

THE HAILEYBURY ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Haileybury & Imperial Service College Mr M Gatenby Mr S D Boyden Mr M C Bishop Mr S A Westley
Trustees	Dr L Pugsley Mr M Collier (appointed 1 September 2018) Mr S Campbell (appointed 13 October 2018) Mr I Richardson Mr R Matcham, Chair of Trustees Mr J Giesen Mr N Taylor Mr T Little (appointed 12 October 2019) Mr S Boyden (resigned 28 November 2018) Mr D Kilgallon Mrs E Pope Mrs U Mahaka (appointed 27 September 2019) Mr S Westley Mrs R Rissen (resigned 31 August 2019) Mr R Whitaker (appointed 1 September 2018)
Company registered number	09659808
Company name	Haileybury Academy Trust
Principal and registered office	Haileybury Academy Trust Hertford Heath Hertford Hertfordshire SG13 7NU
Accounting Officer	Mr R Newman

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
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**Senior Leadership
Team**

Mr R Newman, Principal and Accounting Officer
Ms K Just, Vice Principal
Mrs M Goodes, Vice Principal
Miss J Howard, Business Manager
Miss L Birke, Assistant Principal
Mr B Walsh, Assistant Principal and Director of Sixth Form
Mr N Megaw, Assistant Principal
N Shivalkar, Assistant Principal

Independent Auditors

Price Bailey LLP
Chartered Accountants
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

THE HAILEYBURY ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Haileybury Academy Trust (the Charitable Company, the Trust or the Academy) for the year ended 31 August 2019. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School for pupils aged 11-19 serving a catchment area in Cheshunt. It has a pupil capacity of 1160 and had a roll of 877 in the 2018 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Haileybury Academy Trust (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

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' and Officers' Indemnities

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. Parent Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for a minimum of 3 Trustees but shall not be subject to a maximum (minimum 2 Parent Trustees, 9 others).

As per the articles of association, article 57, the Principal is not considered a Trustee.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme of continued professional development led by School staff and links with a number of local training providers.

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Principal or Vice Principal. All Trustees are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees, with particular emphasis on the committee work that they will undertake.

All Trustees receive safeguarding training and hold a full Disclosure & Barring Service (DBS) Check. The Trust subscribes to Hertfordshire County Council's Governors Training Services whereby Governors can access a range of training covering their role as a Governor on a general and a specific level.

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Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department for Education.

The Board of Trustees, which meets on at least 3 occasions per year and each individual committee which meets at least 3 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Principal with the School Improvement Partner, and reviews them.

The Principal is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Principal has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Principal manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help develop strategies for future development which are put to the Principal and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Principal to manage certain aspects of the Academy.

The Governing Body has overall responsibility for the operation of the Academy. There are a number of policies in place that codify the operation of the Academy and the delegation of responsibility from the Board of Trustees to the Finance & Resources Committee, the Education Committee, the Principal, the Business Manager and finally to other members of staff. The policies include the Schedule of Financial Delegation which outlines responsibility for key reports and actions and includes limits on expenditure authorisation, staff payments and staff structure alterations, the Procurement and Tendering Policy which covers purchasing across the Trust from day-to-day items to large contracts extending over 3-5 years and the Financial Procedures Manual which covers how the Academy's accounts are to be managed in some detail.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, Individual School Range (ISR), the pay scales for each role and the level of experience of each staff member, the ability to recruit and retain in post, all of which are in accordance with the Trust's Pay policy.

At the Academy the key personnel are deemed to be the Principal and the SLT members. The Principal's salary is set by the Governors in accordance with standard practice; the salary is established in a band of seven points within the school group size, as defined in the School Teachers' Pay and Conditions. The salary of the Vice Principals and Assistant Principals are set in accordance with the school group size and in relation to that of the Principal.

The Academy uses the pay scales as set down by The School Teachers' Pay & Conditions document annually for all teaching staff. Support staff pay scales are also linked to nationally agreed pay awards; the Hay or Green Book pay scales.

All amendments to key management's pay and remuneration is approved by the Finance & Resources committee and ratified by the Board of Trustees.

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Trade Union Facility Time

The number of employees who were relevant union officials during the period was one. The full time equivalent number was also one.

The amount of time spent on facility time was between 1% and 50%.

£1,397 was spent on facility time, which is equivalent to 3% of the total pay bill of £55,881.

The amount of time spent on paid trade union activities, as a percentage of paid facility hours, was 2.52%

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a Trustee may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with Haileybury and Imperial Service College, the Academy's sponsor, during the academic year in pursuit of its charitable activities.

