward GAG funds.

These unrestricted reserve funds will continue to build up from self-generated income over the next several years. These reserves entering this financial year stood at £30K. Primarily the reserves were used within the first year of the school opening including a contribution of £12 per chromebook being allocated per student.

Harpenden Secondary Education Trust

Trustees' Report (continued)

The total restricted income reserves held by the Trust at 31st August 2020 are £152k and total unrestricted reserves (£15) The surplus is largely restricted and can only be spent on specific items

The restricted fixed asset reserve of £31,840K can only be realised by disposing of fixed assets and included the valuation of the new school building

It should be noted that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the academy trust in the form of an increase or decrease in employers' pension contributions over a period of years

Investment Policy

At the present time the Trust does not have sufficient surplus to warrant an investment policy. Any surplus cash is held overnight in a Barclays savings account with minimal interest earned. When the Trust has surplus cash requirements in excess of 2 months operating costs a deposit account will be set up on a rolling three month basis.

Funds will be invested with banking institutions that are regulated by the FCA and with a rating of at least A-. The Trust will only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 weeks

Principal Risks and Uncertainties

To monitor and manage the strategic, operational, compliance and financial risks of the school, a comprehensive risk register has been developed which is reviewed regularly by Trustees

The principal financial risk that may affect the School is:

Government funding

The School has considerable reliance on continued government funding through the ESFA. For the future there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- maintaining the positive relationships with the ESFA and DfE that developed successfully during the preopening phase;
- by ensuring the School is rigorous in delivering good value for money high quality education and training;
- identifying potential sources of funding through grant funding, donations and lettings income to supplement core ESFA funding.

Fundraising

The Trust does not use any external fundraisers

In the development of the Trust the charity has not sought donations. There were no public appeals for donations and no professional fundraisers were employed.

Any fundraising undertaken in future years will be monitored by the Trustees

Harpenden Secondary Education Trust Trustees' Report (continued)

Plans for Future Periods

The Trustees intend to continue their current strategies of maintaining the school's position in a competitive market by providing outstanding education for all students. Achieving high standards of academic results is a constant aim whilst maintaining the breadth and depth of wider education to develop the whole person.

The Headteacher and senior staff continue to review the curriculum to ensure that the educational qualifications remain appropriate for our students' development.

Our future plans are financed from income direct from the DfE, related to student numbers and other lump-sum factors. Governors will ensure funding is invested appropriately for the next generation of students as they have done in the past for current students.

Maintaining and, where necessary, developing the fabric of the facilities of the school are central to our strategy. Opportunities to develop our facilities to enhance students' learning are key.

Funds Held as Custodian Trustee on Behalf of Others

No funds are held by the School on behalf of others

Auditor

Insofar 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.
- Moore Kingston Smith are to be reappointed as external auditors of Katherine Warrington

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8 December 2020 and signed on the board's behalf by:



Helen Parkinson
Chairman

8 December 2020

Harpenden Secondary Education Trust

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Harpenden Secondary Education 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 trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the Headteacher 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 Harpenden Secondary Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Full Governors met 3 times a year. The Resources sub committee (incorporating the audit committee) which operates to monitor the financial operations of the Trust committee has formally met 6 times and the Education committee 3 times in the year. The remuneration committee is also a sub-committee and meets once a year (first meeting November 2020) to check the robustness of the appraisal cycle and consider and approve any pay awards

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
G Aikman	7	7
S Angus	7	9
H Barton	8	9
I Grimes	3	9
A Henshall	5	8
J Howarth	11	11
D Witter	6	6
N Tobin	3	7
T Smith (Headteacher & accounting officer)	12	12
H Parkinson	9	11
P Waters	8	10

Two parent Governors were appointed during the year D. Witter and N. Tobin through open election for all eligible parents or guardians of students who attend the school. G. Aikman was appointed as staff Governor, I. Grimes appointed with premises and health & safety specialism, J. Bohun Burt an ex Headteacher for educational expertise and D. Mistry was appointed with HR knowledge following the resignation of H. Fish. An open position remains for SEN and safeguarding following the resignation of F. Haynes.

