

Hendon School

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
07803827 (England and Wales)

Contents

Reports

Reference and administrative information	1
Governors' report	3
Governance statement	14
Statement on regularity, propriety and compliance	21
Statement of governors' responsibilities	22
Independent auditor's report on the financial statements	23
Independent reporting accountant's report on regularity	26

Financial statements

Statement of financial activities	28
Balance sheet	29
Statement of cash flows	30
Principal accounting policies	31
Notes to the financial statements	37

Reference and administrative information

Members

A Bruce (appointed 1 June 2020 deceased 1 August 2020)
A Leslie (appointed 29 October 2019)
C Maslin (resigned 5 March 2020)
S Mehigan
L M Varley (appointed 29 October 2019)
A Yates (appointed 3 February 2020)

Governors

A Leslie +x
S Anand (appointed 27 January 2020) x
I Bailey +
B Baumgartner-Cohen x
M Dickie
S Haddock
A Husain-Ali (resigned 23 October 2019)
M Leggett (resigned 27 November 2019) + x
C Maslin x
S Mehigan +
R Mohammed (elected 7 October 2019)
B Mylchreest (appointed 19 August 2020) x
R Povey (Headteacher) x
E Salim
N J Starling + x
L M Varley +
R White (appointed 27 January 2020)

+ denotes a member of the Audit Committee
x denotes a member of the Finance and General Purposes Committee

Senior Leadership Team

Headteacher	Rhona Povey
Deputy Head	Craig McGuire (Acting Headteacher from 16 September 2019)
Deputy Head	Jonathan Kamya
Deputy Head	Lisa Gorman (resigned 19 April 2020)
Assistant Heads	Helen Langsam
	Ron Spicer
	Noelle Doona
	Charlotte Williams
	Lee Davey (resigned 31 May 2020)
	Scott Slater
	Lisa O'Connor (appointed 1 September 2020)

Reference and administrative information

Registered address	Golders Rise Hendon NW4 2HP
Company registration number	07803827 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 95 Church Road London NW4 4DS

Governors' report 31 August 2020

The governors of Hendon School ('the School') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year to 31 August 2020. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 31 to 36 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, the Companies Act 2006, the Academies Accounts Direction 2019 to 2020, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

IMPACT OF THE CORONAVIRUS PANDEMIC

The 2019/2020 year has been financially impacted by the world-wide coronavirus pandemic. Since the UK lockdown in March 2020 the school has been partially open, supporting vulnerable students and those with additional needs. This has included teaching, personal support and the provision of free school meals. Many staff have worked from home to provide education for the remaining students who have accessed this from home through our virtual managed learning environment. From June 2020 the school facilitated in-school face to face teaching of students in years 10 and 12, supporting them in their preparation for exams in 2021. Increased cleaning personnel and sanitisation materials have been needed throughout the period of restrictions, as have increased signage and washing facilities. The full school returned from September 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Hendon School is a single, convertor-academy school for pupils aged 11-18, serving the Barnet catchment area in North London. It became an academy in November 2011. The school roll at 31 August 2020 was 1,242 students, updated by the October 2020 census reporting 1,219. Of these, there were 49 higher needs students on the school roll at 31 August 2020 and 59 higher needs students in the October 2020 census. Higher needs students include: Special Education Needs (SEN) students, Provision for Deaf (PDS) Students and Hendon Autistic Resource Provision (HARP) students.

Hendon School is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the School. The governors act as trustees for the charitable activities of Hendon School and are also directors of the charitable company for the purposes of company law.

Details of governors who served throughout the period are included 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

The principal activity of Hendon School is education. Hendon School is a vibrant community of students aged 11-18. The school is based in Hendon, North London and was rated 'Outstanding' by Ofsted in December 2011.

Indemnity Provision

In accordance with normal commercial practice, the School has purchased Risk Protection Arrangement (RPA) insurance from the DfE to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. This has been purchased as part of a wider global insurance premium. It is not possible to separately identify the portion of the overall insurance premium attributable to the indemnity policy. The insurance provides cover of up to £10 million on any one claim.

Governors

The governors (collectively referred to as the Governing Board) are directors of the charitable company for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2020 and served throughout the year except where shown.

Governor	Date of appointment	Date of resignation
S Anand	27 January 2020	
I Bailey		
B Baumgartner-Cohen		
M Dickie		
S Haddock		
A Husain-Ali		23 October 2019
M Leggett		27 November 2019
A Leslie		
C Maslin		
S Mehigan		
R Mohammed	7 October 2019	
B Mylchreest	19 August 2020	
R Povey (Headteacher)		
E Salim		
N J Starling		
L M Varley		
R White	27 January 2020	

Method of recruitment and appointment or election of governors

In accordance with the Articles of Association, the school Governing Board can be made of: up to nine community governors; three staff governors elected by employees of the school; up to seven but no fewer than two parent governors elected by the parents of the students at the school and the Headteacher. Governors are appointed by the Governing Board unless stated above.

Where possible the School looks to appoint governors to ensure a mix of skills and selects new governors on the basis of background, experience and specialist skills. Governors are recruited from a number of different places.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of governors (continued)

All governors are assigned to one of the following committees: Admissions, Audit, Chairs, Curriculum, Finance and General Purposes, Staffing and/or Student Welfare. The terms of reference for each committee are agreed in the autumn term of each academic year.

Governors are provided with induction training and a wider programme of training events is organised according to needs. The Headteacher also invites governors to attend in-school training sessions and any other courses which may help to develop governor expertise in particular areas. The School appoints a serving governor as the governor training co-ordinator. For the year 2019/20 this was Beatrice Baumgartner Cohen and changed to Ben Mylcrheest as from 13 October 2020.

The School also has a designated governors' strategy day every year where the governors review key aspects of the School Improvement Plan and general school strategy.

Organisational structure

The day-to-day running of the school is undertaken by the Headteacher, acting as Accounting Officer, and the Senior Leadership Team (SLT) who operate within the policies and procedures approved by the governors and based on guidance from the Department for Education (DfE). It should be noted that from September 2019, the Headteacher, Rhona Povey is currently on sick leave undergoing treatment for breast cancer. Craig McGuire was appointed as Acting Headteacher from September 2019. Major decisions in respect of significant expenditure and major capital projects continue to be referred to the governors for prior approval.

Arrangements for setting pay and remuneration of key management personnel

The Performance Monitoring Group, a Committee of the Governing Board sets and reviews the performance of the academy's key management personnel i.e. the Headteacher and members of the SLT. Benchmarking is carried out on an ad hoc basis, depending on the role and is achieved by comparing the relevant staff member's salary to salaries offered in advertisements made by similar institutions.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
4	3.8

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1% - 50%	—
51% - 99%	—
100%	—

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time (continued)

Percentage of pay bill spent on facility time

All union coordination meetings are held outside of directed time. On rare occasions union representatives are required to attend meetings during directed time in order to support individual members. In the last 12 months the time taken for this activity was less than 30 hours and represents a negligible cost.

Connected organisations, including related party relationships

Hendon School works with the DfE and its agency the Education and Skills Funding Agency (ESFA). It also maintains close and regular links with the London Borough of Barnet (LBB) relating to student intake, statemented higher needs students and income-sharing relating to the Pursley Road sports facility. The school has an additional relationship with School Plus who manage our out of hours school lettings. Hendon School also has various links with Barnet secondary schools and neighbouring primary schools.