Support is provided in a number of ways, including from other organisations too:

- Opportunities for Academy teaching staff to visit the Sponsor to develop their teaching and learning practice.
- Teaching staff from the Sponsor spend time at the Academy working with specific groups of students.
- Opportunities are given to groups of Academy students to spend time at the Sponsor focusing of specific areas of the curriculum.
- Staff from the Sponsor grounds and maintenance teams spend time working at the Academy supporting their counterparts.
- Hoddesdon and Broxbourne Settings Family Support Team (HABS)
- YC Herts (Information, advice and guidance for students)
- The Broxbourne School Modern Foreign Languages Hub
- The Saffron Alliance

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

Objectives, Strategies and Activities

During the year the School has worked towards these aims by:

- Ensuring ambition, clarity, good communication and consistency at all levels of leadership.
- Continuing to improve the quality of teaching and professional development across the School.
- Raising expectations of our students to rapidly accelerate their progress across the curriculum.
- Developing and embedding the learning culture at Haileybury Turnford with additional support from our sponsor, Haileybury and Imperial Service College.

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The School's success in fulfilling its aims can be measured by:

- Year 11 outcomes - specifically outcomes in English and Mathematics at 4+ 5+ and 7+ in GCSE examinations.
- Sustained improvement in Year 7-11 student attendance to 94.5% in 2018/19 and a reduction in persistent absence to 13.9% from 15.8%.
- Improvements in student attitudes, behaviour and engagement in lessons.
- Good progress and outcomes in the Sixth Form in the majority of A Level subjects and all vocational qualifications.
- Successful recruitment into key leadership and teaching posts, including at senior level.
- Embedding partnerships with our sponsor, including the Combined Cadet Force. Science and Sixth Form partnership work.

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of co-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the School.

Specific achievements were as follows:

- Good matriculation rate to university and Apprenticeships, post Year 13.
- Improved GCSE overall progress and outcomes in subject areas, including in English, Maths, Science and Geography.
- Introduction of new trips and visits for students, including overseas trips, for example to Krakow in Poland.
- Introduced work experience for Year 10 and Year 12 students, and careers networking events.
- When compared to their national counterparts, strong GCSE progress for Year 11 female students and those with English as an Additional Language (EAL)
- Retained high quality teaching staff, and appointed new staff as necessary of a high calibre to replace staff leaving.
- Strong KS5 A Level and Applied General qualification progress and outcomes.

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2018 (based on the October 2017 census) were 877.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2018/19 this was 75.2%. In the course of the year there was some staff restructuring and the costs are reflected in these figures. The Board of Trustees is confident that staffing levels are closely monitored to agreed full time equivalent and staffing structures all approved by the Board.

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The Finance and Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2019 the Trust received £5,557,963 of GAG and other income (excluding capital funding). A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £5,720,189 on general running expenses (excluding depreciation) and transferred £61,863 to support capital new build and improvement projects on the School site. The Academy carry forward for 18/19 is £NIL restricted funding and £168,970 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £1,398,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

The Academy in the year has designated funds out of existing reserves of £22,379 for future refurbishment works on the School site.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £168,970. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees have made a decision to hold other unrestricted funds of £168,970 to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds a balance for in year contingencies.

At 31 August 2019, the Trust's balance on restricted general funds (excluding pension reserve) is £NIL and the balance on unrestricted funds is £168,970.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £430,440. The Trustees monitor cash flow through the Finance and Resources Committee.

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Investment Policy

A Reserves and Investment Policy was approved by the Board of Trustees on 26 November 2018.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Surplus funds can be invested for up to six months in interest-bearing accounts with High Street Banks or Building Societies. Investments for longer than 6 months or in riskier vehicles require the approval in advance of the Finance & General Purposes Committee.

The Academy has no funds invested at the moment; the short term cash flow forecast for the next 6 months indicates that the level of surplus funds will be low. It should also be acknowledged that with current interest rates set the return on short-term investments is extremely low.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Education and Finance & General Purposes committee meeting. The principal risks facing the Trust are outlined below; those facing the School at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- The Academy has considerable reliance on continued Government funding through the ESFA and there is 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.
- Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees, ensure that student progress and outcomes are closely monitored and reviewed.
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low.
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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Fundraising

The Academy only held small fundraising events during the year including raising funds The Brain Trust, Dragons Den, Macmillan Cancer Research, BBC Children In Need, Save the Children, Comic Relief, Jeans for Genes, Odd Socks (Anti-bullying), Just Like Us (Diversity week) and The Katie Piper Foundation. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

Haileybury Turnford is a vibrant school, developing every aspect of the students' education.