Harpenden Secondary Education Trust

Governance Statement (continued)

During the year G Pettengell joined as a member. Attendance of members at meetings in the year was as follows:

Members	Meetings attended	Out of a possible
C Robbins	8	9
H Barton	8	9
G Pettengell	7	9
A Karp *	1	1
J Newlan *	1	1

*Members are required to attend AGM only

Governance reviews

The Trust Board carries out a skills audit every year and all prospective trustees complete the same audit as part of their application process in order to ensure any skills gaps are carefully considered and filled wherever possible. The most recent audit was completed in February 2020. Alongside the template audit, trustees are asked 4 key review questions around:

1. Individual contribution over the past year
2. Relevant courses, training or other development undertaken
3. Any areas or responsibilities they would like to take on in the future
4. Any additional training and/or support they feel would help them to carry out their role more effectively?

Responses are used to help determine roles and responsibilities moving forwards as well as succession planning. The February audit instigated a conversation with one trustee about their changing work and family commitments and the fact that they were unlikely to be able to continue in post after the end of the 19/20 academic year. We were able to advertise, recruit and fill their position in good time allowing a handover between the outgoing and incoming trustee to provide a better induction for the new person resulting in a smooth transition for the school staff member who they usually meet with.

An annual Survey Monkey is also completed in the Summer term with the most recent one being discussed at the Trust Board meeting on June 16th, 2020. Trustees are urged to reflect on the year about to end and also think about the next year in terms of what could be improved upon. Trustees are asked about a range of topics including their understanding of how they fit into the Board's structure, strategic direction, PP spend and the financial accounting cycle. Confidence in the financial side of governance was identified as an area of weakness by this questionnaire and therefore in house training for the Trust Board is being arranged for this year.

Our Chair of Trustees attended (virtually) the DfE funded Leadership Development Programme in the Autumn term 2020. This course was delivered by a National Leader of Governance and was based around 3 areas of work (Strategic leadership, Effective governance & financial oversight and School improvement and the Board's role in holding senior leaders to account for educational outcomes). The final unit was completed on October 5th and the Chair has developed the school's non-financial Scheme of Delegation as part of a project utilising the training received

Reviewing Controls and Managing Risk

We continually monitor processes with the intention of achieving greater efficiencies that also lead to cost reductions. Governors have agreed a risk register which details all potential financial and business risks, weights their impact based on significance and likelihood, and details mitigating measures to reduce risk exposure.

Harpenden Secondary Education Trust

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritize the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harpenden Secondary Education Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. This role is fulfilled by the Responsible Officer, herself a qualified accountant and member of the board of trustees.

Harpenden Secondary Education Trust Governance Statement (continued)

Review of Effectiveness

As accounting officer, Headteacher T Smith 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 external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer 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 order of the members of the board of trustees on 8 December 2020 and signed on its behalf by:



-
H Parkinson
Chair of Board of Trustees



-
T Smith
Accounting Officer

Harpenden Secondary Education Trust

Statement on regularity, propriety & compliance

As accounting officer of Harpenden Secondary Education Trust I have considered my responsibility to notify the academy trust governing body and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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.



T Smith
Accounting Officer

Date: 8 December 2020

Harpenden Secondary Education Trust

Statement of Governors' Responsibilities

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

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the 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 the EFA have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the 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 governing body on 8th December 2020 and signed on its behalf by:

Signed



8 December 2020

H. Parkinson
Chair of Board of Trustees

Independent Auditor's Report on the Financial Statements to the Members of Harpenden Secondary Education Trust (Katherine Warington School)

Opinion

We have audited the financial statements of Harpenden Secondary Education Trust (Katherine Warington School) ('the academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted

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 2020 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Independent Auditor's Report on the Financial Statements to the Members of Harpenden Secondary Education Trust (Katherine Warington School) (continued)

Opinion on other matter 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 strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures or 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 set out on page 16, the trustees (who are also the directors of the charitable company 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.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report on the Financial Statements to the Members of Harpenden Secondary Education Trust (Katherine Warington School) (continued)

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit any significant audit findings, including and significant deficiencies in internal control that we identify during our audit.

