

Heckmondwike Grammar School Academy Trust (A Company Limited by Guarantee)

Company Registration Number 07348329 (England and Wales)

**Annual Report and Financial Statements for the
year ended 31 August 2020**

Heckmondwike Grammar School Academy Trust

Contents	Page
Reference and Administrative Details	3
Trustees' Report	5
Governance Statement	14
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditor's Report on the Financial Statements	20
Independent Reporting Accountant's Assurance Report on Regularity	23
Statement of Financial Activities incorporating Income & Expenditure Account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	28
Other Notes to the Financial Statements	32

Heckmondwike Grammar School Academy Trust

Reference and Administrative Details

Company Name	Heckmondwike Grammar School Academy Trust
Principal and Registered Office	High Street Heckmondwike West Yorkshire WF16 0AH
Company Registration Number	07348329 (England & Wales)
Independent Auditor	Mazars LLP 5 th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Natwest Bank plc 2 Northgate Dewsbury WF13 1EA HSBC Market Place Dewsbury WF13 1DH
Solicitors	Schofield Sweeney LLP Church Bank House Church Bank Bradford BD1 4DY

Heckmondwike Grammar School Academy Trust

Trustees / Members (who are also Governors)

J Dixon * ^v	(Chair of Governors)
A K Atherton *	
D Cross * ^v	
J Hodgson *	(Chair of Finance & Resources Sub-Committee)

Governors (who are also Directors)

S Ahmed *	(Resigned 1 Feb 20)
S Ahmed *	(Appointed 5 Oct 20)
Z Aziz ^v	(Resigned 1 Feb 20)
E Currie ^v	(Staff Governor - Resigned 16 Dec 20)
S Doubell ^v	(Appointed 1 Sep 19)
S Eakin *	
D Hall *	
M Hans ^v	
G Harris *	
P Roberts * ^v	(Head Teacher and Accounting Officer)
K Wilson * ^v	(Chair of Staffing & Curriculum Sub-Committee)

* Members of the Finance & Resources Sub-Committee (F&R)

^v Members of Curriculum and Staffing Sub-Committee (C&S)

Company Secretary	J Flynn (Resigned 20 Mar 20) / N James (Appointed 23 Mar 20)
Clerk to the Governors	J Dunn / D Jepson-North

Senior Leadership Team

Head Teacher	P Roberts
Associate Head Teacher	C Proud (Resigned 31 Aug 20)
Deputy Head Teacher	Vacancy
Assistant Head Teacher	J Barnett
Assistant Head Teacher	H Naylor
Assistant Head Teacher	S Taylor
Finance Director	J Flynn (Resigned 22 Mar 20) / N James (Appointed 23 Mar 20)
Human Resources Director	L Daddy

Heckmondwike Grammar School Academy Trust

Trustees' Report

The Trustees/Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trust operates an academy for pupils aged 11 to 18 serving the catchment area of Heckmondwike and beyond. In October 2020, there were 1,531 pupils on roll, 507 of these were in the sixth form.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no.07348329) and an exempt charity that was established on 17 August 2010. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Academy commenced its operations on 1 September 2010.

The Governors act as Trustees for the charitable activities of Heckmondwike Grammar School Academy Trust and are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Heckmondwike Grammar School Academy Trust and was established to advance, for the public benefit, education in the UK, in particular by establishing, maintaining, carrying on, managing and developing Heckmondwike Grammar School Academy Trust. Heckmondwike Grammar School Academy Trust operates in place of Heckmondwike Grammar School, a foundation school, which ceased to exist as a maintained school on 31 August 2010.

Details of the Governors who served throughout the year and up to the date these accounts were approved (except as noted) are included in the Reference and Administrative Details on page 4.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst they are on Academy Trust business as set out in note 10 to the financial statements.

Method of Recruitment and Appointment or Election of Trustees / Governors

The Governors are Directors of the company for the purposes of the Companies Act 2006 and Trustees for the purposes of charity legislation and form the Governing Body of the Academy.

Governors usually serve for a term of 4 years. This time limit does not apply to the Head Teacher who is the Academy Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected. Under the terms of the Memorandum and Articles, the Members of the Trust (Trustees) may appoint up to ten Governors and the Local Authority (LA) may appoint one LA Governor.

Parent Governors are elected by parents of registered pupils at the school. Where a vacancy for a parent Governor exists, nominations will be sought from the parents of registered pupils at the school. Where the number nominated exceeds the number of vacancies, a secret ballot will be held.

Staff Governors are nominated by the staff employed at the school. This will be by secret ballot if there are more nominations than vacancies.

During the year under review there were five meetings of the Full Governing Body. There were also three meetings of the Finance & Resources Sub-Committee and three meetings of the Curriculum & Staffing Sub-Committee. One round of meetings (Full Governing Body and both Sub-Committees) was cancelled in March 2020, due to the covid-19 national lockdown. The five meetings of the Full Governing Body included

Trustees' Report (continued)

Method of Recruitment and Appointment or Election of Trustees / Governors (continued)

two special meetings of Governors. Both meetings were held in June 2020, the first to discuss the proposals for the partial re-opening of school and the associated risk assessment following the covid-19 lockdown, and the second to confirm the final plans, risk assessment and procedures for the partial re-opening of school.

Policies and Procedures Adopted for the Induction and Training of Trustees

A full induction programme is provided for new Governors, including training on charity, educational, legal and financial matters. All Governors receive child protection training.

New Governors have a tour of the school and the chance to meet with staff and students. Governors are provided with copies of policies, procedures, accounts, budgets, plans and other documents that they will need to undertake their role as Directors and Governors. Governors undertake regular training and also have access to specialist on-line training resources to provide continuous professional development and assistance in their roles.

Organisational Structure

The management structure consists of two levels: the Governing Body and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Governing Body is responsible for setting strategic direction and general policy, adopting an annual plan and budget, monitoring results against budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The senior leaders are the Head Teacher, the Associate Head Teacher, Deputy Head and three Assistant Head Teachers, Finance Director and Human Resources Director. These senior managers control the school at an executive level, implementing the policies laid down by the Governing Body and reporting back to them. As a group, the senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Governors form part of the appointment panel for leadership team roles.

Arrangements for setting pay and remuneration of key management personnel

The school adopts the *School Teacher's Pay and Conditions Document* (STPCD) as the basis for setting teachers' and senior leaders' pay. Support staffs are paid according to the National Joint Council pay spine. A pay policy is in place and is reviewed annually by the Staffing & Curriculum Sub-Committee before being adopted by the full governing body. The pay policy indicates the individual salary ranges for all staff including the senior staff.