- The School will make sure that each student has the opportunity to reach their potential, and can leave with the qualifications, skills and qualities they need for a successful life.
- The School will draw on Haileybury's 150 years of outstanding achievement, and combine that with Turnford's strong sense of community, to create an exceptional School.
- The School believes that excellent teaching, academic success, the best pastoral care and enriching co-curricular opportunities are hallmarks of an excellent School, and will mean the students thrive, flourish and succeed.
- Age and condition of the school buildings. The Academy is exposed to high operational costs and the risk of unexpected, unplanned maintenance costs. The Educational and Funds Agency (ESFA) has allocated funds to replace two blocks with a new block. It is anticipated that construction will commence in Autumn 2020.

Summary of Haileybury Turnford School Improvement Actions for 2019-20

The 3 key strategic improvement priorities are:

1. Improve the quality of leadership to ensure there is a positive impact on all students, Governors, senior leaders, middle leaders, support staff leaders.
2. Improve teaching and learning – consistent high expectations for all students – including Pupil Premium, Special Educational Needs & Disabilities and High Prior-Attaining students.
3. Improve student attitudes and behaviour and reduce the number of student exclusions.

And more specifically, linked to the new Ofsted framework:

The Quality of Education

1. Improve outcomes for all learners (and specifically Pupil Premium students, Special Educational Needs & Disabilities students, High Prior-Attaining students and English as an Additional Language boys).
2. Carry out a curriculum review to ensure the curriculum is broad, balanced, consistent and meets the needs of all learners.
3. Ensure assessment and feedback is tailored to the needs of all learners and provides clear strategies for progression.
4. Ensure the quality of teaching and learning has engagement and progression for all learners.
5. Develop literacy and numeracy to ensure that all groups across the School are improving in these areas.

Behaviour and Attitudes

1. Continue to embed consistent Behaviour for Learning (Pivotal) practice in all lessons and aspects of School life.
2. Make sure all staff have consistently high expectations of student behaviour and conduct.
3. Ensure students demonstrate positive attitudes to learning.
4. Ensure students feel safe in School and bullying and discrimination are dealt with consistently, quickly and effectively.
5. Ensure staff and student relationships reflect a positive and respectful culture.

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Personal Development

1. Provide an effective careers programme using the Gatsby Benchmarks to develop and improve CEIAG.
2. Promote an inclusive and diverse environment that meets the needs of all students.
3. Develop students' resilience, confidence and independence through the curriculum and wider work of the School.
4. Ensure a significant majority of all student groups have access to and take-up a wide, rich set of experiences and opportunities.
5. Ensure high quality social, moral, spiritual and cultural development opportunities are provided throughout the School.

Leadership and Management

1. Ensure leaders create coherence and consistency across the School to ensure students benefit from effective teaching and consistent expectations.
2. Embed the Pupil Premium strategy fully and maximise the impact on disadvantaged students.
3. Ensure continuing professional development for teachers and staff is excellent, and is aligned with the curriculum.
4. Ensure external support has a direct impact on School improvement.
5. Ensure safeguarding arrangements remain effective to ensure all students are safe at all times.
6. Leaders should take into account the workload and well-being of staff, and further develop the School's wellbeing strategy.
7. Continue to develop governance ensuring all understand their roles to enhance the effectiveness of the School.

Funds Held as Custodian Trustee on Behalf of Others

The Academy does not hold funds on behalf of another charity or body. Where funds are received for a specific purpose e.g. Combined Cadet Force they are managed in a manner that ensures that there is a clear audit trail showing how the funds have been utilised.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 13 December 2019 and signed on its behalf by:

R Matcham
Chair of Trustees

THE HAILEYBURY ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees it maintains effective oversight of funds. Details of such sub-committees are noted below.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr L Pugsley	2	4
Mr M Collier	2	4
Mr S Campbell	3	4
Mr I Richardson	3	4
Mr R Matcham, Chair of Trustees	4	4
Mr J Giesen	3	4
Mr N Taylor	2	4
Mr T Little	0	0
Mr S Boyden	0	0
Mr D Kilgallon	3	4
Mrs E Pope	4	4
Mrs U Mahaka	0	0
Mr S Westley	4	4
Mrs R Rissen	2	4
Mr R Whitaker	3	4

Review of year

Haileybury Academy Trust has a very good range of governance expertise – Governors have a wide range of skills, both from education and non-education sectors. Recently appointed Trustees, for example have finance, business, social care and safeguarding, multi-academy trust and higher education backgrounds and expertise. Governance includes a number of colleagues who work for the sponsor, Haileybury.

Governance reviews

The last governance review took place in 2016-17 which focused on Governor support and challenge, strategic intent and risk. An internal governance review will take place this academic year. Governance was described as “highly effective” by Ofsted in May 2018. Strategic governance development will flow from this review process.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Committees

The Finance and Resources Committee (F&RC) is a sub-committee of the Board of Trustees. Its purpose is to address financial matters. There is no separate audit committee. The F&RC Committee will interrogate the accounts, meet the Auditors, request any changes that they consider to be reasonable and justifiable and then recommend to the Board of Trustees that the accounts are approved.