Use of this 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Date: 10 December 2020

Moore Kingston Smith LLP

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Independent Reporting Accountant's Assurance Report on Regularity to Harpenden Secondary Education Trust (Katherine Warington School) and the

In accordance with the terms of our engagement letter dated 10 June 2020 and further to the requirements of the Education Funding and Skills Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020 we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harpenden Secondary Education Trust - Katherine Warington School during the period 1 September 2019 to 31 August 2020 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 Harpenden Secondary Education Trust (Katherine Warington School) and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Harpenden Secondary Education Trust (Katherine Warington School) 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 Harpenden Secondary Education Trust (Katherine Warington

Respective responsibilities of Harpenden Secondary Education Trust (Katherine Warington School)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Harpenden Secondary Education Trust (Katherine Warington School)'s funding agreement with the Secretary of State for Education dated 43522 and the Academies Financial Handbook, extant from 1 September 2020 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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.

Independent Reporting Accountant's Assurance Report on Regularity to Harpenden Secondary Education Trust (Katherine Warington School) and the

The work undertaken to draw to our conclusion includes:

- review of financial records for unusual transactions
- sample testing expenditure transactions were reasonable, appropriate and appropriately authorised in accordance with the trust's procurement policy
- review the minutes of the Board meetings
- review the processes and controls to identify related party transactions and potential conflicts
- obtaining formal representations from the Board and the accounting officer
- reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Moore Kingston Smith LLP

Date: 10 December 2020

Shivani Kothari (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Harpenden Secondary Education Trust (Katherine Warington School)
Statement of Financial Activities for the year ended 31 August 2020
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	2	-	-	31,756,747	31,756,747	157,142
Charitable activities:						
Funding for the academy trust's educational operations	3	-	1,305,645	-	1,305,645	59,085
Other trading activities	4	36,552	-	-	36,552	23,286
Investments	5	1,210	-	-	1,210	-
Total		37,762	1,305,645	31,756,747	33,100,154	239,513
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6, 7	22,841	1,182,308	101,255	1,306,404	155,461
Total		22,841	1,182,308	101,255	1,306,404	155,461
Net income/(expenditure)		14,921	123,337	31,655,492	31,793,750	84,052
Transfers between funds	15	-	(27,578)	5,429	(22,149)	-
Net movement in funds before transfers		14,921	95,759	31,660,921	31,771,601	84,052
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	15, 24	-	(6,000)	-	(6,000)	-
Net movement in funds		14,921	89,759	31,660,921	31,765,601	84,052
Reconciliation of funds						
Total funds brought forward		-	61,861	179,292	241,153	157,101
Total funds carried forward		14,921	151,620	31,840,213	32,006,754	241,153

All of the academy's activities derive from continuing operations during the above two financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Harpenden Secondary Education Trust (Katherine Warrington School)
Balance Sheet as at 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		31,840,213		179,292
Investments	12		25		25
			<u>31,840,238</u>		<u>179,317</u>
Current assets					
Debtors	14	76,301		45,746	
Cash at bank and in hand		<u>278,122</u>		<u>30,190</u>	
		354,423		75,936	
Liabilities					
Creditors : Amounts falling due within one year	15	<u>(131,907)</u>		<u>(14,100)</u>	
Net current assets/(liabilities)			<u>222,516</u>		<u>61,836</u>
Total assets less current liabilities			<u>32,062,754</u>		<u>241,153</u>
Net assets excluding pension liability					
			<u>32,062,754</u>		<u>241,153</u>
Defined benefit pension scheme liability	24		(56,000)		-
Total net assets			<u>32,006,754</u>		<u>241,153</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	31,840,213		179,292	
General fund	16	207,620		61,861	
Pension reserve	16	<u>(56,000)</u>		<u>-</u>	
Total restricted funds			<u>31,991,833</u>		<u>241,153</u>
Unrestricted income funds	16		14,921		-
Total funds			<u>32,006,754</u>		<u>241,153</u>