OBJECTIVES AND ACTIVITIES

Objects and aims

The company's objects, as set out in the Memorandum and Articles of Association, are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Hendon School aims to create an environment enabling all students to achieve their potential. The school vision, adopted in 2015, has four broad themes of: believe, achieve, lead and belong.

Through the vision, the school aims to provide students with a high-quality education and a wide range of opportunities. This is done in a way which is consistent with the ethos that every child will be valued, respected and cared for, and through a daily moral purpose, to provide the best learning experience for all.

The primary objective is to provide education for students of all abilities, between the ages of 11 and 18. All children who apply are admitted in accordance with the admissions arrangements that have been determined (which are in accordance with the School Admissions Code and the Funding Agreement).

Objectives, strategies and activities

This year there were five key aims:

- ◆ To maintain excellent achievement across all key stages;
- ◆ To maintain outstanding teaching and learning in all lessons, with increased focus on boys, specific groups of students and the marking and assessment of students' work;

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ To focus on pupil behaviour around school and the local community given changes in context;
- ◆ To ensure a effective recovery with attention to mental health, pastoral care and keeping safe
- ◆ To improve HR systems and premises management.

Students make progress above the national average at Hendon School as evidenced by the positive progress 8 score which the school has secured each year since its introduction. The progress for children identified as pupil premium matches the national average for all students. An independent report into the progress at the end of key stage 4, carried out by ALPS, places the school in the top 40% of providers. The analysis of schools' performance report compiled by the department for education has shown that progress at KS5 is also in the top 25% nationally.

We are the proud winners of the European TES award which has been received in recognition of our Smart Futures programme. This programme is delivered to the whole school and educates students beyond the curriculum in order to provide them with the knowledge and skills to thrive in adult life.

Hendon School is an oversubscribed school where Year 7 applicants are required to take a standardised national test. On the basis of the results of the test, applicants are placed in one of three bands and places are allocated in proportion to the students in each band (further detail regarding our admissions programme can be found on the school's website).

Our inclusive school has two resourced provisions, providing outstanding support for students with specific special educational needs.

Sixth Form admissions

The School admits up to 300 students across Years 12 and 13. Academic entry requirements are set for entry into the Sixth Form. These entry requirements are the same for internal and external applicants. Students who currently attend Hendon School will be given priority over external applicants. The highest priority for oversubscription criteria is given to looked-after children and previously-looked-after children who meet the academic entry criteria.

Public Benefit

In setting the School's objectives and planning its activities, the governors have carefully considered the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Key financial performance indicators

Key Performance Indicator	1 Sept 2019 – 31 Aug 2020	1 Sept 2018 – 31 Aug 2019
Cumulative surplus on unrestricted funds	£346,030	£318,965
Restricted general fund	£151,361	£nil
Cash at bank and in hand	£1,049,030	£809,752
In year surplus / (deficit) before depreciation and actuarial gain on pensions and excluding capital grants and gains on investment assets	(£15,880)	(£139,289)
Total Income	£9,519,854	£9,417,578
Staff income ratio (including FRS 102 pension adjustment, and unused holiday accrual, but excluding capital funding)	87.4%	87.9%

Key financial targets for the coming year are to:

- ◆ Improve financial sustainability, including by reducing the staff/income ratio and by diversifying income sources;
- ◆ Preserve solvency by maintaining sufficient cash balances to provide for critical expenditure, including salaries and supplier payments; and
- ◆ Ensure sufficient cash reserves are accumulated for necessary investment in IT and premises infrastructure, on a rolling-investment basis.

Financial review

Financial report for the year

The majority of the School's income is obtained from the ESFA in the form of recurrent grant, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2020 and the associated expenditure, are shown as restricted funds in the Statement of Financial Activities.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

The School's total income was £9,519,854 (2019 – £9,417,578) and the total expenditure was £9,981,700 (2019 – £9,522,283) for the year.

The year to 31 August 2020 saw an in-year deficit before transfers of £15,880 (2019 – £139,289 deficit) before capital income and depreciation, revaluation gains and actuarial gains on pensions, against a budgeted surplus of £17,228 (2019 – £25,159 deficit). This deficit includes an £408,000 interest and salary adjustment relating to the LGPS pension scheme (2019 – £255,000) and an unused holiday accrual of £34,928 (2019 – £nil). The capital income consists of £25,656 of Devolved Formula Capital Grant. (2019 – Devolved Formula Capital Grant of £89,117 and of £345,929 CIF capital grant income).

The 2019/20 unfavourable variance from budget reflects the LGPS pension scheme interest and salary adjustment as well as the unused holiday accrual which, none of which are included in the budget.

Looking to the future, the approved budget for the year to 31 August 2021 is for an in-year surplus of £26,924 before depreciation and the actuarial adjustment on the pension fund, and assuming Devolved Formula Capital Grant of £26,168 and £nil CIF capital grant income.

Financial position

On 31 August 2020, the School held total funds of £11,834,937 (2019 – £11,962,783) comprising £11,488,907 (2019 – £11,643,818) of restricted funds, including a pension deficit of £3,117,000 (2019 – £3,043,000), and a cumulative surplus on unrestricted funds of £346,030 (2019 – £318,965). The total funds excluding the pension deficit are £14,951,937 (2019 – £15,005,783).

At 31 August 2020, the net book value of fixed assets was £14,454,546 (2019 – £14,686,818) and movements in tangible assets are shown in note 10 to the financial statements. Other than after hours School lettings and tenancy lease agreements, the assets were used exclusively for promoting and providing education and the associated support services to students of the School.

Financial and risk management objectives and policies

Reserves policy

The governors' policy is that the School should hold sufficient reserves in the form of cash balances to cover:

- ◆ Short term adverse cashflow needs (arising from delays between spending and receipt of grants); and
- ◆ Funds for unexpected emergencies such as urgent maintenance.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies (continued)

Reserves policy (continued)

A rolling nine-month cashflow forecast projection is maintained, indicating some level of expected monthly fluctuations arising from its reliance upon quarterly payments for high needs and pupil premium, totalling approximately £1,300,000 per annum entitlement. These are typically paid quarterly in arrears. The cashflow forecast for the future nine months to May 2021 indicates a buffer above the £350,000 cash reserves required. This has increased from £300,000 as from June 2020, when it was approved by the Governing Board. The underlying cash levels are therefore considered adequate by management.

Note that the biggest contributor to the cashflow fluctuation is likely to be any funds received and spent relating to capital grant funding.

Hendon School's management will work to ensure that the capital-works cash outflows match capital-works cash inflows as closely as possible, such that the reserves policy is maintained.

Related to the cashflow forecast are IT and Premises Plans for capital spending. In turn, the Premises Plan is informed by the design for future building improvements and the timing of capital works projects.

The Governors are required to review the reserve levels of the School on a regular basis. This is done by delegating this review task to the Finance and General Purposes Committee to review at each of its scheduled meetings. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and consider the nature of School reserves (restricted/unrestricted). The general funds/free reserves target has been increased to £350,000 which represents approximately two weeks' worth of salary expenditure. This is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a short term cushion to deal with unexpected emergencies, such as urgent maintenance.