Its further purposes are:

- To oversee the annual budget setting.
- To propose the annual budget to the Board of Trustees and regularly report to them on all financial matters.
- Regularly monitor income and expenditure against budget. Including reporting of any significant budget amendments.
- To review and monitor all policies under the scope of the Finance Committee, as delegated from the Board of Trustees.
- To monitor compliance with the Finance Policy, Best Value Statement and Academies Financial Handbook and ensure that robust academy financial control systems, appropriate delegated authority levels and documented financial policies are in place (collectively the Finance Policies).
- To ensure the Annual Report and Accounts are produced in accordance with the Academies Financial Handbook.
- To approve; opening and operation of Academy bank accounts; authorised signatories; transfers between accounts; operation of credit cards; payment system controls including BACS.
- To review the annual report and accounts and recommend for approval to the Members and Board of Trustees
- To approve improvement plans and actions relating to the finance and premises area.
- To ensure a strategic financial view of income, staffing, other expenditure and capital projects. To have a strategic view regarding forward planning of School finances through longer term financial plans and projections, including capital funding both for maintenance of existing facilities and for School improvement projects.
- To ensure that the School Asset Management Plan is regularly updated and to monitor the progress of all facilities works, including CIF projects.
- To review and approve all bought in service provision.
- Have oversight of the maintenance, security, usage and development of the School's buildings.
- Within the context of the School Improvement Plan, seek sources of funding for premises development.
- Review the School's Health and Safety Policy and its operation.
- Oversee the use made of the School premises both in and out of School hours working with School Plus, the Schools out of hours letting's manager.
- Monitor staff turnover & patterns of absence.
- Review and approve, annually, the School's staffing structure.
- Review the staff salaries annually.
- Monitor & review staffing aspects of the School Improvement Plan.
- Ensure that all staff have fair access to continuous professional development opportunities.

The Finance & Resources Committee also acts as the Audit Committee for the Academy. The requirements for the Audit Committee are specified in the Academies Financial Handbook.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Bradley, Chair of Finance	5	5
Mr I Gaskell	1	3
Mr R Matcham	5	5
Mrs E Pope	4	5
Mr M Schofield	2	2
Mr R Whitaker	3	5

Review of value for money

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer has delivered improved value for money during the year by:

- Reviewing how School Improvement Support is provided to have an impact on student outcomes.
- Gas and Electricity contracts were both scheduled to come to an end in October 2019. We worked with a broker from early in 2019 to regularly review and assess the energy markets, monitoring costs and movement in rates in order to obtain the best value available. The School has committed to two year contracts for both utilities after taking into account the current political and market situation.
- Ensuring that ongoing contracts were reviewed and their benefit to the School assessed. Requiring competitive quotes from alternative suppliers and not automatically renewing contracts with existing providers.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk (continued)

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has commissioned internal audits from a number of bodies.

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

<u>Auditor</u>	<u>Area of audit</u>
ESFA	School Resource Management Advisor Report
Y Dunne Consulting Services	Academies Financial Handbook 2018 schedule of requirements (the "musts")
Hertfordshire Appropriate Body Induction Service	NQT Induction Quality Assurance Monitoring
Hertfordshire County Council	Single Central Record
Judicium	Fire risk assessment
Wills Tower Watson on behalf of the Risk Protection Arrangement	Health & Safety
Y Dunne Consulting Services	Cash Management Procedures & Protocols
Judicium	Health & Safety

Audit reports are submitted to the Governors via the appropriate committee; Finance & Resources or Education. The reports submitted cover the operation of systems of control and make recommendations on improvements and possible developments in the are audited. In 2018/19 there were no material control issues raised.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As Accounting Officer, the Principal 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 various Internal Auditors;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 13 December 2019 and signed on their behalf by:

R Matcham
Chair of Trustees

R Newman
Accounting Officer

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

R Newman
Accounting Officer
Date: 13 December 2019

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

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

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

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

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

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

Approved by order of the members of the board of Trustees on 13 December 2019 and signed on its behalf by:

R Matcham
Chair of Trustees

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HAILEYBURY ACADEMY TRUST**

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HAILEYBURY ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HAILEYBURY ACADEMY TRUST (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Gary Miller FCA (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

13 December 2019

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 11 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Haileybury Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Haileybury Academy Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Haileybury Academy Trust's funding agreement with the Secretary of State for Education dated 27 August 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance;
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Academy complies with the framework of authorities;
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity, propriety and compliance;
- Discussions with and representations from the Accounting Officer and other key management personnel;
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