The financial statements on pages 22 to 39 were approved by the trustees, and authorised for issue on 8 December 2020 and are signed on their behalf by:



Helen Parkinson

Chair of Board of Trustees

Company Registration Number: 09238779 (England and Wales)

Harpenden Secondary Education Trust (Katherine Warrington School)
Statement of Cash Flow for the year ended 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	274,300	47,517
Cash flows from financing activities	20	-	-
Cash flows from investing activities	21	(26,368)	(179,292)
Change in cash and cash equivalents in the reporting period		<u>247,932</u>	<u>(131,775)</u>
Cash and cash equivalents at 1 September 2019		30,190	161,965
Cash and cash equivalents at 31 August 2020		<u>278,122</u>	<u>30,190</u>

Statement of Accounting Policies

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

Company information

Harpenden Secondary Education Trust (Katherine Warington School) is a private company limited by guarantee, domiciled and incorporated in England and Wales. The registered office and principal place of business is Katherine Warington School, Lower Luton Road, Harpenden, Hertfordshire, AL5 5FH.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Harpenden Secondary Education Trust (Katherine Warington School) meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

Going Concern

The financial statements are prepared on a going concern basis which assumes the academy trust will continue in operational existence for the foreseeable future. The trustees have assessed 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 for a period of at least one year from the date of authorisation for issue of the financial statements. They have considered the impact of Covid-19 on the school's operations and reviewed budgets and forecasts. Whilst there have been considerable operational challenges in response to the pandemic, the Trust's funding has not been affected and pupil numbers are expected to remain stable. After making enquiries, the trustees 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. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

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 period is deducted from income and recognised as a liability.

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

• Sponsorship Income

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

• Donations

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

• Other Income

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

• Donated goods, facilities and services

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

Statement of Accounting Policies (continued)

• **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, 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 trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

• **Donated fixed assets**

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

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 a 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 the support costs involved in undertaking each activity. Direct costs attributable to a single activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

• **Expenditure on Raising Funds**

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

• **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

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

Long leasehold buildings	50 years straight line
Motor Vehicles	5 years straight line
Computer Equipment	3 years straight line

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

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

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 the 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 and services it must provide.

Provisions

Provisions can be recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle an obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the last pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1 Statement of Accounting Policies (continued)

Leased Assets

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

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 basis are as follows:

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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

Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions Benefits

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

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. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which

1 Statement of Accounting Policies (continued)

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

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

2 Donations and capital grants

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £
Donated fixed assets	-	-	31,188,066	31,188,066
Other donations	-	-	568,681	568,681
2019/20 Total	-	-	31,756,747	31,756,747
2018/19 Total	-	-	157,142	157,142

Harpden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
DfE / ESFA revenue grants				
General Annual Grant (GAG)	-	948,693	948,693	-
Start Up Grants	-	215,500	215,500	-
Other DfE/ESFA grants	-	98,671	98,671	59,085
	-	1,262,864	1,262,864	59,085
Other Income from the academy trust's educational operations	-	42,781	42,781	-
2019/20 Total	-	1,305,645	1,305,645	59,085
2018/19 Total	-	59,085		59,085

4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Hire of facilities	450	-	450	-
Trip income	8,421	-	8,421	-
Other income	27,681	-	27,681	23,286
2019/20 Total	36,552	-	36,552	23,286
2018/19 Total	-	23,286		23,286

5 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Short term deposits	1,210	-	1,210	-
2019/20 Total	1,210	-	1,210	-
2018/19 Total	-	-		-

6 Expenditure

	Staff Costs £	Non Pay Expenditure Premises Other £ £		Total 2020 £	Total 2019 £
Expenditure on raising funds:					
Direct costs	-	-	-	-	-
Allocated support costs	-	-	-	-	-
Academy's educational operations:					
Direct costs	712,781	-	113,581	826,362	126,043
Allocated support costs	170,730	197,354	111,958	480,042	29,418
2019/20 Total	883,511	197,354	225,539	1,306,404	155,461
2018/19 Total	102,822	1,703	50,936		155,461