Total funds at 31 August 2020 are £11,834,937 of which £11,488,907 are restricted and not available for general purposes. These comprised a restricted general fund of £151,361 (2019 – £nil) and a restricted pension reserve holding a deficit balance of £3,117,000 (2019 – £3,043,000). The pension reserve deficit is being managed by the Local Government Pension Scheme (LGPS) and is not directly under the control of the School. The restricted fund also includes a fixed assets fund totalling £14,454,546 (2019 – £14,686,818) which can only be realised by disposing of tangible fixed assets.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies (continued)

Reserves policy (continued)

Unrestricted free reserves were therefore £346,030 at 31 August 2020 (2019 – £318,965). The GAG fund of £151,361 (2019 – £nil), currently included in restricted general funds, can be applied to general educational purposes. Including these amounts the total reserves available gives £497,391 (2019 – £318,965), which is above the increased target level reserves of £350,000 stated above.

Hendon School's management consider these reserve levels to be appropriate, given the cyclical needs of the school for premises and IT infrastructure spending and the need to provide for a pension fund deficit.

The IT and Premises plans were approved by the Finance and General Purposes Committee. They are updated each year in light of educational need. Hendon School's leadership will ensure that cash outflows relating to such plans are actioned in a way that preserves compliance with the reserves policy. It is likely that reductions in staffing and income diversification will bridge the gap between capital needs and funding sources.

After making appropriate enquiries, the Governing Board has a reasonable expectation that the School has the basic resources, management skills and plans to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going-concern basis in preparing the financial statements. Further details regarding the adoption of the going-concern basis can be found in the Statement of Accounting Policies. The School will manage budgets going forward to ensure that it remains within its reserves policy.

Investment policy

The School's liquid assets are held as cash balances, including a 35-day notice account which was opened in March 2020. The School does not invest these balances in longer term deposits, or other investment vehicles. Should it wish to do so in the future, the governors will consider such a recommendation by the School's management.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with every school in the country, funding is dependent on government policy. Hendon School is working with the local authority to identify the potential implications of any Government proposals to change funding methodology for state-funded schools. The Governors have accordingly been prudent in their budgeting for the future.

The deficit in the Local Government Pension Scheme increased by £74,000 in the year to £3,117,000 and there is continuing uncertainty in any defined benefit scheme of this type. Please refer to note 22 for more details.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk management

Hendon School has a formal risk management process in place to assess all risks and implements risk management strategies. The process, which is overseen and reviewed by the Governing Board on an annual basis, identifies the types of risk the School faces. These risks are then assessed and prioritised in terms of their potential impact and the likelihood of occurrence. Where necessary, actions to mitigate the risks identified are put in place. The School Risk Register supporting the process, holds the details of these risks, the risk owners and risk ratings. Key risks are assigned to the relevant committees to review at their meetings.

Further details of the School's processes to manage risk are provided within the Governance Statement.

A recent re-evaluation indicates the following to be the principal risks to which the school is exposed:

- ◆ **New schools opening locally impacting negatively on year 7 and sixth form pupil numbers.** The impact of new schools opening in the area causes a risk to the number of students on roll. Two new school have opened recently and as a result we were slightly undersubscribed in Year 7. The issue increases if the population growth in Barnet is not sustained. To ensure that we are able to treat this risk as far as possible the school is proactive in ensuring that the school continues to perform at a high level and that these successes are shared effectively with the local community. Local outreach work to primary schools this year was curtailed by the coronavirus pandemic.
 - ◇ Risk factor – 25 (High).
- ◆ **Keeping children safe from the impact of external forces from the wider community.** This is a risk given the growing dangers of knife, drug and gang related crime in the locality. Risk mitigation strategies include active supervision, monitoring and close liaison with outside agencies, Disclosure and Barring Service checks, additional security gates at the front and rear of the school and performing risk assessments concerning trips.
 - ◇ Risk factor – 20 (High).
- ◆ **Financial income from the government and local authority decreasing in real terms and therefore being insufficient to meet future rising costs of staffing, building maintenance work, and educational developments.** A particular risk in this area is the cost efficiency of staffing. Risk mitigation strategies include redundancy, using staff turnover opportunities to review future needs, setting cascading goals and targets, investing in leadership development and diversifying income sources to grow income.
 - ◇ Risk factor – 20 (High).

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

FUNDRAISING

The academy does not currently engage in any fundraising activity.

PLANS FOR FUTURE PERIODS

Given the ongoing coronavirus pandemic the School must be especially mindful of the health and safety of the student and staff population. This clearly brings additional costs as well as a considerable time commitment to the introduction and implementation of the necessary new systems and protocols and the School hopes to receive additional funding to off-set these costs.

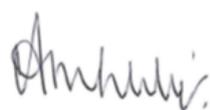
In the longer term, the School plans to maintain student numbers in years 7 to 11 and to continue to grow sixth form numbers. There are also plans for the effective upkeep and modernisation of old school buildings to allow the School to provide a comprehensive curriculum offering to students. Due to the complexities of running a school in a fast-paced, rapidly-changing environment, the school has learned to integrate its activities, continually update its plans, invest in staff skills development and keep communicating well with its stakeholders.

AUDITOR

In so far as the governors are aware:

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

The Governors' report, incorporating a strategic report was approved by order of the members of the Governing Board on 8 December 2020 and signed on its behalf by:



A Leslie
Chair of Governors
Date: 8.12.2020

Scope of responsibility

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

The Governing Board have delegated the day-to-day responsibility of running the school to the Headteacher and, as Accounting Officer, the Headteacher has responsibility for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the School and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Board any material weaknesses, or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The Governing Board has formally met four times during the year (both in face to face meetings and virtually) Attendance during the year at meetings of the Governing Board was as follows:

Governor	Meetings attended	Out of a possible
S Anand (appointed 27 January 2020)	2	2
I Bailey	1	4
B Baumgartner-Cohen	4	4
M Dickie	2	4
S Haddock	4	4
A Husain-Ali	0	1
M Leggett (resigned 27 November 2019)	1	1
A Leslie	4	4
C Maslin	4	4
S Mehigan	4	4
R Mohammed (appointed 7 October 2019)	1	4
B Mylchreest (appointed 19 August 2020)	0	0
R Povey (Headteacher)	2	4
E Salim	2	4
N J Starling	2	4
L M Varley	3	4
R White (appointed 27 January 2020)	2	2

The Board maintains effective oversight over the Trust's finances by meeting four times per year and reviewing the reports of its dedicated Finance and General Purposes and Audit Committees.

Governance Review

Regarding the Governing Board self-evaluating its performance effectiveness, the Governing Board undertook both a skills audit and training needs analysis co-ordinated by the link Governor for Training and Development and a self-evaluation in November 2019. The results were reviewed and are being used to steer future Governor recruitment and training. In-house Governor workshops and training took place throughout the year and included sessions on safeguarding, OfSTED, progress data, curriculum development, behaviour systems and exclusions. Further workshops are being planned for the 2020/21 academic year.

Finance and General Purposes

The Finance and General Purposes Committee is a committee of the main Governing Board. Its purpose is to oversee finance, premises, health and safety and other business management issues; approving the annual budget, medium term plans and virements against budget. During the year, the Committee met four times. Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
S Anand	3	3
B Baumgartner-Cohen	2	4
M Leggett (resigned 27 November 2019)	1	1
A Leslie	3	4
C Maslin	2	4
B Mylchreest (appointed 19 August 2020)	0	0
R Povey	1	4
N J Starling	4	4
L Varley (Ex officio from December 2018)	1	4

Audit

The Audit Committee's purpose is to monitor internal controls and risk management systems, the effectiveness of internal and external audit activity and the integrity of the financial statements. During the year, the Committee met three times.