All staff members including the Head Teacher and senior staff are subject to annual appraisal and objective setting. The Head Teacher reviews the senior staff annually and reports pay recommendations to the Governing Body Staffing & Curriculum Sub-Committee, which determines pay increments according to the pay policy that in turn reflects the pay ranges in the STPCD.

A Head Teacher's Appraisal Sub-Committee, supported by an independent consultant, reviews the Head Teacher's performance and pay annually and this is in accordance with the leadership pay range published in Academy pay policy and the STPCD.

Pay for all other staff including middle leaders and those eligible to be paid on the upper pay range are reviewed annually by the Head Teacher and those eligible for incremental progression have their performance reviewed by the Head Teacher, who reports pay progression recommendations to the Governing Body Staffing & Curriculum Sub-Committee.

Trustees' Report (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0 FTE

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	None

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£6.767m
Percentage of pay bill spent on facility time calculated as: (total cost of facility time/total pay bill) x 100	0%

Paid trade union facilities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant trade union officials during the relevant period plus total paid facility time hours) x 100	Nil
---	-----

Related Parties and other Connected Charities and Organisations

Mrs C Proud, Associate Head Teacher served as a Governor at Westborough High School. A small number of trainee teachers undertake their main teacher training at Heckmondwike Grammar School Academy Trust and additional secondary phase placements are also undertaken at Westborough High School for which Heckmondwike Grammar School Academy Trust is charged. The total charge made for these placements in 2019/20 was £1,350 (the equivalent charge in 2018/19 was £2,800).

Objectives and Activities

Objects and Aims

The principal object and activity of the Charitable Company is to advance education in the UK for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing the Academy, offering a broad curriculum. In setting objectives and planning activities, the Trustees / Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

Trustees' Report (continued)

Objectives, Strategies and Activities

The main objectives of the Trust during the year ended 31 August 2020 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements; and
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Ethos, Values & Aims

Ethos

At Heckmondwike Grammar School our ethos for the whole school community is based on the school motto "*Nil Sine Labore*" Nothing Without Work.

We expect a lot from our students and staff and recognise that hard work brings rewards.

Values

The principal values of our school community are:

- Respect;
- Responsibility;
- Excellence.

Aims

Heckmondwike Grammar School has provided the best education for able students since 1898. As we embrace the opportunities and challenges of the 21st century, we will continue to uphold the traditions, values and high expectations of an exceptional grammar school within an innovative, creative and progressive framework.

At Heckmondwike Grammar School we work together to achieve academic excellence and personal potential by:

- Providing students and staff with every opportunity to flourish and develop their skills and talents as individuals;
- Providing academic rigour and nurturing ambition and aspiration in our students such that they become the leaders of the future in high calibre careers, via top university education or direct employment;
- Celebrating diversity, by creating a vibrant, safe and happy school, with a strong sense of community, respect and responsibility to both ourselves and others;
- Challenging and stimulating the minds of our students through excellent teaching, diverse learning opportunities, and a rich, balanced, academic curriculum, such that students develop a life-long love of learning;
- Working hard and playing hard via an extensive extra-curricular programme based on the House system, that enriches and extends the curriculum, encouraging students to explore and develop their personal interests and skills; and
- Working in close partnership with parents and members of the wider community to provide the best possible education for our students.

Heckmondwike Grammar School Academy Trust

Trustees' Report (continued)

Public Benefit

The Trust adheres to the Charity Commission's guidance on public benefit. The main public benefit delivered by the Trust is the provision of a high quality of education to its students. This has been evidenced through the results achieved and feedback from external assessments.

Heckmondwike Grammar School Academy Trust is a very high performing school, and the last Ofsted report (November 2007) graded it outstanding in every category. Since then, Ofsted have undertaken a desktop review of the school's data and exam results on an annual basis. The school has very robust internal self-evaluation systems and procedures, which, as part of a culture of continuous improvement, are supplemented by periodic external reviews commissioned by senior leaders. These evidence that the school continues to perform at a very high level.

The Governing Body will offer up to 210 places at age 11 (7 forms of 30 pupils) in September 2021. Places are offered to pupils who are identified by means of an entrance examination as being in approximately the top 25% of the ability range. Admission to the school is not based on any voluntary financial contribution.

All students in year 11 currently at Heckmondwike Grammar School Academy Trust are automatically considered for places in the sixth form and are allocated a meeting with a senior member of staff to consider their 'A' level choices. For those who wish to join our sixth form from other schools, entry to the sixth form is based on academic performance and all courses of study require certain minimum grades at GCSE. Our policy is designed to ensure that all students accepted into the sixth form are placed on appropriate courses of study where they are most likely to succeed and achieve their potential.

Strategic Report

Achievements and Performance

GCSE Results 2020

Students once again are to be congratulated on their outstanding successes at GCSE, in a very difficult year where Centre Assessed Grades replaced the usual GCSE exams. As well as some overall excellent results for the school, there were 79% of our students who achieved five or more passes graded 9-7. 58% of our Year 11 students secured an impressive eight or more GCSE passes graded 9-7. Seventy six students achieved ten or more GCSEs at grade 9-7. Our headline figure of 9-7 grades is 73%, which is very pleasing.

Some impressive overall statistics include:

- 76 students with ten or more 9-7 grades;
- 105 students with eight or more 9-7 grades;
- 143 students with five or more 9-7 grades.

Post 16 Results 2020

The profile of our grades shows a very strong bias towards the upper range of grades. 78% of A Level results were at grade C or better and 72% of these grades were either A*, A or B.

There were two hundred and twelve A* and A grades altogether, including forty three students who achieved three or more grade A* or A passes. Five students achieved 4 A* or A grades in their A Levels, and a further six students achieved an incredible A* grade in all of their A Levels.

Attendance

During the year, Heckmondwike Grammar School Academy Trust pupils achieved an attendance level of 95.7% (2019: 97.1%).

Trustees' Report (continued)

Other accomplishments

Despite the restrictions due to the national Covid-19 pandemic from March 2020, to the end of the academic year, the school remains a place where students can gain a vast range of enriching experiences above and beyond the outstanding work done in the classroom. A host of trips and expeditions to UK and foreign destinations, musical and theatrical productions, sports and cultural activities, charity events and competitions combine with the academic curriculum to give opportunities to develop all the skills and attributes that will enable our students to make a profound contribution beyond school.