Harpenden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

7 Charitable Activities

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Direct costs - educational operations	-	826,362	-	826,362	126,043
Support costs - educational operations	22,841	355,946	101,255	480,042	29,418
2019/20 Total	22,841	1,182,308	101,255	1,306,404	155,461
2018/19 Total	-	155,461	-		155,461

Analysis of support costs

	Educational operations £	Total 2020 £	Total 2019 £
Support staff costs	170,730	170,730	16,368
Depreciation	101,255	101,255	-
Technology costs	49,370	49,370	3,578
Premises costs	96,099	96,099	1,703
Other support costs	53,735	53,735	4,427
Legal costs	3,740	3,740	2,182
Governance costs	5,113	5,113	1,160
Total support costs	480,042	480,042	29,418

8 Staff

a. Staff costs

Staff costs during the period were:

	2020 £	2019 £
Wages and salaries	630,570	81,228
Social security costs	55,913	10,063
Operating costs of defined benefit pension scheme	195,908	11,531
Apprenticeship levy	245	-
	882,636	102,822
Supply staff costs	875	-
	883,511	102,822

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	6	-
Administration and support	8	1
Management	13	-
	27	1

The full time equivalent number of persons employed by the trust during the period was as follows:

	2020 No.	2019 No.
Teachers	6	-
Administration and support	8	1
Management	5	-
	19	1

Harpenden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
£90,001 - £100,000	1	-

The pension contributions totalled £20,699.

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) received by key management personnel for their services to the academy trust was £352,885 (2019: £nil).

9 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

Grace Aikman (Trustee)	
Remuneration	£45,000 - £50,000 (2019: £nil)
Employer's pension contributions	£10,000 - £15,000 (2019: £nil)

Anthony Smith (trustee)	
Remuneration	£85,000 - £90,000 (2019: £nil)
Employer's pension contributions	£20,000 - £25,000 (2019: £nil)

No governors received reimbursements for expenses during the year ended 31 August 2020 (2019: none).

10 Trustees and officers insurance

The academy trust has opted into the Department of 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 unlimited cover. The insurance also covers property damage to the reinstatement value.

11 Tangible fixed assets

	Leasehold Land and Buildings £	Furniture and Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost					
At 1 September 2019	-	-	-	179,292	179,292
Transfer	31,188,066	-	-	-	31,188,066
Additions	-	-	27,578	568,681	596,259
Disposals	-	-	-	(22,149)	(22,149)
At 31 August 2020	<u>31,188,066</u>	<u>-</u>	<u>27,578</u>	<u>725,824</u>	<u>31,941,468</u>
Depreciation					
At 1 September 2019	-	-	-	-	-
Charged in year	-	-	5,516	95,739	101,255
At 31 August 2020	<u>-</u>	<u>-</u>	<u>5,516</u>	<u>95,739</u>	<u>101,255</u>
Net book values					
At 31 August 2020	<u>31,188,066</u>	<u>-</u>	<u>22,062</u>	<u>630,085</u>	<u>31,840,213</u>
At 31 August 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,292</u>	<u>179,292</u>

The trust's transactions relating to land and buildings included:

On 17 June 2020 DfE transferred the building to the school. The DfE valuation of the building was provided as £29,888,066. The land is held under 125 lease between the school and Hertfordshire County Council. The land value is £1.3m.

Harpenden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

12 Fixed asset investments

	Total
	£
Cost	
At 1 September 2019	<u>25</u>
At 31 August 2020	<u>25</u>
Carrying amount	
At 31 August 2020	<u>25</u>
At 31 August 2019	<u>25</u>

The investment is recorded at cost and represents unlisted shareholding.