Governor	Meetings attended	Out of a possible
L Varley (Chair)	3	3
I Bailey	1	3
M Leggett (resigned 27 November 2019)	1	2
A Leslie	3	3
S Mehigan	3	3
R Povey (Headteacher, in attendance)	0	3
N Starling	1	1

Review of Value for Money

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

The Accounting Officer considers how Hendon School's use of its resources has provided good value for money during the academic year, and reports to the Governing Board where value for money can be improved, including via the use of benchmarking data where available.

The Accounting Officer for Hendon School has delivered and improved value for money during the year in the following areas:

(1) Financial governance and oversight

Through the provision of more accurate and timely financial data and analysis, decision making on spending proposals has been made more effective. Time was also spent developing the detail of financial operating plans for the next three years, modelling planned changes, dependencies, assumptions and potential initiatives to manage change.

(2) Improved procurement (cost and quality improvements)

During the year, the School devoted time to the scrutiny of invoices, contracts and services received. The school continues to review and renegotiate contracts with vigour. The School is a member of the Barnet School Business Managers' forum, which amongst other things, shares information about local suppliers for various school services. The School during 2019/20 was also an active member of Partners in Excellence (PiXL), who work to share good practice.

(3) Reviewing controls and managing risks

Ensuring value for money is arguably also about avoiding costs and penalties. During the year, the School continued its internal controls and in-year forecasting processes. Monthly management reports continue to be reviewed, with spending variances from budget identified early and followed up with intervention. Regular cashflow forecasts are produced and liquid resources are managed to secure a reasonable low-risk return. Governors regularly review management accounts and forecasts.

The risk register is reviewed and updated regularly at Senior Leadership and Governor level. Specific Governing Board Committees are assigned one or more of the risks from the register as appropriate, with responsibility to follow up on actions taken to mitigate these risks. Please refer to the section below on Capacity to handle risk for further details.

Review of Value for Money (continued)

(4) Cost reviews

Pre- and post-academy conversion date, Hendon School has operated with a high staff / income ratio, with staff costs being by far the largest School operating cost. This reflected the desire to focus resource on teaching standards and the educational benefit for pupils. It has, however, meant insufficient cash reserves were accumulated for necessary capital investment in IT and premises infrastructure, on a rolling-investment basis, causing premises repair and maintenance costs to rise unduly.

With likely ESFA 'flat funding' per student in future, coupled with a modest number of staff retirements, low staff turnover levels and rising staff costs, ongoing cost reviews remain a necessary component in achieving financial sustainability.

The historic low investment in IT infrastructure (pre- and post- academy conversion) continues to lead to inefficiencies in support process administration. Continued investment in this area will act to create greater teaching impact and free up staff time for higher value-adding activities. A future program of investment in premises to match curriculum demand with room capacities and room requirements will also enable the most efficient use of money for the School and the taxpayer.

Procurement Policy Notes 02/20 and 04/20 have been considered and the School has continued to make contractual payments to suppliers when service levels have been adversely affected by the coronavirus pandemic. This has been the case for catering contracts and for payments to agency teaching staff. The School has not made use of the furlough scheme given that Government funding has been maintained. The School does not consider that the impact of the pandemic on value for money obtained has been significant during the period.

Internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the School's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Hendon School for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Board and its Committees have reviewed the key risks to which the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Board and further details of the principal risks are given on page 12.

The School continues to improve its controls and procedures to address any significant risks. Each significant risk (based on a combination of probability and magnitude) has been assigned to a committee of the Governing Board to monitor and review the risk mitigations concerned.

The risk and control framework

The School'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. It is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should be realised, and to manage them efficiently, effectively and economically.

Work continues to review operating costs, both staffing and non-staffing in nature and to improve supplier contract management. Further income diversification and income improvement initiatives will likely result in improved levels of income in the future.

The Governing Board is satisfied that it has a plan in place to improve processes and controls to improve compliance with the standards expected under the Academies Financial Handbook and internal policies and to improve the achievement of value for money. The School employs an adequately resourced and experienced team to maintain these changes and implement further improvements in the business management function.

The framework for risk and control has been improved by the operation of the Audit Committee in overseeing the improvements necessary and includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Board;
- ◆ Regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;

The risk and control framework (continued)

- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks; and
- ◆ declaration of member conflicts of interest.

The Governing Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, during 2019/20 the governors have appointed Buzzacott LLP, the external auditor, to conduct additional internal control checks (previously known as 'Responsible Officer' checks).

The internal control checks include giving advice on financial matters and performing a range of checks on the School's financial systems. In particular, the checks carried out during the year include:

- ◆ testing of payroll systems;
- ◆ testing of purchase systems; and
- ◆ testing of control accounts and bank reconciliations.

Twice a year, Buzzacott report to the governors via the Audit Committee, on the operation of the systems of control and on the discharge of the Governing Board's financial responsibilities. As a result of changes to the Financial Reporting Council's Ethical Standard, the School will no longer be able to use their statutory audit firm for these internal assurance checks from the year commencing 1 September 2020. The School is therefore in the process of carrying out a procurement process for a risk led internal scrutiny programme to take effect during the year 2020/2021.

Review of effectiveness

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

- ◆ the work of the external auditor;
- ◆ the additional internal control checks completed by the external auditor;
- ◆ an internal review of compliance with internal policies and The Academies Financial Handbook; and
- ◆ the work of the Senior Leadership Team who have responsibility for the development and maintenance of the internal control framework.

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

Governance statement 31 August 2020

Approved by order of the members of the Governing Board and signed on their behalf by:



A Leslie
(Chair of Governors)



C McGuire
(Acting Accounting Officer)

Approved on: 8.12.2020

Statement on regularity, propriety and compliance 31 August 2020

As Acting Accounting Officer of Hendon School, I have considered my responsibility to notify the academy trust Governing Board and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust Governing Board 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 other 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 Governing Board and ESFA.

A handwritten signature in black ink, appearing to read 'C. McGuire'.

C McGuire
Acting Accounting Officer

Date: 8.12.2020

Statement of governors' responsibilities 31 August 2020

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

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

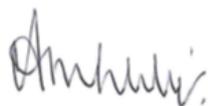
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 School will continue in operation.

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

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

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

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



A Leslie
Chair of Governors
Date: 8.12.2020

Independent auditor's report on the financial statements to the members of Hendon School

Opinion

We have audited the financial statements of Hendon School (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of 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 2015 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

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

Other information

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

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

We have nothing to report in this regard.

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 governors' report, which is also the directors' report for the purposes of company law and includes the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the governors' report, which is also the directors' report for the purposes of company law and includes the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' report including the strategic report.

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

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

Responsibilities of governors

As explained more fully in the governors' responsibilities statement, the governors (who are also the directors for the purpose 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 governors 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 governors are responsible for assessing the charitable company'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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



18.12.2020

Hugh Swainson (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting accountant's assurance report on regularity to Hendon School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and 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 Hendon School during the period from 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 Hendon School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hendon School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Hendon School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hendon School's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Hendon School's funding agreement with the Secretary of State for Education 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 from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

Independent reporting accountant's report on regularity 31 August 2020

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing else has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period from 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.