Key Performance Indicators

Financial performance is monitored throughout the year and action is taken to ensure that:

- The Trust has sufficient cash on hand to meet all short and medium term financial obligations;
- Actual expenditure incurred does not exceed that planned in any single financial year;
- A minimum revenue reserve equivalent to at least 2% of GAG is held at all times;
- Three year financial forecasts are prepared to ensure that the Trust remains financially viable;
- Statutory accounts and other ESFA returns are prepared and submitted in line with the timescales laid down by the Education & Skills Funding Agency; and
- No significant audit findings are reported to the Finance & Resources Sub-Committee as a result of periodic external audits.

Going Concern

After making appropriate enquiries, the Governing Body has an expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. These resources take into consideration the impact of Covid-19, which has increased costs faced by the Academy Trust. 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

Most of the Trust's income is obtained from the Department for Education (DfE), via the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020, and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2020, total expenditure of £8.9m (2019 £8.9m) was mostly covered by recurrent grant funding from the ESFA and other incoming resources.

The Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2020 the net book value of fixed assets was £12.5m (2019 £12.6m) and movements in tangible fixed assets are shown in note 11 to the financial statements. The value of fixed assets includes the assets that were 'donated' by Kirklees MBC as part of the transfer agreement in 2010.

The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

As at 31 August 2020, the balance of the Academy's unrestricted general funds was £348k (2019: £468k) and the balance of its restricted general fund was £779k (2019: £454k), £230k of which relates to the school fund (2019: £207K) excluding fixed assets and before allowing for pension liabilities. Following the actuary's valuation of the Local Government Pension Scheme, there was an increase in the academy's pension liability to £4.6m (2019: £3.6m). The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with the provisions of FRS102 (note 25).

Trustees' Report (continued)

Reserves Policy

The Governors review the reserve levels of the Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trust aims to maintain a minimum reserve balance of at least 2% of General Annual Grant at all times.

For 2019/20 this would equate to approximately £140k. At the year end the Trust held more than this level of unrestricted general fund reserves.

Reserves are important to the Trust and remain available to be used:

- In support of the revenue budget at a time when government grant income is reducing;
- To meet the cost of any significant but unforeseen items of expenditure; and
- To contribute to any capital projects that may be entered into in support of the long term strategic aims of the organisation.

Investment Policy

Governors seek to achieve a balance between return and investment risk to achieve a reasonable return on the funds available in any given year.

During the year, funds were spread across different banking and investment institutions to reduce the level of risk to which Academy funds were exposed, whilst generating interest to be used to further the aims of the Academy.

Principal Risks and Uncertainties

The Trust Members, Governors and Senior Staff are confident that there is currently no significant risk to the future operation or success of the Academy.

A new risk threatening delivery of the Trust's key purpose of education in the UK has been the Covid-19 pandemic. The pandemic caused a national lockdown starting on 23 March 2020. During the lockdown the Senior Staff met daily initially, on a virtual basis. Governors were kept fully informed, through the Chair, of the impact of national developments. The lockdown continued until the school's partial re-opening on 22 June 2020, for Year 10 and 12s. Governors were heavily involved in discussions regarding the school's partial re-opening and the associated risk assessment. The school responded quickly to the lockdown, ensuring staff and students could work and learn from home. Many events had to be cancelled, rescheduled or revised including parent's evenings and transition, but the school continued to provide the best education possible. Whilst all schools re-opened fully in September 2020, the pandemic continues to be a significant risk and the school will need to manage restrictions, staff and students isolating and potential partial / full lockdowns for some time.

The national lockdown meant that a round of Governor meetings was cancelled and further meetings in the year moved to virtual meetings. This meant that the Full Governing met less than 6 times in the year. However, Governors remained informed and / or consulted about the Trust through at least weekly updates between the Chair of Governors and the Head Teacher, attendance at some staff weekly briefings by the Chair of Governors, regular updates issued to all Governors, and other specific communications.

Although changes in funding for future years may continue with the National Funding Formula, the continuation of the funding received from government for teachers pay, teacher's employer pension contributions and capital investment in the short term is most welcome.

Whilst these changes are being phased in, the Academy is protected from dramatic funding losses in any individual year but may also make use of its reserves to provide short-term support for the revenue budget if required. During 2019/20, Governors considered viable options for managing the changes and have put in place a suitable strategy that will not adversely affect the quality of the education provision.

During the year, Governors considered the principal risks associated with Britain leaving the European Union (Brexit), and the transition period to December 2020, and have taken reasonable steps to manage the risk

Trustees' Report (continued)

Principal Risks and Uncertainties (continued)

thereby ensuring that the Academy can continue to provide a high quality education in a safe and supportive environment.

Credit, cash flow & liquidity risks

Credit Risk

Credit risk arises from Academy deposits with banks and other financial institutions. Academy deposits are now held with two of the top four clearing banks, National Westminster Bank plc and HSBC Bank plc, along with other financial institutions to spread the risk to which Academy funds may be exposed. The main investments with Skipton Building Society, National Counties Building Society and Virgin Money, are actively managed on behalf of the Academy by Gale and Phillipson Investment Services Limited.

The Academy generates a small amount of income from lettings and levies a charge for some services to meet some of the cost of provision (e.g. music lessons). It does not generally offer credit to parents, pupils or external users of academy facilities.

Cash Flow Risk

As most of the activities of the Academy are funded directly by the Education & Skills Funding Agency (ESFA) with monthly funding allocations, there is not considered to be significant risk that it will be unable to finance its day to day operations. The Academy monitors and manages cash flow on a daily basis to ensure that it has, at all times, short term liquidity to meet all of its financial commitments. During the year, the Academy received an allocation of £32k of Devolved Formula Capital (DFC) funding (2018/19: £116k) from the ESFA. This funding, along with other Academy resources has been invested in improving the fabric of our buildings during the year.

Liquidity Risk

Given that the Academy is funded directly by Government and has significant reserves at 31 August 2020, there are considered to be no significant liquidity risks.

Plans for Future Periods

The Academy will strive to improve outcomes for all students in order to maximise their life chances and their choices of higher education or employment opportunities. Our plans for Heckmondwike Grammar School (HGS) over the next few years are to maintain our traditional ethos, centred on the school's Latin Motto – Nil Sine Labore (Nothing Without Work). This is supplemented by our core values of respect, responsibility and excellence. However, we will continue to be very forward thinking and outward facing keen to take advantage of new opportunities.

In 2020, HGS was ranked the 7th best performing school in the North of England in the Sunday Times Parent Power survey. Our ambition is within 5 years to be the No.1 ranked school. In so doing, we will maintain our position as the school of choice for most year 7 parents and enhance our reputation to attract the most able and aspirant A level students to join our sixth form. Our future plans are to maintain the admission numbers of 210 entering year 7 and approximately 250 entering year 12.

