

# Harpenden Academy Limited

(Formerly Harpenden Free School Limited)  
(A Company Limited by Guarantee)

Annual Report and Financial Statements  
For the year ended 31 August 2016

# Harpenden Academy Limited

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# Harpenden Academy Limited

## Reference and Administrative Details

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### Governors

Avaril Allen	(resigned 15 October 2015 )
Max Vialou Clark	(appointed 17 May 2015, resigned 5 July 2016 )
Kath Coulson	
Laura Gilham	(appointed 26 September 2016)
Judith Gordon	(appointed 1 April 2016)
Tom Hoare	(resigned 5 July 2016 )
Natalie Hogan	(appointed 1 April 2016)
Sarah Holmes	(resigned 12 May 2016)
Rob Humphreys	(resigned 9 December 2015 )
Emma Kissack	(appointed 1 September 2016)
Ruth Martin	(resigned 5 July 2016)
Caroline Merritt	(appointed 22 January 2016)
Geoff Newman	(appointed 1 September 2016)
Heather Pontin	(appointed 12 May 2016, resigned 15 June 2016 )
Mhairhi Pontin	(appointed 22 January 2016)
Mike Stevens	(appointed 1 September 2016)
Gillian Taylor	(resigned 9 December 2015)
Richard Turner	

### Senior Leadership Team

Head teacher	Lisa Davies
Assistant Head teacher	Louise Curtis

### Senior Management Team

Coordinator	Kate Watson
Coordinator	Vikki Johnston
Coordinator	Michelle Aylott

**Principal and Registered Office** Harpenden Academy  
Vaughan Road  
Harpenden  
Hertfordshire  
AL5 4EN

**Company Registration Number** 07649122 (England and Wales)

**Independent Auditor** Kingston Smith LLP  
4 Victoria Square  
St Albans  
AL1 3TF

**Bankers** The Cooperative Bank plc.  
P.O. Box 101  
1 Balloon Street  
Manchester  
M60 4EP

# Harpenden Academy Limited

## Trustees Annual Report

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates as a Primary school for children aged between 4 years and 11 years of age, in Harpenden, Hertfordshire.

### **Structure, Governance and Management**

The Full Governing Body met twice termly throughout 2015-16 given the challenges facing the school, and the speed and complexity of strategic decision-making required. No sub-committees were formed.

Governors also found they had to take on more operational roles as a result of these pressures and the leadership absences, in order to assure the continued operation of the school.

Sir John Lawes Academies Trust has a dedicated Trust Board that oversees the four schools currently within the Trust. Harpenden Academy's Chair of the local governing body sits on the Trust. Harpenden Academy were thanked and retired ahead of handing over the school on 1 September to SJLAT. The Governing Body has also now become a local Governing Body within the broader MAT organisation.

### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Harpenden Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Harpenden Academy, having changed its name in August 2015 to align with its legal status and reflect its educational aims. Details of the trustees who served during the year are included in the Reference and Administrative details on page 1.

### **Members' Liability**

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

### **Trustees' Indemnities**

The company has purchased Governors' Liability Insurance which forms part of the school's insurance policy.

### **Method of Recruitment and Appointment or Election of Trustees**

Subject to the articles the Trust shall have up to 16 governors with up to 4 parent governors and 2 staff governors.

Governors are recruited through the use of local contacts and external websites such as The National Governors Association. Parent governors are appointed through parent elections. A mix of skills and expertise is sought across the governing body.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

Formal induction pack is in place to support the induction of new governors.

### **Organisational Structure**

The Headteacher is the Accounting Officer for the Harpenden Academy. The Headteacher and Business Manager manage the operational finances of the school and can authorise spend of up to £20,000. Spend above this level is authorised by Governing Board. The management accounts and forecast for the full school year is reported every month to the Governing Body. All recruitment is delegated to the Headteacher and reported to the Governing Board. Capital spend associated with the new school building is controlled by the EFA.

### **Arrangements for setting pay and remuneration of key management personnel**

Across the SJL Trust there is a robust and well documented performance management process for all personnel including key personnel. Headteachers of the schools in the Trust will meet with their own school's personnel committee, made up of the Chair of Governors of LGB and other nominated governors to review their progress against the preceding year's personal targets, a review of the school's progress against the school targets and for the CEO a review of the progress of the Trust against the Trust development plan. Recommendations for any salary increase are notified to the Board.

The Trust is in the process of a governance review, however in preparing for the review it is the Trust Board's wishes that the structure to be considered includes a Remuneration Committee for the Trust senior leaders. It is proposed that salary considerations for 2016/17 will be made under the new structure.

### **Related Parties and other Connected Charities and Organisation**

Harpenden Academy approached the SJL Academies Trust to join the Trust thus securing the support and resources the governing body felt it needed to become a Good and then Outstanding School. Harpenden Academy formally joined the Trust on 1st September 2016.