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

Reporting Accountant

Price Bailey LLP

Date: 13 December 2019

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	76,449	101,663	106,849	284,961	152,220
Charitable activities	4	196,442	5,103,574	-	5,300,016	5,253,251
Other trading activities	5	79,370	-	-	79,370	100,574
Investments	6	465	-	-	465	430
Total income		352,726	5,205,237	106,849	5,664,812	5,506,475
Expenditure on:						
Charitable activities		315,888	5,364,819	436,325	6,117,032	5,802,286
Total expenditure		315,888	5,364,819	436,325	6,117,032	5,802,286
Net income/ (expenditure)		36,838	(159,582)	(329,476)	(452,220)	(295,811)
Transfers between funds	16	(61,863)	-	61,863	-	-
Net movement in funds before other recognised gains/(losses)		(25,025)	(159,582)	(267,613)	(452,220)	(295,811)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(457,000)	-	(457,000)	221,000
Net movement in funds		(25,025)	(616,582)	(267,613)	(909,220)	(74,811)
Reconciliation of funds:						
Total funds brought forward		193,995	(781,418)	14,533,546	13,946,123	14,020,934
Net movement in funds		(25,025)	(616,582)	(267,613)	(909,220)	(74,811)
Total funds carried forward		168,970	(1,398,000)	14,265,933	13,036,903	13,946,123

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

The notes on pages 26 to 47 form part of these financial statements.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09659808

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	14,245,579	14,513,192
Current assets			
Debtors	14	219,343	119,072
Cash at bank and in hand	20	430,440	540,457
		649,783	659,529
Creditors: amounts falling due within one year	15	(460,459)	(412,598)
Net current assets		189,324	246,931
Net assets excluding pension liability		14,434,903	14,760,123
Defined benefit pension scheme liability	21	(1,398,000)	(814,000)
Total net assets		13,036,903	13,946,123
 Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	16	14,265,933	14,533,546
Restricted income funds	16	-	32,582
		14,265,933	14,566,128
Restricted funds excluding pension liability		14,265,933	14,566,128
Pension reserve	16	(1,398,000)	(814,000)
Total restricted funds		12,867,933	13,752,128
Unrestricted income funds	16	168,970	193,995
Total funds		13,036,903	13,946,123

The financial statements on pages 23 to 47 were approved by the Trustees, and authorised for issue on 13 December 2019 and are signed on their behalf, by:

Mr R Matcham
Chair of Trustees

The notes on pages 26 to 47 form part of these financial statements.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	18,748	(9,767)
Cash flows from investing activities	19	(128,765)	(35,354)
Change in cash and cash equivalents in the year		(110,017)	(45,121)
Cash and cash equivalents at the beginning of the year		540,457	585,578
Cash and cash equivalents at the end of the year	20	<u>430,440</u>	<u>540,457</u>

The notes on pages 26 to 47 form part of these financial statements

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Company status

The Academy is a Company limited by guarantee. The Members of the Company are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member.

The Academy's registered office is Haileybury Academy Trust, Hertford Heath, Hertford, Hertfordshire, SG13 7NU

1.3 Going concern

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

1.4 Income

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

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

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Income (continued)

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

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

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.7 Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Long term leasehold land	- 125 years
Long term leasehold property	- 30 years
Long term leasehold improvements	- 35 years
Furniture and equipment	- 10 years
Plant and machinery	- 5 years
Computer equipment	- 5 years

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Operating leases

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Pensions

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

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

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

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

1.14 Agency arrangements

The Academy acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities incorporating Income and Expenditure Account, as the Academy does not have control over the charitable application of the funds.

Where the funds have not been fully applied in the accounting period then an amount will be included in the Balance Sheet as an other creditor.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.15 Fund accounting

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

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	76,449	117,345	193,794	75,763
Grants	-	23,800	23,800	45,881
Capital grants	-	67,367	67,367	30,576
Total 2019	76,449	208,512	284,961	152,220
Total 2018	26,200	126,020	152,220	

In 2018, income from donations was £75,763 of which £26,200 was unrestricted and £49,563 restricted.

In 2018, income from grants was £45,881 of which all was restricted.

In 2019, capital grants of £67,367 (2018 - £30,576) were in relation to restricted fixed assets.

4. Funding for the Academy Trust's provision of education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,785,794	4,785,794	4,798,862
Other DfE / ESFA grants	-	312,190	312,190	257,599
	-	5,097,984	5,097,984	5,056,461
Other Government grants				
Local Authority grant	-	5,590	5,590	-
	-	5,590	5,590	-
Other funding				
Catering income	196,442	-	196,442	196,790
	196,442	-	196,442	196,790
Total 2019	196,442	5,103,574	5,300,016	5,253,251
Total 2018	196,790	5,056,461	5,253,251	

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4. Funding for the Academy Trust's provision of education (continued)

In 2018, income from DFE/ESFA grants was £5,056,461 of which all was restricted.