Hugh Swainson 18.12.2020

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account)

Year to 31 August 2020

	Notes	Un- restricted general fund £	Restricted funds		2020 Total funds £	2019 Total funds £
			General £	Fixed assets fund £		
Income from:						
Donations and capital grants	1	110	380	25,656	26,146	435,357
Charitable activities						
. Funding for the School's educational operations	2	47,619	9,392,297	—	9,439,916	8,906,106
Other trading activities	3	49,780	—	—	49,780	67,075
Investments	4	4,012	—	—	4,012	9,040
Total income		<u>101,521</u>	<u>9,392,677</u>	<u>25,656</u>	9,519,854	<u>9,417,578</u>
Expenditure on:						
Charitable activities:						
. School's educational operations	6	74,456	9,435,622	471,622	9,981,700	9,522,283
Total expenditure	5	<u>74,456</u>	<u>9,435,622</u>	<u>471,622</u>	9,981,700	<u>9,522,283</u>
Net income (expenditure) before transfers		27,065	(42,945)	(445,966)	(461,846)	(104,705)
Transfers between funds	14	—	(213,694)	213,694	—	—
Net income (expenditure)		<u>27,065</u>	<u>(256,639)</u>	<u>(232,272)</u>	(461,846)	<u>(104,705)</u>
Actuarial gains (losses) on defined benefit pension scheme	22	—	334,000	—	334,000	(937,000)
Net movement in funds		<u>27,065</u>	<u>77,361</u>	<u>(232,272)</u>	(127,846)	<u>(1,041,705)</u>
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		318,965	(3,043,000)	14,686,818	11,962,783	13,004,488
Total fund balances carried forward at 31 August 2020		<u>346,030</u>	<u>(2,965,639)</u>	<u>14,454,546</u>	11,834,937	<u>11,962,783</u>

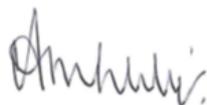
All of the School's activities derived from continuing operations during the above two financial periods.

All gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible fixed assets	10		14,454,546		14,686,818
Current assets					
Debtors	11	271,097		811,993	
Cash at bank and in hand		1,049,030		<u>809,752</u>	
		1,320,127		1,621,745	
Liabilities					
Creditors: amounts falling due within one year	12	(770,232)		<u>(1,263,288)</u>	
Net current liabilities			549,895		<u>358,457</u>
Total assets less current liabilities					
			15,004,441		15,045,275
Creditors: amounts falling due after more than one year	13		(52,504)		<u>(39,492)</u>
Net assets excluding pension scheme liability			14,951,937		<u>15,005,783</u>
Pension scheme liability	22		(3,117,000)		<u>(3,043,000)</u>
Net assets including pension scheme liability			11,834,937		<u>11,962,783</u>
Funds of the School					
Restricted income funds					
. Fixed assets fund	14	14,454,546		14,686,818	
. General fund		151,361		—	
. Pension reserve		(3,117,000)		<u>(3,043,000)</u>	
			11,488,907		11,643,818
Unrestricted funds					
. General fund			346,030		318,965
Total funds			11,834,937		<u>11,962,783</u>

The financial statements on pages 28 to 53 were approved by the governors, and authorised for issue on 8 December 2020 and are signed on their behalf by:



A Leslie
 Chair of Governors
 Hendon School
 Company Limited by Guarantee
 Registration Number: 07803827 (England and Wales)

Statement of cash flows Year to 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	17	432,246	78,736
Cash flows from investing activities	18	(209,682)	(1,013,739)
Cash flows from financing activities	19	16,714	(12,900)
Change in cash and cash equivalents in the reporting period	20	239,278	(947,903)
Cash and Cash equivalents at 1 September 2019		809,752	1,757,655
Cash and cash equivalents at the end of the period		1,049,030	809,752

Principal accounting policies 31 August 2020

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling and are rounded to the nearest pound.

Going concern

The Governors 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 School to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The Governors have confidence in the ability of the School to operate within budget for 2020/21 and going forwards to make the necessary adjustments to spending to continue to operate within a balanced budget in the future. The financial pressure experienced in the sector at this moment are understood and considered by the governors. These projections are based on prudent assumptions regarding income and expenditure.

The Governors have considered the impact of the current coronavirus pandemic on the School's operations. While they acknowledge the disruption caused by the pandemic to the School's day-to-day operations, they do not consider the pandemic to be cause for material uncertainty in respect to the School's ability to continue as a going concern. The School has and is continuing to develop contingency plans which are being implemented successfully and the Governors have therefore concluded that consider that the School has sufficient resources to continue for the foreseeable future, despite the current situation, and there are no material uncertainties about the School's ability to continue as a going concern. Thus, the Governors 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, the receipt is probable and the amount can be measured reliably.

◆ **Grants**

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

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

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

◆ **Donations**

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

◆ **Other Income**

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

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.

◆ **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 expenditure is inclusive of irrecoverable VAT.

Tangible fixed assets

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

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

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

◆ Freehold buildings	2 – 10 % per annum
◆ Fixtures, fittings and equipment	20% per annum
◆ Computer equipment	25% per annum
◆ Motor vehicles	20% per annum

Depreciation is charged from the month of acquisition.

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.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

Liabilities

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

Leased assets

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

Financial instruments

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

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

Cash at bank – is classified as a basic financial instrument and is measured at face value.

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

Taxation

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

Pensions benefits

Retirement benefits to employees of the School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the School.

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 quinquennial valuations using a prospective benefit method. As stated in Note 22, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. 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 School in separate governor administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

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

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency and the Local Authority.

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.

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

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, 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.

Notes to the Financial Statements Year to 31 August 2020

1 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Capital grants	—	25,656	25,656	435,046
Other donations	110	380	490	311
	110	26,036	26,146	435,357

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Capital grants	—	435,046	435,046
Other donations	36	275	311
	36	435,321	435,357

2 Funding for School's educational operations

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
DfE / ESFA revenue grant				
. General Annual Grant (GAG)	—	7,645,127	7,645,127	7,430,080
. Other DfE / ESFA	—	814,901	814,901	427,585
	—	8,460,028	8,460,028	7,857,665
Other government grants				
. Local authority grants	—	923,498	923,498	936,075
. Other grant income	—	1,260	1,260	1,830
	—	924,758	924,758	937,905
Exceptional government funding				
Coronavirus Job Retention Scheme grant	—	6,191	6,191	—
Other coronavirus funding	—	1,320	1,320	—
	—	7,511	7,511	—
Other income from the academy trust's educational operations				
. Music income	5,184	—	5,184	2,619
. Trip income	16,310	—	16,310	57,848
. Exam fees	13,532	—	13,532	36,303
. Other income	12,593	—	12,593	13,766
	47,619	—	47,619	110,536
	47,619	9,392,297	9,439,916	8,906,106

2 Funding for School's educational operations (continued)

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".

- ◆ Other coronavirus funding relates to £1,320 received in respect of statutory sick pay costs for staff suffering from Covid-19. These costs are included in notes 5 and 6, below.
- ◆ The academy furloughed certain long-term teaching staff under the government's Coronavirus Job Retention Scheme. The funding received of £6,191 relates to staff costs in respect of these staff, which are included within note 7, below.