With a bespoke CPD program for all staff, ensuring staff are well placed for promotion and progression, careful management of staff workload and wellbeing we strive to be the employer of choice in the local area.

The Academy will improve the school estate to provide the best environment for teaching and learning for pupils and staff. The Academy was successful in two applications for grant funding made to the Education and Skills Funding Agency Condition Improvement Fund (CIF). These projects are supported through contributions from Academy reserves. The projects are for replacement of defective windows in the oldest part of the school and improvements to ageing fire evacuation infrastructure. Works started in the summer of 2020 and will continue through to March 2021.

Trustees' Report (continued)

Plans for Future Periods (continued)

The Academy will continue to be a lead school for the employment-based initial teacher training programme School Direct. This teacher training programme is delivered in conjunction with Westborough High School, supported by the Kirklees School-Centred Initial Teacher Training organisation (SCITT).

Fundraising

The Academy Trust does not use any external fundraisers and the Trustees monitored all fundraising undertaken during the year. During the year a number of events raised money for charitable causes nominated by the school council the total raised for good causes was £20,635 (2019: £9,135).

All fundraising conforms to recognised standards and is monitored as such. No complaints have been received during the year in relation to fundraising activity and there are no areas of fundraising that place undue pressure on others to donate.

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.

This Trustees' report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 28 January 2021 and signed on the board's behalf by:



Jane L Dixon,
Trustee and Chair of Governors

28 January 2021

Heckmondwike Grammar School Academy Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Heckmondwike Grammar School Academy Trust has an effective and appropriate system of control; financial and otherwise. These systems are designed to manage 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 Head Teacher, as Accounting Officer, for ensuring financial controls conform to 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 Heckmondwike Grammar School Academy Trust and the Secretary of State for Education. The Head Teacher is responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal controls.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The attendance records covering the Full Governing Body and its two Sub-Committee meetings was as follows:

Governor	Sub-Committee	Meetings attended	Out of a possible
S Ahmed (<i>resigned 1 Feb 20</i>)	<i>F&R</i>	4	4
S Ahmed (<i>appointed 5 Oct 20</i>)	<i>F&R</i>	0	0
T K Atherton	<i>F&R</i>	5	8
Z Aziz (<i>resigned 1 Feb 20</i>)	<i>C&S</i>	4	4
D Cross	<i>Both</i>	11	11
E Currie (<i>resigned 16 Dec 20</i>)	<i>C&S</i>	8	8
J Dixon	<i>Both</i>	11	11
S Doubell	<i>C&S</i>	6	8
S Eakin	<i>F&R</i>	2	8
D Hall	<i>F&R</i>	6	8
M Hans	<i>C&S</i>	7	8
G Harris	<i>F&R</i>	7	8
J Hodgson	<i>F&R</i>	8	8
P Roberts	<i>Both</i>	9	11
K Wilson	<i>Both</i>	11	11

Governance review

Under the guidance of the Chair of Trustees a skills audit of the Governing Body was undertaken in April 2019. It was identified that Governors would benefit from refresher training in 5 key areas:

- An understanding of the new September 2019 Ofsted framework;
- The school's key academic data;
- The school's key financial performance indicators;
- Special Educational Needs and Disability provision in school;
- Safeguarding and the Prevent agenda in school.

Training for Governors was delivered in September 2019, and each governing body meeting involves an element of training on a number of topics, including safeguarding and data analysis. Governors appointed in year always undergo an induction covering key relevant topics.

Despite a missed round of meetings and latter meetings being virtual Governors have been kept up to date with, and being involved in, the Covid-19 impact on the Academy Trust, as well as other standard events. This has been through shared staff briefings weekly updates between the Chair of Governors and the Head Teacher, attendance at some staff weekly briefings by the Chair of Governors, regular updates issued to all Governors, and other specific communications.

Governance Statement (continued)

Finance & Resources Sub-Committee

The Finance and Resources Sub-Committee is a sub-committee of the main Governing Body. The purpose of the Sub-Committee is to:

- Ensure sound management of the Academy's finances and resources including buildings;
- Assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibilities;
- Ensure compliance with the Academies Financial Handbook, Academies Accounts Direction and Charities SORP 2015;
- To ensure that there is internal scrutiny over the Academy's financial affairs in line with the requirements of the Academies Financial Handbook;
- Ensure that the Academy undertakes proper planning and monitoring;
- Ensure that financial transactions represent good value for money;
- Make appropriate recommendations on such matters to the governing body on a regular basis; and
- Refer any major issues to the Full Governing Body for consideration.

During the year, Governors considered a wide range of financial matters, including:

- Monitoring reports of the financial position against budget;
- The revenue budget for 2020/21 and medium term financial plan 2021/22;
- Internal audit;
- Site works, security and safeguarding;
- Condition Improvement Fund (CIF) bids;
- The financial and operational performance of the catering function.

Curriculum & Staffing Sub-Committee

The Curriculum & Staffing-Committee is a sub-committee of the main Governing Body. The purpose of the Sub-Committee is to:

- Ensure the curriculum is fit for purpose in terms of the trust's responsibility for students, complies with any statutory requirements and takes in to account current accountability measures.
- Ensure staff are recruited into vacant positions, are appropriately trained, and follow a robust appraisal system.
- Ensure the standards of the school are of the highest order, as evidenced by academic performance and progression to sixth form and higher education.
- Make appropriate recommendations on such matters to the governing body on a regular basis
- Refer any major issues to the Full Governing Body for consideration.

During the year, Governors consider a wide range of matters, including:

- Teaching and learning
- Results and student recruitment
- School development
- Staff Wellbeing
- Performance Management
- Recruitment
- Policies

Governance Statement (continued)

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees areas in which value for money can be improved, including the use of benchmarking data where available.

The Accounting Officer for the Academy Trust has delivered improved value for money during the year by, for example:

- Keeping the efficiency of the curriculum and associated staffing levels under review to ensure that effective use is made of employees in this high cost area;
- Managing staff vacancies where this does not have a detrimental impact on teaching and learning;
- Reviewing the financial and operational performance of the catering function.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level and so provides reasonable and appropriate assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks occurring, the impact in the event they do occur, and then to manage them efficiently, effectively and economically. The system of internal control has been in place in Heckmondwike Grammar School Academy Trust for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The risk register is a standing item for every meeting of the Finance & Resources Sub-Committee. The Finance and Resources Sub-Committee also fulfils the role of Audit Committee in accordance with the requirements of the Academies Financial Handbook (AFH). The Board of Trustees is of the view that there is a robust on-going process for identifying, evaluating and managing the risks to the Academy Trust that such process has been in place for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and Financial Statements. Further, the Governing Body regularly reviews this process.