In 2018, income from catering was £196,790 of which all was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	25,060	-	25,060	20,731
Other income generated	54,310	-	54,310	79,843
Total 2019	<u>79,370</u>	<u>-</u>	<u>79,370</u>	<u>100,574</u>
Total 2018	<u>93,574</u>	<u>7,000</u>	<u>100,574</u>	

In 2018, hire of facilities income was £20,731 of which all was unrestricted.

In 2018, other income was £79,843 of which £72,843 was unrestricted and £7,000 restricted.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	<u>465</u>	<u>465</u>	<u>430</u>

In 2018, all investment income was in relation to unrestricted funds.

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

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Provision of Education:					
Direct costs	3,973,799	-	553,868	4,527,667	4,455,120
Support costs	497,760	518,532	573,073	1,589,365	1,347,166
Total 2019	<u>4,471,559</u>	<u>518,532</u>	<u>1,126,941</u>	<u>6,117,032</u>	<u>5,802,286</u>
Total 2018	<u>4,406,803</u>	<u>531,888</u>	<u>863,595</u>	<u>5,802,286</u>	

In 2019, of the total expenditure, £315,888 (2018 - £252,687) was from unrestricted funds, £5,364,819 (2018 - £5,312,169) was from restricted funds and £435,481 (2018 - £237,430) was from restricted fixed asset funds.

In 2018, direct expenditure consisted of £3,943,068 staff costs and £512,052 other costs.

In 2018, allocated support costs consisted of £463,735 staff costs, £531,888 premises costs and £351,543 other costs.

8. Charitable activities

	2019 £	2018 £
Direct costs	4,527,667	4,455,120
Support costs	1,589,365	1,347,166
	<u>6,117,032</u>	<u>5,802,286</u>
	2019 £	2018 £
Support staff costs	497,760	463,735
Depreciation	396,843	199,553
Technology costs	36,547	47,795
Premises costs	346,556	338,495
Other support costs	296,537	278,074
Governance costs	15,122	19,514
	<u>1,589,365</u>	<u>1,347,166</u>

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

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	22,489	13,550
Depreciation of tangible fixed assets	396,843	199,553
Fees paid to Auditors for:		
- Audit	7,160	6,950
- Other services	4,565	4,430
	4,565	4,430

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	3,414,181	3,299,527
Social security costs	328,475	274,972
Pension costs	657,438	650,607
	4,400,094	4,225,106
Agency staff costs	71,465	160,729
Staff restructuring costs	-	20,968
	4,471,559	4,406,803

Staff restructuring costs comprise:

Severance payments	-	20,968
	-	20,968

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2018 - £20,968) to 0 employees (2018 - 2 employees). These payments were made after taking appropriate legal advice.

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

c. Staff numbers

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

	2019 No.	2018 No.
Teachers	60	60
Admin & Support	51	46
Management	7	7
	118	113
	118	113

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	4	2
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	1	-
	1	-

e. Key management personnel

The key management personnel of the Academy comprise the Trustees and the Senior Leadership Team as listed on page 2. The total amount of employee benefits (including employer pension contributions and national insurance) received by the Senior Leadership Team for their services to the Academy Trust was £641,712 (2018 - £575,479).

Included in the above are employer pension contributions of £79,036 (2018 - £70,258) and employer national insurance contributions of £60,153 (2018 - £54,124).

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

12. Trustees' and Officers' insurance

The Academy 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 cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme membership.

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13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2018	14,749,307	221,724	60,500	238,361	15,269,892
Additions	-	91,930	-	37,300	129,230
At 31 August 2019	<u>14,749,307</u>	<u>313,654</u>	<u>60,500</u>	<u>275,661</u>	<u>15,399,122</u>
Depreciation					
At 1 September 2018	353,716	202,769	36,300	163,915	756,700
Charge for the year	342,861	8,252	12,100	33,630	396,843
At 31 August 2019	<u>696,577</u>	<u>211,021</u>	<u>48,400</u>	<u>197,545</u>	<u>1,153,543</u>
Net book value					
At 31 August 2019	<u><u>14,052,730</u></u>	<u><u>102,633</u></u>	<u><u>12,100</u></u>	<u><u>78,116</u></u>	<u><u>14,245,579</u></u>
At 31 August 2018	<u><u>14,395,591</u></u>	<u><u>18,955</u></u>	<u><u>24,200</u></u>	<u><u>74,446</u></u>	<u><u>14,513,192</u></u>

14. Debtors

	2019 £	2018 £
Trade debtors	4,167	5,782
VAT recoverable	50,079	31,199
Prepayments and accrued income	165,097	82,091
	<u>219,343</u>	<u>119,072</u>

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15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	34,721	46,424
Other taxation and social security	89,903	81,630
Other creditors	72,423	82,928
Accruals and deferred income	263,412	201,616
	460,459	412,598
	460,459	412,598
	2019 £	2018 £
Deferred income at 1 September 2018	49,313	56,939
Resources deferred during the year	89,913	49,313
Amounts released from previous periods	(49,313)	(56,939)
	89,913	49,313
	89,913	49,313

Deferred income as at 31 August 2019 comprises of trip income, School Games Organiser funding, rates grant for 2019/20 received in advance and catering income.