13 Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>76,301</u>	<u>45,746</u>
	76,301	45,746
Carrying amount of financial liabilities		
Measured at amortised cost	<u>131,907</u>	<u>14,100</u>

14 Debtors

	2020	2019
	£	£
Trade debtors	450	-
VAT recoverable	18,743	-
Other debtors	127	45,746
Prepayments and accrued income	<u>56,981</u>	<u>-</u>
	76,301	45,746

15 Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	23,080	-
Other taxation and social security	13,672	-
Pupil number adjustment	21,635	-
Other creditors	18,916	-
Accruals and deferred income	<u>54,604</u>	<u>14,100</u>
	131,907	14,100

Deferred income

	2020	2019
	£	£
Deferred income as at 1 September 2019	14,100	-
Resources deferred in the year	43,704	14,100
Amounts released from previous years	<u>(14,100)</u>	<u>-</u>
Deferred income as at 31 August 2020	43,704	14,100

At the balance sheet date the academy trust was holding funds received in advance for rates (£7,424), catering (£7,881). Trip (£2,150) and income from parents (£26,249).

Harpenden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

16 Funds

	Balance at 1 September 2019 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	948,693	(713,495)	(27,578)	207,620
Start Up Grant	-	215,500	(215,500)	-	-
Other DfE/ESFA grants	61,861	79,598	(141,459)	-	-
Pupil Premium	-	19,073	(19,073)	-	-
Pension reserve	-	-	(50,000)	(6,000)	(56,000)
Other Income	-	42,781	(42,781)	-	-
	<u>61,861</u>	<u>1,305,645</u>	<u>(1,182,308)</u>	<u>(33,578)</u>	<u>151,620</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	179,292	568,681	(101,255)	150,406	797,124
Donated land and buildings	-	31,188,066	-	(122,828)	31,065,238
Prior year adjustment	-	-	-	(22,149)	(22,149)
	<u>179,292</u>	<u>31,756,747</u>	<u>(101,255)</u>	<u>5,429</u>	<u>31,840,213</u>
Total restricted funds	241,153	33,062,392	(1,283,563)	(28,149)	31,991,833
Total unrestricted funds	-	37,762	(22,841)	-	14,921
Total funds	241,153	33,100,154	(1,306,404)	(28,149)	32,006,754

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objectives of the free school at the discretion of the trustees.

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

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

Under the funding agreement with the Secretary of State, the free school was not subject to limits on the amount of GAG that it could carry forward at 31 August 2020.

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

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2019 £
Restricted general funds					
Other DfE/ESFA grants	157,101	59,085	(155,459)	1,134	61,861
	<u>157,101</u>	<u>59,085</u>	<u>(155,459)</u>	<u>1,134</u>	<u>61,861</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	-	180,426	-	(1,134)	179,292
	<u>-</u>	<u>180,426</u>	<u>-</u>	<u>(1,134)</u>	<u>179,292</u>
Total restricted funds	157,101	239,511	(155,459)	-	241,153
Total unrestricted funds	-	-	-	-	-
Total funds	157,101	239,511	(155,459)	-	241,153

17 Analysis of net assets between Funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Investments	-	25	-	25
Tangible fixed assets	-	-	31,840,213	31,840,213
Current assets	14,921	339,502	-	354,423
Current liabilities	-	(131,907)	-	(131,907)
Pension scheme liability	-	(56,000)	-	(56,000)
Total net assets	14,921	151,620	31,840,213	32,006,754

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Investments	-	25	-	25
Tangible fixed assets	-	-	179,292	179,292
Current assets	-	75,936	-	75,936
Current liabilities	-	(14,100)	-	(14,100)
Total net assets	-	61,861	179,292	241,153

18 Commitments under operating leases

Operating Leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	5,163	-
Amounts due between two and five years	3,614	-
	8,777	-

Harpden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

19 Reconciliation of Net Income/(expenditure) to Net Cash Inflow from Operating Activities

	2020	2019
	£	£
Net income/(expenditure) for the reporting period	31,793,750	84,052
<i>Adjusted for:</i>		
Depreciation	101,255	-
Capital grants from DfE/ESFA and other capital income	(31,756,747)	-
Interest receivable	(1,210)	-
Defined benefit pension scheme cost less contributions payable	50,000	-
(Increase)/decrease in debtors	(30,555)	(45,506)
Increase/(decrease) in creditors	117,807	8,971
Net Cash provided by / (used in) Operating Activities	274,300	47,517

20 Cash flows from financing activities

	2020	2019
	£	£
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

21 Cash flows from investing activities

	2020	2019
	£	£
Dividends, interest and rents from investments	1,210	-
Purchase of tangible fixed assets	(596,259)	(179,292)
Capital grants from DfE Group	568,681	-
Net Cash provided by / (used in) investing Activities	(26,368)	(179,292)

22 Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash in hand and at bank	278,122	30,190
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	278,122	30,190

23 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

24 Pension and Similar Obligations

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 Hertfordshire County Council. Both are multi-employer defined-benefit schemes.