The Risk and Control Framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular, the framework includes:

- identification and management of key risks;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- comprehensive budgeting and monitoring systems;
- an annual budget and periodic financial reports which are reviewed and agreed by Governors;
- regular reviews by the Governing Body Finance and Resources Sub-Committee of reports which indicate financial performance against budget;
- review of capital works and major purchase plans;
- setting targets to measure financial and other performance;
- delegation of authority and segregation of duties.

Governance Statement (continued)

The Risk and Control Framework (continued)

The Board of Trustees has considered the need for a specific internal audit function and has instructed the Chair of the Finance & Resources Sub-Committee of the Governing Body to ensure that checks and tests are carried out on key financial systems in order to provide assurance that these are operating effectively and as intended. The Chair of the Finance & Resources Sub-Committee has appointed internal auditors, Simpson Wood Limited, to undertake these checks and to prepare written reports. The appointment of the internal auditors was delayed due to the requirement to have separate external and internal audits and the Covid-19 pandemic.

This meant the checks carried out in the current accounting period were reduced in scope but include:

- testing of purchase systems (invoicing and credit card purchases);
- checking of control accounts; and
- checking of bank reconciliations.

Written reports are presented to the Board of Trustees, through the Finance & Resources Sub-Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. During the year, a schedule of work was delivered and there were no significant findings resulting from the work undertaken.

Review of Effectiveness

As Accounting Officer, the Head Teacher 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 executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the Chair of the Finance & Resources Sub-Committee of the Governing Body;
- The work of internal audit;
- the work of the external auditor.

The Finance and Resources Sub-Committee have advised the Accounting Officer of the implications of the result of their review of the system of internal control and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 28 January 2021 and signed on its behalf by:



Jane L Dixon
Chair of Trustees



Peter Roberts
Head Teacher and Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Heckmondwike Grammar School Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the Funding Agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that the Academy Trust Board of Trustees and I are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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.



Peter Roberts
Accounting Officer

28 January 2021

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Heckmondwike Grammar School Academy Trust and who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Academies Accounts Direction issued by the Education & Skills Funding Agency (ESFA), 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 income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019/2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 that conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the Education & Skills Funding Agency (ESFA)/Department for Education 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 28 January 2021 and signed on its behalf by:



Jane L Dixon
Chair of Trustees

Independent auditor's report to the members of Heckmondwike Grammar School Academy Trust

Opinion

We have audited the financial statements of Heckmondwike Grammar School Academy Trust ("the 'Academy Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

Heckmondwike Grammar School Academy Trust

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 19, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Heckmondwike Grammar School Academy Trust

Use of the audit report

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



Shaun Mullins (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

28 January 2021

Independent Reporting Accountant's Assurance Report on Regularity to Heckmondwike Grammar School Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 14 October 2020 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heckmondwike Grammar School Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Heckmondwike Grammar School 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 Heckmondwike Grammar School Academy Trust and the ESFA those matters we are required to state to it 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 Heckmondwike Grammar School Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Heckmondwike Grammar School Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Heckmondwike Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2010 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Heckmondwike Grammar School Academy Trust

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

Conclusion

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

Mazars LLP

Reporting Accountant
Mazars LLP
5th Floor
3 Wellington Place
Leeds
LS1 4AP

28 January 2021

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2020 £'000	Total 2019 £'000
Income and endowments from:						
Donations and capital grants	2	-	4	528	532	130
Charitable activities:						
Funding for the academy trust's educational operations	3	-	7,510	-	7,510	7,097
Other trading activities	4	317	401	-	718	974
Investments	5	-	9	-	9	11
Total		317	7,924	528	8,769	8,212
Expenditure on:						
Charitable activities:						
Academy Trust educational operations	6	234	7,984	678	8,896	8,938
Total		234	7,984	678	8,896	8,938
Net (expenditure)/ income		83	(60)	(150)	(127)	(726)
Transfers between funds		(203)	-	203	-	-
Other recognised (losses):						
Actuarial loss on defined benefit pension schemes	25	-	(675)	-	(675)	(1,616)
Net movement in funds		(120)	(735)	53	(802)	(2,342)
Reconciliation of funds						
Total funds brought forward at 1 September	16	468	(3,084)	12,588	9,972	12,314
Total funds carried forward at 31 August	16	348	(3,819)	12,641	9,170	9,972

All of the Academy Trust's activities derive from continuing operations during the above two financial periods. Detailed comparatives for the Statement of Financial Activities are at note 27.

The Statement of Financial Activities includes all gains and losses recognised in the year. The notes on pages 28 to 46 form part of these financial statements.

Heckmondwike Grammar School Academy Trust

Balance sheet as at 31 August 2020

Company number 07348329

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible assets	11		12,467		12,575
Current assets					
Stock	12	2		2	
Debtors	13	531		203	
Cash at bank and in hand	22	1,759		1,340	
		<u>2,292</u>		<u>1,55</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(875)		(465)	
Net current assets			<u>1,417</u>		<u>1,080</u>
Total assets less current liabilities					
			13,884		13,655
Creditors: amounts falling due after more than one year	15		(91)		(120)
Net assets excluding pension liability			<u>13,793</u>		<u>13,535</u>
Defined benefit pension scheme liability	25		(4,623)		(3,563)
Total net assets			<u>9,170</u>		<u>9,972</u>
Funds of the Academy Trust:					
Endowment Funds			25		25
Restricted funds					
Fixed asset fund	16	12,641		12,588	
General fund	16	549		247	
Pension reserve	16	(4,623)		(3,563)	
School Fund	16	230		207	
Total restricted funds			<u>8,797</u>		<u>9,479</u>
Unrestricted income funds					
General fund	16		348		468
Total funds			<u>9,170</u>		<u>9,972</u>

The financial statements on pages 25 to 46 were approved by the Trustees and authorised for issue on 28 January 2021 and are signed on their behalf by:



Jane L Dixon
Chair of Trustees

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £'000	2019 £'000
Cash Flows from operating activities			
Net cash provided by operating activities	20	448	646
Cash flows used in investing activities	21	(29)	(619)
Change in cash & cash equivalents in the reporting period		419	27
Cash & cash equivalents at 1 September 2019	22	1,340	1,313
Cash & cash equivalents at 31 August 2020		1,759	1,340

Notes to the Financial Statements for the year ended 31 August 2020

1. Statement of accounting policies: Basis of Preparation

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102) (Charities SORP (FRS102)), The Academies Accounts Direction 2019 to 2020 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Heckmondwike Grammar School Academy Trust meets the definition of a public benefit entity under FRS102.