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FOR THE YEAR ENDED 31 AUGUST 2019

16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Future refurbishment works	-	-	-	22,379	-	22,379
General funds						
General	193,995	352,726	(315,888)	(84,242)	-	146,591
Total Unrestricted funds	193,995	352,726	(315,888)	(61,863)	-	168,970
Restricted general funds						
GAG	32,582	4,785,794	(4,818,376)	-	-	-
Other DfE/ESFA	-	312,190	(312,190)	-	-	-
Other Government	-	29,390	(29,390)	-	-	-
Restricted trips	-	77,863	(77,863)	-	-	-
Pension reserve	(814,000)	-	(127,000)	-	(457,000)	(1,398,000)
	(781,418)	5,205,237	(5,364,819)	-	(457,000)	(1,398,000)
Restricted fixed asset funds						
Fixed asset	14,513,192	-	(396,843)	129,230	-	14,245,579
CIF	20,354	-	-	-	-	20,354
DFC	-	67,367	-	(67,367)	-	-
Other capital	-	39,482	(39,482)	-	-	-
	14,533,546	106,849	(436,325)	61,863	-	14,265,933
Total Restricted funds	13,752,128	5,312,086	(5,801,144)	61,863	(457,000)	12,867,933
Total funds	13,946,123	5,664,812	(6,117,032)	-	(457,000)	13,036,903

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

16. Statement of funds (continued)

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

Unrestricted General funds

The unrestricted fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Academy which fall outside the scope of its core activities.

Designated funds

The designated fund has been created to recognise to future refurbishment works planned for the Academy.

General Annual Grant (GAG)

This represents funding from the ESFA to be used for the normal running costs of the Trust, including education and support costs.

Other DfE and ESFA

This represents non-GAG funding received from the DfE/ESFA which is restricted in nature, including Pupil Premium and Year 7 Catch-up.

Restricted trip donations

This represents contributions made by parents towards the running costs of trips for the pupils of the School and the associated costs. Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Other Government grants

This represents funding received from other Government bodies, local and national, which are restricted.

Pension reserve

This reserve represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS).

Restricted fixed asset fund

Restricted fixed assets fund represents the value of fixed assets held in line with the charitable objectives of the Academy. The transfers between funds represents additions purchased through GAG funding.

Condition Improvement Fund (CIF)

This represents a grant received toward a specific building or maintenance project. Any funds left unspent must be returned to the DfE.

Devolved Formula Capital (DFC) funding

This represents a grant toward the repair and maintenance of the Academy's buildings and assets.

Restricted donations

This fund largely represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips.

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

16. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General	129,688	316,994	(252,687)	-	193,995
Restricted general funds					
GAG	80,630	4,798,862	(4,811,126)	-	32,582
Other DfE/ESFA	-	257,599	(257,599)	-	-
Restricted donations	-	7,153	(7,153)	-	-
Other Government	6,000	45,881	(51,881)	-	-
Restricted trips	-	49,410	(49,410)	-	-
Pension reserve	(900,000)	-	(135,000)	221,000	(814,000)
	<u>(813,370)</u>	<u>5,158,905</u>	<u>(5,312,169)</u>	<u>221,000</u>	<u>(781,418)</u>
Restricted fixed asset funds					
Fixed asset	14,676,961	-	(199,553)	-	14,513,192
CIF	27,655	10,803	(18,104)	-	20,354
DFC	-	19,773	(19,773)	-	-
	<u>14,704,616</u>	<u>30,576</u>	<u>(237,430)</u>	<u>-</u>	<u>14,533,546</u>
Total Restricted funds	<u>13,891,246</u>	<u>5,189,481</u>	<u>(5,549,599)</u>	<u>221,000</u>	<u>13,752,128</u>
Total funds	<u><u>14,020,934</u></u>	<u><u>5,506,475</u></u>	<u><u>(5,802,286)</u></u>	<u><u>221,000</u></u>	<u><u>13,946,123</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,245,579	14,245,579
Current assets	168,970	460,459	20,354	649,783
Creditors due within one year	-	(460,459)	-	(460,459)
Provisions for liabilities and charges	-	(1,398,000)	-	(1,398,000)
Total	<u>168,970</u>	<u>(1,398,000)</u>	<u>14,265,933</u>	<u>13,036,903</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	14,513,192	14,513,192
Current assets	193,995	445,180	20,354	659,529
Creditors due within one year	-	(412,598)	-	(412,598)
Provisions for liabilities and charges	-	(814,000)	-	(814,000)
Total	<u>193,995</u>	<u>(781,418)</u>	<u>14,533,546</u>	<u>13,946,123</u>