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>2019 Total funds</i>
	£	£	£
<i>DfE / ESFA revenue grant</i>			
. General Annual Grant (GAG)	—	7,430,080	7,430,080
. Other DfE / ESFA	—	427,585	427,585
	<u>—</u>	<u>7,857,665</u>	<u>7,857,665</u>
<i>Other government grants</i>			
. Local authority grants	—	936,075	936,075
. Other grant income	—	1,830	1,830
	<u>—</u>	<u>937,905</u>	<u>937,905</u>
<i>Other income from the School's educational operations</i>			
. Music income	2,619	—	2,619
. Trip income	57,848	—	57,848
. Exam fees	36,303	—	36,303
. Other income	13,766	—	13,766
	<u>110,536</u>	<u>—</u>	<u>110,536</u>
	<u>110,536</u>	<u>8,795,570</u>	<u>8,906,106</u>

3 Other trading activities

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Hire of facilities	34,480	—	34,480	57,075
Graduate training income	15,300	—	15,300	10,000
	<u>49,780</u>	<u>—</u>	<u>49,780</u>	<u>67,075</u>

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>2019 Total funds</i>
	£	£	£
<i>Hire of facilities</i>	57,075	—	57,075
<i>Graduate training income</i>	10,000	—	10,000
	<u>67,075</u>	<u>—</u>	<u>67,075</u>

Notes to the Financial Statements Year to 31 August 2020

4 Investment Income

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Interest receivable	4,012	—	4,012	9,040

	Unrestricted funds £	Restricted funds £	2019 Total funds £
<i>Interest receivable</i>	<i>9,040</i>	<i>—</i>	<i>9,040</i>

5 Expenditure

	Staff costs £	Non pay expenditure		2020 Total funds £	2019 Total funds £
		Premises £	Other costs £		
Academy's educational operations:					
. Direct costs	6,786,090	471,622	343,699	7,601,411	7,353,257
. Allocated support costs	1,507,405	331,195	541,689	2,380,289	2,169,026
	8,293,495	802,817	885,388	9,981,700	9,522,283

	2020 Total funds £	2019 Total funds £
Net expenditure for the period includes:		
Operating lease rentals	21,841	23,565
Depreciation	471,622	400,462
Fees payable to auditor for:		
. Audit	13,520	13,125
. Other services	3,490	3,110

	Staff costs £	Non pay expenditure		2019 Total funds £
		Premises £	Other costs £	
Academy's educational operations:				
. Direct costs	6,541,407	400,462	411,388	7,353,257
. Allocated support costs	1,350,542	332,692	485,792	2,169,026
	7,891,949	733,154	897,180	9,522,283

6 Charitable Activities – School's educational operations

	2020 Total funds £	Restated 2019 Total funds £
Direct costs		
Direct costs	7,601,411	7,352,320
Support costs	2,380,289	2,169,963
	9,981,700	9,522,283
Analysis of support costs		
Support staff costs	1,507,405	1,350,542
Technology costs	203,542	179,711
Premises costs	331,195	332,692
Legal cost	8,950	937
Other support costs	308,911	286,642
Governance costs	20,286	19,439
	2,380,289	2,169,963

7 Staff costs

Staff costs during the year were:

	2020 Total funds £	2019 Total funds £
Wages and salaries	5,868,681	5,813,821
Social security costs	597,096	596,629
Pension costs	1,569,324	1,121,223
	8,035,101	7,531,673
Supply staff costs	253,394	360,276
Staff restructuring costs	5,000	—
	8,293,495	7,891,949

	2020 Total funds £	2019 Total funds £
Staff restructuring costs comprise:		
Severance Payments	5,000	—
	5,000	—

a) Staff severance payments

During the year there was one non-contractual severance payment of £5,000 (2019 – none).

7 Staff costs (continued)

b) Staff numbers

The average numbers of persons (including the Senior Leadership Team) employed by the School during the year was as follows:

Charitable activities	2020 No.	2019 No.
Teachers	99	97
Administration and support	95	98
Management	4	4
	198	199

The average numbers of persons (including the Senior Leadership Team) employed by the School during the year expressed on a full time equivalent basis was as follows:

Charitable activities	2020 No.	2019 No.
Teachers	85	91
Administration and support	59	61
Management	3	3
	147	155

d) Higher paid staff

The number of employees whose benefits (excluding employer's pension contributions) exceeded £60,000 was:

	2020 No.	2019 No.
£60,001 – £70,000	5	5
£70,001 – £80,000	1	1
£80,001 – £90,000	—	1
£100,001 – £110,000	1	—
£110,001 – £120,000	1	1

In 2020 all eight of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, pension contributions for these eight staff amounted to £144,101 (2019 – £94,023 for eight staff). In 2020 none of the above employees participated in the Local Government Pension Scheme. (2019 – £nil).

It should be noted that from September 2019, the Headteacher, Rhona Povey is currently on sick leave undergoing treatment for breast cancer. Craig McGuire was appointed as Acting Headteacher from September 2019. Major decisions in respect of significant expenditure and major capital projects continue to be referred to the governors for prior approval.

7 Staff costs (continued)

e) Key management personnel

The key management personnel of the academy trust comprise the governors and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer's national insurance and pension contributions) received by key management personnel for their services to the academy trust was £932,923 (2019: £914,141).

8 Governors' remuneration and expenses

The Headteacher and staff governors (who are trustees) only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, from the School in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2020 £	2019 £
Rhona Povey, Headteacher and Governor		
. Remuneration	115,001 – 120,000	110,001 – 115,000
. Employer's pension contributions	25,000 – 30,000	15,000 – 20,000
K Kalogirou, Staff Governor (resigned 11 February 2019)		
. Remuneration	—	15,001 – 20,000
. Employer's pension contributions	—	0 – 5,000
M Dickie, Staff Governor		
. Remuneration	25,001 – 30,000	5,000 – 10,000
. Employer's pension contributions	5,000 – 10,000	0 – 5,000
I Bailey, Community Governor		
. Remuneration	0 – 5,000	5,000 – 10,000
. Employer's pension contributions	—	—

Mr I Bailey was employed by the School for approximately 2 months to cover a HR Partner vacancy and was remunerated at the market rate based on the salaries paid to previous HR Partners.

During the year ended 31 August 2020, there were no travel and subsistence expenses reimbursed to governors (2019 — none).

Other related party transactions involving the governors are set out in note 23.

9 Trustees' and Officers' insurance

In accordance with normal commercial practice, the School has purchased Risk Protection Arrangement (RPA) insurance from the DfE to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. This has been purchased as part of a wider global insurance premium. It is not possible to separately identify the portion of the overall insurance premium attributable to the indemnity policy. The insurance provides cover of up to £10 million on any one claim.

10 Tangible fixed assets

	Freehold & leasehold land and buildings £	Computer equipment £	Facilities, Fittings and Furniture equipment £	Motor vehicles £	Total £
Cost/valuation					
At 1 September 2019	16,969,117	348,560	320,226	40,363	17,678,266
Additions	237,050	—	2,300	—	239,350
At 31 August 2020	<u>17,206,167</u>	<u>348,560</u>	<u>322,526</u>	<u>40,363</u>	<u>17,917,616</u>
Depreciation					
At 1 September 2019	2,406,844	293,322	250,919	40,363	2,991,448
Charge in year	418,117	17,418	36,087	—	471,622
At 31 August 2020	<u>2,824,961</u>	<u>310,740</u>	<u>287,006</u>	<u>40,363</u>	<u>3,463,070</u>
Net book value					
At 31 August 2020	<u>14,381,206</u>	<u>37,820</u>	<u>35,520</u>	<u>—</u>	<u>14,454,546</u>
At 31 August 2019	<u>14,562,273</u>	<u>55,238</u>	<u>69,307</u>	<u>—</u>	<u>14,686,818</u>

The Golder's Rise land on which the School is sited has not been included in these financial statements, because the site is designated for educational purposes and has no open market value.