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

Contributions amounting to £18,627.26 were payable to the schemes at 31 August 2020 (2019: £nil) 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 teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
 - total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
 - the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.
- The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £102,066 (2019: £nil).

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

Under the definitions set out in FRS 102, the TPS is 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.

Harpenden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

24 Pension and Similar Obligations (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 2020 was £54,086 (2019: £nil), of which employer's contributions totalled £43,842 (2019: £nil) and employees' contributions totalled £10,244 (2019: £nil).

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

Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.

Principal Actuarial Assumptions

	2020	2019
Rate of increase in salaries	2.60%	n/a
Discount rate for scheme liabilities	1.70%	n/a
Inflation assumption (CPI)	2.20%	n/a

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

	2020	2019
<i>Retiring today</i>		
Males	21.90	n/a
Females	24.10	n/a
<i>Retiring in 20 years</i>		
Males	22.80	n/a
Females	25.50	n/a

Sensitivity analysis

	2020	2019
	£	£
Discount rate -0.5%	19,000	n/a
CPI rate +0.5%	19,000	n/a

Harpenden Secondary Education Trust (Katherine Warington School)
Notes to the Financial Statements for the year ended 31 August 2020 (continued)

24 Pension and Similar Obligations (continued)

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

	2020 £	2019 £
Equity instruments	36,040	n/a
Corporate bonds	23,800	n/a
Property	6,120	n/a
Cash and other liquid assets	2,040	n/a
Total market value of assets	<u>68,000</u>	<u>-</u>

Amounts recognised in the statement of financial activities:

	2020 £	2019 £
Current service cost	80,000	n/a
Interest income	1,000	n/a
Interest cost	(1,000)	n/a
Total amount recognised in the SOFA	<u>80,000</u>	<u>-</u>

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

	2020 £	2019 £
At 1 September	-	n/a
Conversion of academy trusts	(26,000)	n/a
Current service cost	(80,000)	n/a
Interest cost	(1,000)	n/a
Employee contributions	(10,000)	n/a
Actuarial (gain)/loss	(7,000)	n/a
At 31 August	<u>(124,000)</u>	<u>-</u>

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

	2020 £	2019 £
At 1 September	-	-
Conversion of academy trusts	13,000	n/a
Interest income	1,000	n/a
Actuarial gain/(loss)	1,000	n/a
Employer contributions	43,000	n/a
Employee contributions	10,000	n/a
Benefits paid	-	n/a
Effect of non-routine settlements	-	-
At 31 August	<u>68,000</u>	<u>-</u>

25 Related Party Transactions

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

The following related party transaction took place in the period of account:

During the year £37,081 was charged by Roundwood Park School in respect of staff costs and £913 in respect of other educational costs. A Henshall is a director of Roundwood Park School. At the year end £1,278 was payable to Roundwood Park School.

During the year £3,372 was charged by Rothamsted Enterprises Limited in respect of advertising. A Karp is a director of Rothamsted Enterprises Limited. At the year end £nil was payable to Rothamsted Enterprises Limited.

During the year £204 was charged by Alban Teaching School Alliance Limited in respect of staff training. C Robins is a director of Alban Teaching School Alliance Limited. At the year end £nil was payable to Alban Teaching School Alliance Limited.

At the year end £679 was payable to T Smith, one of the Trustees.

26 Analysis of changes in net debt

	At 1 September 2019	Cash flows	Acquisition/ disposal of subsidiaries	New finance leases	Other non- cash changes	At 31 August 2020
	£	£	£	£	£	£
Cash	30,190	247,932	-	-	-	278,122
Total	30,190	247,932	-	-	-	278,122