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

18. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(452,220)	(295,811)
Adjustments for:		
Depreciation	396,843	199,553
Capital grants from DfE and other capital income	(465)	(430)
(Increase)/decrease in debtors	(100,271)	163,911
Increase/(decrease) in creditors	47,861	(211,990)
LGPS adjustment	127,000	135,000
Net cash provided by/(used in) operating activities	18,748	(9,767)

19. Cash flows from investing activities

	2019 £	2018 £
Interest	465	430
Purchase of tangible fixed assets	(129,230)	(35,784)
Net cash used in investing activities	(128,765)	(35,354)

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	430,440	540,457

21. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £67,364 were payable to the schemes at 31 August 2019 (2018 - £68,530) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

The employer's pension costs paid to TPS in the year amounted to £350,342 (2018 - £351,217).

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website

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

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

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21. Pension commitments (continued)

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

.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 2019 was £267,000 (2018 - £232,000), of which employer's contributions totalled £213,000 (2018 - £187,000) and employees' contributions totalled £ 54,000 (2018 - £45,000). The agreed contribution rates for future years are 25.4 per cent for employers and 5.5-12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.40	2.50
Rate of increase for pensions in payment/inflation	2.30	2.40
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.30	2.40
Inflation assumption (RPI)	3.30	3.30

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.5	22.5
Females	23.7	24.9
<i>Retiring in 20 years</i>		
Males	22.3	24.1
Females	25.0	26.7

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21. Pension commitments (continued)

As at the 31st August 2019 the Academy has a pension liability of £1,398,000 (2018 - £814,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way:

Sensitivity analysis

	2019 £	2018 £
Discount rate +0.1%	(88,000)	(63,000)
Discount rate -0.1%	88,000	63,000
Mortality assumption - 1 year increase	136,000	121,000
Mortality assumption - 1 year decrease	(136,000)	(121,000)
CPI rate +0.1%	75,000	53,000
CPI rate -0.1%	75,000	(53,000)
	<u> </u>	<u> </u>

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	976,000	849,000
Other bonds	778,000	560,000
Property	160,000	128,000
Cash and other liquid assets	80,000	64,000
	<u> </u>	<u> </u>
Total market value of assets	<u>1,994,000</u>	<u>1,601,000</u>

The actual return on scheme assets was £148,000 (2018 - £77,000).

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

	2019 £	2018 £
Current service cost	(313,000)	(298,000)
Past service cost	(3,000)	-
Interest income	48,000	35,000
Interest cost	(72,000)	(59,000)
	<u> </u>	<u> </u>
Total amount recognised in the Statement of Financial Activities	<u>(340,000)</u>	<u>(322,000)</u>

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21. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	2,415,000	2,211,000
Current service cost	313,000	298,000
Interest cost	72,000	59,000
Employee contributions	54,000	45,000
Actuarial losses/(gains)	557,000	(179,000)
Benefits paid	(22,000)	(19,000)
Past service costs	3,000	-
At 31 August	<u>3,392,000</u>	<u>2,415,000</u>

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

	2019 £	2018 £
At 1 September	1,601,000	1,311,000
Interest income	48,000	35,000
Actuarial losses	100,000	42,000
Employer contributions	213,000	187,000
Employee contributions	54,000	45,000
Benefits paid	(22,000)	(19,000)
At 31 August	<u>1,994,000</u>	<u>1,601,000</u>

22. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	22,070	26,693
Later than 1 year and not later than 5 years	50,703	69,546
	<u>72,773</u>	<u>96,239</u>

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

23. Members' liability

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

24. Related party transactions

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

The Academy received services from the Haileybury and Imperial College, the Academy's sponsor, for the transportation of students. This total paid for this service was £705 (2018 - £1,625) and there was no balance outstanding at the year end.

A total of £50,000 (2018 - £25,000) was donated from the Haileybury and Imperial College, the Academy's sponsor. There were no restrictions placed upon this money.

The spouse of Mr R Newman, the Accounting Officer, is employed by the Trust on a contract approved by the Trustees whose remuneration is in line with the standard pay scales for the role undertaken and their employment contract is subject to normal terms and conditions.

Other than those noted above, no other related party transactions took place in the period.

25. Agency arrangements

The Academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the Trust received £13,236 (2018 - £13,412) and disbursed £21,082 (2018 - £7,929) from the fund. An amount of £5,059 (2018 - £12,905) is included in other creditors relating to undistributed funds that is repayable to ESFA.