The academy trust owns and leases out playing fields land at Pursley Road, Hendon to a commercial tenant at a rate of £20,000 per annum, subject to a five year, inflation-indexed rental review, on a 99 year lease commencing in 1998. The current rent is £34,614 per annum (2019 – £34,614). Under the terms of the lease agreement, 50% of the gross rental income is payable to the London Borough of Barnet.

During the year 2018/19, the school received Condition Improvement Funding for the drama and dance studios and Windows works for £327,771 and £18,158 respectively.

Notes to the Financial Statements Year to 31 August 2020

11 Debtors

	2020 £	2019 £
Trade debtors	38,216	50,701
Prepayments and accrued income	139,882	503,864
Other debtors	—	—
VAT recoverable	92,999	257,428
	271,097	811,993

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	76,413	469,370
Payroll, taxation and social security	281,377	258,415
Accruals	298,687	376,905
Other creditors	64,044	107,626
SALIX loan	16,602	12,900
Deferred income	33,109	38,072
	770,232	1,263,288

Deferred income

Deferred income at 1 September 2019	38,072	19,921
Amounts release from previous years	(38,072)	(19,921)
Resources deferred in the year	33,109	38,072
Deferred income at 31 August 2020	33,109	38,072

Deferred income of £33,109 relates to DfE income and Business Rates Reimbursement received in advance. (2019 – £38,072 Powerleague rental income, DfE income and Lottery Grant funding received in advance).

13 Creditors: amounts falling due in more than one year

	2020 £	2019 £
SALIX Loans	52,504	39,492
	52,504	39,492
Loan Maturity		
Debt due in one year or less (note 12)	16,602	12,900
In more than one year but not more than two years	16,602	12,900
In more than two years but not more than five years	24,797	26,592
In more than five years	11,105	—
	69,106	52,392

There is no interest payable on the SALIX loan.

14 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, (losses) and transfers £	Balance at 31 August 2020 £
Restricted general fund					
. General Annual Grant (GAG)	—	7,645,127	(7,280,072)	(213,694)	151,361
. Pupil Premium	—	429,498	(429,498)	—	—
. Other grants	—	394,174	(394,174)	—	—
. Local authority grants	—	923,498	(923,498)	—	—
. Other restricted funds	—	380	(380)	—	—
. Pension reserve	(3,043,000)	—	(408,000)	334,000	(3,117,000)
	<u>(3,043,000)</u>	<u>9,392,677</u>	<u>(9,435,622)</u>	<u>120,306</u>	<u>(2,965,639)</u>
Fixed assets fund					
. Items on conversion	11,708,821	—	(281,508)	—	11,427,313
. DfE/EFSA Capital grants	2,082,435	25,656	(119,204)	—	1,988,887
. Capital expenditure from GAG	168,199	—	(39,055)	213,694	342,838
. Drama Studio	652,000	—	(26,080)	—	625,920
. Funding from Unrestricted Reserves	69,363	—	(2,775)	—	66,588
. Donation	6,000	—	(3,000)	—	3,000
	<u>14,686,818</u>	<u>25,656</u>	<u>(471,622)</u>	<u>213,694</u>	<u>14,454,546</u>
Total restricted funds	<u>11,643,818</u>	<u>9,418,333</u>	<u>(9,907,244)</u>	<u>334,000</u>	<u>11,488,907</u>
Unrestricted funds					
. General funds	318,965	101,521	(74,456)	—	346,030
Total unrestricted funds	<u>318,965</u>	<u>101,521</u>	<u>(74,456)</u>	<u>—</u>	<u>346,030</u>
Total funds	<u>11,962,783</u>	<u>9,519,854</u>	<u>(9,981,700)</u>	<u>334,000</u>	<u>11,834,937</u>

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

ESFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

The GAG is provided by the Secretary of State through the Education and Skills Funding Agency (ESFA) to cover the normal running costs of the School. Transfers from this fund to the fixed assets fund represents the purchase of fixed assets from GAG funding. Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other revenue grants

These funds comprise other revenue grants received from the Education and Skills Funding Agency and Local Authorities which are provided for specific purposes and includes the Pupil Premium grant.

14 Funds (continued)

ESFA revenue grant fund and other restricted funds (continued)

Pension reserve

The pension reserve relates to the deficit on the School's share of the London Borough of Barnet Pension Scheme liability for support staff. Whilst the fund is currently in deficit, the liability is not expected to crystallise in the short-term.

Fixed asset fund

These funds relate to the School's holding of tangible fixed assets. Transfers from the General Annual Grant fund to this fund represent the purchase of tangible fixed assets from GAG funding.

Comparative information

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, (losses) and transfers £	Balance at 31 August 2019 £
<i>Restricted general fund</i>					
. General Annual Grant (GAG)	24,983	7,430,080	(7,384,756)	(70,307)	—
. Pupil Premium	—	427,585	(427,585)	—	—
. Other grants	—	1,830	(1,830)	—	—
. Local authority grants	—	936,075	(936,075)	—	—
. Other restricted funds	—	275	(275)	—	—
. Sale of caretaker's house	652,000	—	—	(652,000)	—
. Pension reserve	(1,851,000)	—	(255,000)	(937,000)	(3,043,000)
	<u>(1,174,017)</u>	<u>8,795,845</u>	<u>(9,005,521)</u>	<u>(1,659,307)</u>	<u>(3,043,000)</u>
<i>Fixed assets fund</i>					
. Items on conversion	11,990,329	—	(281,508)	—	11,708,821
. DfE/EFSA Capital grants	1,730,714	435,046	(83,325)	—	2,082,435
. Capital expenditure from GAG	130,521	—	(32,629)	70,307	168,199
. Sale of caretaker's house	—	—	—	652,000	652,000
. Funding from Unrestricted Reserves	—	—	—	69,363	69,363
. Donation	9,000	—	(3,000)	—	6,000
	<u>13,860,564</u>	<u>435,046</u>	<u>(400,462)</u>	<u>791,670</u>	<u>14,686,818</u>
Total restricted funds	<u>12,686,547</u>	<u>9,230,891</u>	<u>(9,405,983)</u>	<u>(867,637)</u>	<u>11,643,818</u>
<i>Unrestricted funds</i>					
. General funds	317,941	186,687	(116,300)	(69,363)	318,965
Total unrestricted funds	<u>317,941</u>	<u>186,687</u>	<u>(116,300)</u>	<u>(69,363)</u>	<u>318,965</u>
Total funds	<u>13,004,488</u>	<u>9,417,578</u>	<u>(9,522,283)</u>	<u>(937,000)</u>	<u>11,962,783</u>