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements. This year's assessment includes the impact of the Covid-19 pandemic. The Trustees have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

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

Capital grants are recognised 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.

- **Sponsorship Income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related-conditions), where receipt is probable and it is measurable.

- **Donations**

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

1. Statement of accounting policies (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

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

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund

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

- | | |
|------------------------------------|--------|
| • Freehold buildings | 2%–20% |
| • Fixtures, fittings and equipment | 15% |
| • Computer equipment | 20% |

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

1. Statement of accounting policies (continued)

Tangible Fixed Assets (continued)

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

Liabilities

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

Provisions

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

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

Leased Assets

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

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial Assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. 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 and other creditors are financial instruments and are measured at amortised cost as detailed in note 14. 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.

Stock

Catering stocks for re-sale are valued at the lower of cost or net realisable value.

Cash & Cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents represent notice deposit accounts with terms of 30 days or less that are readily convertible to known amounts of cash with insignificant risk of change in value

Taxation

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

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

1. Statement of accounting policies (continued)

Restructuring costs including redundancy

The Governing Body will make every effort to avoid compulsory redundancies. In the event that compulsory redundancy is unavoidable, however, Governors will consider the level of compensation to be offered on a case-by-case basis. In practice, redundancy pay will normally be calculated either under the statutory scheme or contractual scheme whichever is better.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in note 25 the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on 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.

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

1. Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement (continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Fixed assets are carried in the accounts using an estimate of current value; they are depreciated from cost value on a straight-line basis over their estimated useful life.

Critical areas of judgement

It is the view of Trustees that there are no areas of judgement that are significant enough to require disclosure.

2. Donations and Capital Grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Capital grants	-	528	528	122
Other donations	-	4	4	8
	-	532	532	130

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
DfE/ESFA grants				
General annual grant (GAG)	-	6,975	6,975	6,916
Other DfE / ESFA grants	-	481	481	16
	-	7,456	7,456	7,076
Other Government grants				
Local authority grants	-	31	31	8
Other income from the Academy Trust's educational operations	-	3	3	3
Exceptional Government Funding				
Coronavirus job retention scheme grant	-	9	9	-
Coronavirus exceptional support	-	11	11	-
	-	7,510	7,510	7,097

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'Exceptional Government funding'.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

3. Funding for the Academy Trust's educational operations (continued)

The Academy furloughed some of its peripatetic music staff under the Government's coronavirus job retention scheme. The funding received of £9k relates to staff costs in respect of 7 staff which are included within note 8 below.

The funding received for coronavirus exceptional support cover £11k of premises and free school meal costs. These costs are included in note 6 below.

4. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Hire of facilities	13	-	13	20
Catering Income	304	-	304	448
Other	-	401	401	506
	<u>317</u>	<u>401</u>	<u>718</u>	<u>974</u>

5. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Short term deposits	-	9	9	11
	<u>-</u>	<u>9</u>	<u>9</u>	<u>11</u>

6. Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2020 £'000	Total 2019 £'000
		Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	5,197	678	745	6,620	6,595
- Allocated support costs	1,570	292	414	2,276	2,343
	<u>6,767</u>	<u>970</u>	<u>1,159</u>	<u>8,896</u>	<u>8,938</u>

Net expenditure for the period includes:

	2020 £'000	2019 £'000
Operating lease rentals	54	55
Depreciation	678	692
Interest payable / loss on cash investments	10	-
Fees payable to auditor for:		
- Audit	12	11
- Other assurance services	3	3

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

7. Charitable activities

	2020 £'000	2019 £'000
Direct costs – educational operations	6,620	6,595
Support costs – educational operations	2,276	2,343
	2020 £'000	2019 £'000
Analysis of support costs		
Support staff costs	1,570	1,544
Premises costs	292	308
Other support costs	376	458
Governance costs	38	33
Total support costs	2,276	2,343

8. Staff

a. Staff costs

Staff costs during the period were:

	Total 2020 £'000	Total 2019 £'000
Wages and salaries	4,799	4,744
Social security costs	457	453
Operating costs of defined benefit pension schemes	1,430	1,154
Apprenticeship levy	9	9
	6,695	6,360
Supply staff costs	72	101
Staff restructuring costs	-	56
	6,767	6,517
Staff restructuring costs comprise:		
Staff severance payments	-	24
Pay in lieu of notice	-	32
	-	56

An explanation of the academy policy on restructuring and redundancy is given on page 31.

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2019: £24,000).

c. Staff numbers

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

	2020 No.	2019 No.
Teachers	86	84
Administration and support	99	99
Management	7	7
	192	190

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

8. Staff (continued)

d. Higher paid staff

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

	2020 No	2019 No
£60,001 - £70,000	3	3
£70,001 - £80,000	-	1
£80,001 - £90,000	1	2
£100,001 - £110,000	1	-

All of the above employees participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme. During the year ended 31 August 2020, pension contributions for these staff amounted to £86,865 (2019: £63,854).

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 4. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Academy Trust was £638,348 (2019: £725,274).

9. Related party transactions – Trustees' remuneration and expenses

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

N Bulley (Head Teacher and Director to 31 December 2018):		
Remuneration	NIL	(2019: £85,000-£90,000)
Employers pension contributions	NIL	(2019: £5,000-£10,000)
P Roberts (Head Teacher and Director):		
Remuneration	£100,000-£105,000	(2019: £50,000-£55,000)
Employers pension contributions	£20,000-£25,000	(2019: £5,000-£10,000)
D Hall (Governor and Director):		
Remuneration	£10,000-£15,000	(2019: £5,000-£10,000)
Employers pension contributions	£0,000-£5,000	(2019: £0,000-£5,000)
E Currie (Staff Governor and Director to 16 December 2020):		
Remuneration	£45,000-£50,000	(2019: £45,000-£50,000)
Employers pension contributions	£5,000-£10,000	(2019: £5,000-£10,000)

During the period ended 31 August 2020, no travel and subsistence expenses were reimbursed to Directors who were not employees. Other related party transactions involving the Trustees are set out in note 26.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

10. Trustees and officers insurance

As an alternative to a commercial insurance policy, the academy buys in to the Risk Protection Arrangement (RPA) scheme offered by the Education and Skills Funding Agency as this scheme is more cost effective than an equivalent commercial insurance package. RPA cover protects the Academy Trusts against losses due to unforeseen or unexpected events and protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. Cover of up to £10,000,000 on any one claim is offered through the scheme in any membership year. The cost of cover is based on pupil numbers and is met through monthly deductions of General Annual Grant (GAG).