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2020 £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	—	—	14,454,546	14,454,546
Current assets	363,391	956,736	—	1,320,127
Current liabilities	(17,361)	(752,871)	—	(770,232)
Non-current liabilities	—	(52,504)	—	(52,504)
Pension scheme liability	—	(3,117,000)	—	(3,117,000)
Total net assets	346,030	(2,965,639)	14,454,546	11,834,937

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2019 £
<i>Fund balances at 31 August 2019 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	14,686,818	<i>14,686,818</i>
<i>Current assets</i>	318,965	1,302,780	—	<i>1,621,745</i>
<i>Current liabilities</i>	—	(1,263,288)	—	<i>(1,263,288)</i>
<i>Non-current liabilities</i>	—	(39,492)	—	<i>(39,492)</i>
<i>Pension scheme liability</i>	—	(3,043,000)	—	<i>(3,043,000)</i>
<i>Total net assets</i>	<i>318,965</i>	<i>(3,043,000)</i>	<i>14,686,818</i>	<i>11,962,783</i>

16 Financial commitments

Operating leases

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

	Furniture and Equipment	
	2020 £	2019 £
Amounts due within one year	8,348	13,087
Amounts due between one and five years	8,125	3,971
Amounts due after five years	257	—
	16,730	17,058

Capital commitments

The school had no capital commitments that had been contracted for but not provided in the financial statements (2019 – £54,587).

Notes to the Financial Statements Year to 31 August 2020

17 Reconciliation of net expenditure to net cash provided by operating activities

	2020 £	2019 £
Net expenditure for the year	(461,846)	(104,705)
Depreciation (note 10)	471,622	400,462
Capital grants from DfE and other capital income	(25,656)	(435,046)
Interest receivable (note 4)	(4,012)	(9,040)
Local government pension cost less contributions payable (note 22)	350,000	200,000
Local government pension finance income (note 22)	58,000	55,000
Decrease / (increase) in debtors	540,896	(523,250)
(Decrease) / increase in creditors	(496,758)	495,315
Net cash provided by operating activities	432,246	78,736

18 Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	4,012	9,040
Purchase of tangible fixed assets	(239,350)	(1,457,825)
Capital grants from DfE/ESFA	25,656	435,046
Net cash provided by investing activities	(209,682)	(1,013,739)

19 Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(12,900)	(12,900)
Cash inflow from new borrowing	29,614	—
Net cash provided by (used in) financing activities	16,714	(12,900)

20 Analysis of cash and changes in net debt

	At 1 September 2019 £	Cashflows £	Non-Cash Movements £	At 31 August 2020 £
Cash in hand and at bank	809,752	239,278	—	1,049,030
Loans falling due within one year	(12,900)	9,198	(12,900)	(16,602)
Loans falling due after more than one year	(39,492)	(25,912)	12,900	(52,504)
Total change in net debt	757,360	222,564	—	979,924

21 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.

22 Pension and similar obligations

The School'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 London Borough of Barnet. 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 was 31 March 2016 and of the LGPS 31 March 2019. Contributions amounting to £137,535 were payable to the schemes at 31 August 2020 (2019 – £110,957) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

22 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

The employer's pension costs paid to TPS in the period amounted to £882,686 (2019 - £608,060).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £428,000 (2019 – £412,000) of which employer's contributions totalled £340,000 (2019 – £331,000) and employees' contributions totalled £88,000 (2019 – £81,000). The agreed contribution rate is 23.8% for employers until 31 March 2023. The current employee contribution rates are between 5.5% and 12.5%. The employee contribution rates and / or pay bands will be reviewed periodically and may change in future. This is to maintain the average contribution from employees at 6.5% and to ensure the long term costs of the scheme are managed.

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

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	2.9%	2.6%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.2%	2.3%

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.7	21.0
Females	24.0	23.3
<i>Retiring in 20 years</i>		
Males	22.9	22.3
Females	25.7	25.1

	At 31 August 2020 £'000	At 31 August 2019 £'000
Sensitivity Analysis: Impact on the net pension liability from changes in assumptions		
Discount rate +0.1%	(189)	(190)
Discount rate -0.1%	189	190
Mortality assumption – 1 year increase (estimate 3%)	243	230
Mortality assumption – 1 year decrease (estimate 3%)	(243)	(230)
CPI rate +0.1%	170	158
CPI rate -0.1%	(170)	(158)

The School's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	2,790	2,602
Corporate bonds	1,494	1,486
Property	249	139
Cash and other liquid assets	448	418
Total market value of assets	4,981	4,645
Present value of scheme liabilities	(8,098)	(7,688)
Deficit in the scheme	(3,117)	(3,043)

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2020 £'000	2019 £'000
Current service cost	690	502
Past service cost	—	29
Interest income	(86)	(117)
Interest cost	144	172
Total amount recognised in the SOFA	748	586

Movements in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
At 1 September 2019	7,688	5,869
Current service cost	690	502
Interest cost	144	172
Employee contributions	88	81
Actuarial (gains) losses	(347)	1,088
Benefits paid	(163)	(51)
Past service cost	—	29
Unfunded pension payments	(2)	(2)
At 31 August 2020	8,098	7,688

Movements in the fair value of School's share of scheme assets:	2020 £'000	2019 £'000
At 1 September 2019	4,645	4,018
Expected return on assets	86	117
Actuarial (losses) gains	(13)	151
Employer contributions	338	331
Employee contributions	88	81
Benefits paid	(163)	(53)
Estimated unfunded benefits paid	(2)	—
Estimated contribution in respect of unfunded benefits paid	2	—
At 31 August 2020	4,981	4,645

23 Related party transactions

Owing to the nature of the School's operations and the composition of the Governing Board being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the School's financial regulations and normal procurement procedures. There were no transactions during the year ended 31 August 2020, other than those disclosed in note 8.

During the year ended 31 August 2020, there were no Governor donations to the School (2019 – £nil).

Notes to the Financial Statements Year to 31 August 2020

24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2020, the school received £34,421 (2019 – £30,838) and disbursed £39,676 (2019 – £28,618) from the fund. An amount of £651 (2019 – £5,906) is included in other creditors relating to undistributed funds that will be distributed in the accounting period ending 31 August 2021.

25 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Notes	Un-restricted general fund £	Restricted funds		2019 Total funds £
			General £	Fixed assets fund £	
Income from:					
Donations and capital grants	1	36	275	435,046	435,357
Charitable activities					
. Funding for the School's educational operations	2	110,536	8,795,570	—	8,906,106
Other trading activities	3	67,075	—	—	67,075
Investments	4	9,040	—	—	9,040
Total income		186,687	8,795,845	435,046	9,417,578
Expenditure on:					
Charitable activities:					
. School's educational operations	6	116,300	9,005,521	400,462	9,522,283
Total expenditure	5	116,300	9,005,521	400,462	9,522,283
Net income (expenditure) before transfers		70,387	(209,676)	34,584	(104,705)
Transfers between funds	14	(69,363)	(722,307)	791,670	—
Net income (expenditure)		1,024	(931,983)	826,254	(104,705)
Actuarial losses on defined benefit pension scheme	22	—	(937,000)	—	(937,000)
Net movement in funds		1,024	(1,868,983)	826,254	(1,041,705)
Reconciliation of funds					
Total fund balances brought forward at 1 September 2018		317,941	(1,174,017)	13,860,564	13,004,488
Total fund balances carried forward at 31 August 2019		318,965	(3,043,000)	14,686,818	11,962,783