11. Tangible fixed assets

	Freehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2019	16,352	661	868	17,881
Additions	480	24	66	570
Transfers	(3)	(12)	15	-
At 31 August 2020	16,829	673	949	18,451
Depreciation				
At 1 September 2019	4,129	446	731	5,306
Charged in year	547	56	75	678
At 31 August 2020	4,676	502	806	5,984
Net book values				
At 31 August 2020	12,153	171	143	12,467
At 31 August 2019	12,223	215	137	12,575

Additions to fixed assets during the year related mainly to works so far on the successful CIF bids for replacing defective windows and improving fire escapes routes.

12. Stock

	2020 £'000	2019 £'000
Catering	2	2
	2	2

13. Debtors

	2020 £'000	2019 £'000
Trade debtors	33	45
VAT recoverable	31	30
Other debtors	6	1
Prepayments and accrued income	461	127
	531	203

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

14. Creditors: amounts falling due within one year	2020	2019
	£'000	£'000
Trade creditors	26	21
Other taxation and social security	109	109
Condition Improvement Fund (CIF) loan	30	30
Other creditors	145	121
Accruals and deferred income	565	184
	875	465

Deferred income	2020	2019
	£'000	£'000
Deferred income at 1 September	113	108
Released from previous years	(113)	(108)
Resources deferred in the year	51	113
Deferred income at 31 August	51	113

At the balance sheet date the Academy Trust was holding funds received in advance for trips amounting to £39,162 (2019: £94,086), music lesson fees of £NIL (2019: £18,825) and ESFA payments of £12,181 (2019: NIL).

A Loan of £150,000 was made by the ESFA to the Academy Trust in 2018/19 to part fund an increase in the capacity of the sixth form with the creation of the Jo Cox Centre. The loan is repayable through monthly deductions from GAG over 5 years. Loan repayments started in September 2019. The interest rate charged on loan repayments is 3.23% (fixed for the period of the loan).

15. Creditors: amounts falling due in more than one year	2020	2019
	£'000	£'000
Condition Improvement Fund (CIF) loan	91	120
	91	120

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

16. Funds

	Balance at 31 August 2019 £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant	45	6,975	(6,753)	-	267
Other restricted funds	202	80	-	-	282
School Funds	207	334	(311)	-	230
Pension reserve	(3,563)	-	(385)	(675)	(4,623)
Other DfE/ESFA grants	-	501	(501)	-	-
Other grants	-	34	(34)	-	-
	<u>(3,109)</u>	<u>7,924</u>	<u>(7,984)</u>	<u>(675)</u>	<u>(3,844)</u>
Restricted fixed asset funds					
Inherited assets	6,850	-	(678)	-	6,172
DfE/ESFA capital grants	5,738	528	-	203	6,469
	<u>12,588</u>	<u>528</u>	<u>(678)</u>	<u>203</u>	<u>12,641</u>
Total restricted funds	<u>9,479</u>	<u>8,452</u>	<u>(8,662)</u>	<u>(472)</u>	<u>8,797</u>
Total unrestricted funds	<u>468</u>	<u>317</u>	<u>(234)</u>	<u>(203)</u>	<u>348</u>
Endowment Funds	25	-	-	-	25
Total funds	<u>9,972</u>	<u>8,769</u>	<u>(8,896)</u>	<u>(675)</u>	<u>9,170</u>

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

The restricted general funds relate to grants receivable from the ESFA and other sources that are used to fund the operating activities of the Academy. School funds represent the balance of voluntary income received from parents that can only be used to fund named school trips and other specific educational activities.

The restricted fixed asset funds represent the net book values of donated assets and assets purchased from ESFA and other government grants, which have to be held for the continuing use of the Academy Trust together with any unspent grants useable for capital purposes. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

During the year, £203k was transferred from unrestricted funds to the restricted fixed asset fund. This transfer represents the difference between capital income and capital expenditure (the self-funded element of capital additions).

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

16. Funds (continued)

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

	Balance at 31 August 2018 £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant	119	6,916	(6,990)	-	45
Other restricted funds	83	119	-	-	202
School Funds	218	398	(409)	-	207
Pension reserve	(1,598)	-	(349)	(1,616)	(3,563)
Other DfE / ESFA grants	-	160	(160)	-	-
Other grants	-	21	(21)	-	-
	(1,178)	7,614	(7,779)	(1,616)	(3,109)
Restricted fixed asset funds					
Inherited assets	7,542	-	(692)	-	6,850
DfE/ESFA capital grants	5,335	130	-	273	5,738
	12,877	130	(692)	273	12,588
Total restricted funds	11,699	7,744	(8,621)	(1,343)	9,479
Total unrestricted funds	590	468	(317)	(273)	468
Endowment Funds	25	-	-	-	25
Total funds	12,314	8,212	(8,938)	(1,616)	9,972

17. Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2020 £'000
Tangible fixed assets	-	-	12,467	12,467
Current assets	348	1,360	584	2,292
Current liabilities	-	(465)	(410)	(875)
Non-current liabilities	-	(91)	-	(91)
Pension scheme liability	-	(4,623)	-	(4,623)
Total net assets	348	(3,819)	12,641	9,170

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2019 £'000
Tangible fixed assets	-	-	12,575	12,575
Current assets	468	1,064	13	1,545
Current liabilities	-	(465)	-	(465)
Non-current liabilities	-	(120)	-	(120)
Pension scheme liability	-	(3,563)	-	(3,563)
Total net assets	468	(3,084)	12,588	9,972

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

18. Capital commitments

	2020 £'000	2019 £'000
Contracted but not provided for in the financial statements	174	29
	<u>174</u>	<u>29</u>

19. Commitments under operating leases

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

	2020 £'000	2019 £'000
Amounts due within one year	48	59
Amounts due between one and five years	33	103
	<u>81</u>	<u>162</u>

20. Reconciliation of net expenditure to net cash inflow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(127)	(726)
<i>Adjusted for:</i>		
Depreciation (note 11)	678	692
Capital grants from DfE and other capital income (note 2)	(532)	(130)
Interest receivable (note 5)	(9)	(11)
Defined benefit pension scheme cost less contributions paid (note 25)	323	307
Defined benefit pension scheme finance cost (note 25)	62	42
Decrease in stocks (note 12)	-	1
(Increase)/decrease in debtors (note 13)	(328)	440
Increase in creditors (notes 14 and 15)	381	31
Net cash provided by Operating Activities	<u>448</u>	<u>646</u>

21. Cash flows from investing activities

	2020 £'000	2019 £'000
Dividends, interest and rents from investments	9	11
Purchase of tangible fixed assets	(570)	(760)
Capital grants from DfE/ESFA	528	122
Capital funding received from sponsors and others	4	8
Net cash used in investing activities	<u>(29)</u>	<u>(619)</u>

22. Analysis of cash and cash equivalents

	At 1 September 2019 £'000	At 31 August 2020 £'000
Cash in hand and at bank	1,340	1,759
	<u>1,340</u>	<u>1,759</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

23. Analysis of change in net cash

	At 1 September 2019 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 August 2020 £'000
Cash in hand and at bank	<u>1,340</u>	<u>419</u>	<u>-</u>	<u>1,759</u>
	1,340	419	-	1,759
Loans falling due within one year	(30)	29	(29)	(30)
Loans falling due after more than one year	<u>(120)</u>		<u>29</u>	<u>(91)</u>
Total	<u>1,190</u>	<u>448</u>	<u>-</u>	<u>1,638</u>

24. 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.

25. Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31st March 2016 and of the LGPS 31 March 2019. Contributions amounting to £117,281 (2019: £98,401) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

25. Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

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

The next valuation result is due to be implemented from 1 April 2023.

A copy of the latest valuation report and supporting documents can be found on the Teachers' Pension Scheme website.

The total pension costs paid to TPS in the period amounted to £1,107,000 (2019: £857,000), of which employer's contributions totalled £790,000 (2019: £543,000) and employees contributions totalled £317,000 (2019: £314,000).

Under the definitions set out in FRS102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee- administered funds. The total contribution made for the year ended 31 August 2020 was £321,000 (2019: £343,000), of which employer's contributions totalled £244,000 (2019: £262,000) and employees' contributions totalled £77,000 (2019: £81,000). The agreed contribution rates for future years are 20% until March 2021, 19.6% April 2021 to March 2022 and 19.3% April 2022 to March 2023, for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to 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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

25. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	At 31 August 2020	At 31 August 2019
Principal actuarial assumptions		
Rate of increase in salaries	3.55%	3.35%
Rate of increase for pensions in payment / inflation	2.30%	2.10%
Discount rate for scheme liabilities	1.70%	1.80%
Inflation assumption (CPI)	2.30%	2.10%
Commutation of pensions to lump sums	75.00%	75.00%

The mortality assumptions at the accounting date are based on mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

	At 31 August 2020 Years	At 31 August 2019 Years
<i>Retiring today</i>		
Males	21.8	22.2
Females	24.6	25.4
<i>Retiring in 20 years</i>		
Males	22.5	23.2
Females	25.7	27.2

Sensitivity Analysis

	2020 £'000	2019 £'000
Discount rate + 0.1%	(240)	(199)
Discount rate - 0.1%	240	203
Mortality assumption - 1 year increase	(393)	(334)
Mortality assumption - 1 year decrease	404	338
CPI rate + 0.1%	33	53
CPI rate - 0.1%	(33)	(53)

The Academy Trust's share of the assets and liabilities in the scheme were:

	31 August 2020 £'000	31 August 2019 £'000
Equities	4,895	5,001
Bonds	924	967
Property	270	284
Cash	107	122
Other	94	71
Total market value of assets	6,290	6,445
Present value of scheme liabilities	(10,913)	(10,008)
Pension Scheme deficit	(4,623)	(3,563)

The actual return on scheme assets was a loss of £223,000 (2019: £357,000 gain).

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

25. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities

	2020 £'000	2019 £'000
Current service cost (net of employee contributions)	(565)	(419)
Past service cost	(2)	(150)
Interest cost	(62)	(42)
Total operating charge	<u>(629)</u>	<u>(611)</u>

Analysis of pension finance income

	2020 £'000	2019 £'000
Expected return on pension scheme assets	117	167
Interest on pension liabilities	(179)	(209)
Pension finance income	<u>(62)</u>	<u>(42)</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17/FRS 102 is a £2,066,000 loss (2019: £1,391,000 loss).

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

	2020 £'000	2019 £'000
At 1 September	10,008	7,469
Current service cost	565	419
Interest cost	179	209
Employee contributions	77	81
Actuarial loss	335	1,806
Benefits paid	(253)	(126)
Past Service Cost	2	150
At 31 August	<u>10,913</u>	<u>10,008</u>

Movements in the fair value of Academy Trust's share of scheme assets

	2020 £'000	2019 £'000
At 1 September	6,445	5,871
Interest income on assets	117	167
Re-measurement (losses)/gains on assets	(340)	190
Employer contributions	244	262
Employee contributions	77	81
Benefits paid	(253)	(126)
At 31 August	<u>6,290</u>	<u>6,445</u>

26. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

26. Related party transactions (continued)

has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The following related party transaction took place during the year:

Mrs C Proud, Associate Head Teacher, served as a Governor at Westborough High School during the year. A number of trainee teachers undertake their main teacher training at Heckmondwike Grammar School Academy Trust, and additional secondary phase placements are also undertaken at Westborough High School for which Heckmondwike Grammar School Academy Trust is charged. In entering into these transactions the Academy Trust has complied with the requirements of the Academies Financial Handbook. The total charge made for these placements in 2019/20 was £1,350 (the equivalent charge in 2018/19 was £2,800). This charge is 'at cost' and Westborough High School has provided a letter confirming this. As at the year date of 31 August 2020, the full balance of this charge was outstanding (2019:£2,800).

27. Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000
Income and endowments from:				
Donations and capital grants	-	-	130	130
Charitable activities:				
Funding for the academy trust's educational operations	-	7,097	-	7,097
Other trading activities	468	506	-	974
Investments	-	11	-	11
Total	468	7,614	130	8,212
Expenditure on:				
Charitable activities:				
Academy Trust educational operations	317	7,929	692	8,938
Total	241	7,779	685	8,705
Net income/ (expenditure)	151	(315)	(562)	(726)
Transfers between funds	(273)	-	273	-
Other recognised losses:				
Actuarial loss on defined benefit pension schemes	-	(1,616)	-	(1,616)
Net movement in funds	(122)	(1,931)	(289)	(2,342)
Reconciliation of funds				
Total funds brought forward at 1 September 2018	590	(1,153)	12,877	12,314
Total funds carried forward at 31 August 2019	468	(3,084)	12,588	9,972

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

Notes to the Financial Statements for the year ended 31 August 2020 (continued)

28. Agency Arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent of the ESFA, any unspent funds are carried forward for distribution in a subsequent year. In the accounting period ending 31 August 2020 the Trust received £47,512 (2019: £51,367) with the balance of unspent funds brought forward (as at 31 August 2019) being £9,494. During the year £48,739 (2019: £14,174) was disbursed to students from the fund, leaving a balance carried forward of £8,267.