## **Objectives and Activities**

### **Objects and Aims**

Harpenden Academy's Mission is to "celebrate children, learning and leading". Its core values are being "curious, unique, brave, boundless, responsible and playful".

### **Objectives, Strategies and Activities**

#### *Activities - a challenging start to the year*

This has proven a challenging year for Harpenden Academy. The school relocated to its new permanent premises at Victoria Road just as the new academic year started. Ofsted then chose to inspect the school 9 days after the move, with 11 new staff and one-third of pupils newly arrived. So it was not surprising to be found to 'require improvement' on that day against Ofsted categories, with 'good' for personal development, behaviour and welfare.

The new school building, however, was unfinished, and a great deal of leadership and Governor time was then invested in transforming it to an inspiring place for learning. A subsequent HMI visit also recommended significant changes to the 'mound' in the playground in order to keep children safe, which limited play area for the year.

The school also went through some significant changes in leadership during the course of the year losing the Early Years Leader before Christmas and the Principal and Deputy Principal leaving at Easter. A new temporary Headteacher was appointed to lead the school for much of the final term.

Ofsted's report and the continued building and leadership uncertainties put significant pressure on overall pupil numbers, with consequent risks for the overall financial stability of the school.

However, the professional commitment of the teaching team despite these uncertainties ensured that many children still made good academic progress and attainment. Indeed, 2016 KS1 results, generally, in line with the Hertfordshire average.

### *Activities - a platform for the future*

Recognising the scale of challenges the school was facing, and the imperative to catalyse the school's development and progress for the children, the Governing Body approached the Department for Education late in 2015 to seek its support for opening discussions with Multi Academy Trusts. Governors' aims were twofold: to secure the economies of scale and expertise that a high-performing MAT could offer, whilst supporting the school's core ethos.

A decision in principle was taken by Governors in May 2016 to join the Sir John Lawes Academies Trust, subject to approvals by the Secretary of State. This took effect on 1 September 2016. SJLAT is a local Multi Academy Trust, with an exceptional reputation whose Chief Executive is Headteacher of a local Ofsted Outstanding secondary school.

The partnership between HA and the SJLAT now provides a strong platform for the school to progress rapidly. The Trust has seconded an experienced Headteacher to lead the school from July 2016. A new permanent Deputy Headteacher is in post. And a stable teaching and leadership team has been retained into this new academic year, who are now drawing on the extensive support of SJLAT to drive forward the school's development.

### **Public Benefit**

Harpenden Academy receives the majority of its income from the Department for Education to provide educational services to children and to ensure a broad and balanced curriculum. Having given due regard to the guidance on public benefit, the governors of Harpenden Academy are satisfied that they meet the public benefit criteria as required by section 17 of the Charities Act 2011.

### Strategic Report

#### Achievements and Performance

Below is the data as it stands at the end of the academic year. Comparisons have been made to Herts averages and National averages where applicable. National data for 2016 isn't available yet so the National data is 2015.

#### Year 1 Phonic Screening check

Year 1 Phonic screening	Harpenden	Herts 2016	National 2015
	82%	83%	82%

Aspirational target for 2017 is 85% pass rate

#### Phonic Screening check (Year 1 & 2 retakes)

Pass rate for Year 1 & Year 2 retakes	Harpenden	Herts 2016	National 2015
	85%	92%	90%

Aspirational target for 2017 is 92% pass rate

#### KS1 SAT Results

	Harpenden	Herts 2016 %	National 2016 %
Reading EXS+	82	79	74
Reading GDS	45.5	31	24
Writing EXS+	86.4	71	66
Writing GDS	25	20	13
Maths EXS+	88.6	77	73
Maths GDS	22.7	24	18
Science EXS	86.4	85	82
RWM	77.3	66.4	-
RWMS	75	66	-

#### Key Performance Indicators

The Trustees consider there are two key performance indicators which the school monitored closely during the year:

- Academic attainment

The attainment of pupils against age related expectations is a KPI

- Pupil Numbers

Financial forecasts show fluctuation in profit and loss closely linked to pupil numbers, pupil numbers are also an indication of parental confidence

# Harpenden Academy Limited

## Trustees Annual Report

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### Going Concern

The Trustees of Harpenden Academy confirm that the Trust can continue to operate as a going concern and therefore the accounts have been prepared on a going concern basis.

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

### Financial Review

Most of Harpenden Academy's income is obtained from the DfE via the EFA in the form of its General Annual Grant (GAG) the use of which is restricted to particular purposes; ie the objects of the Academy. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as voluntary income and activities for generating funds.

Total income for the year was £1.3m (2015 £5.1m). 2015 income reflected the start up costs. The Academy reserves comprise the fixed asset fund of £5.1m (2015 £5.1m), restricted and unrestricted funds £0.05m (2015 £ 0.05m). The cash position of the Academy as at 31st August 2016 was £0.128m compared to £0.115m last year.

Harpenden Academy is well resourced and enjoys purpose built accommodation and facilities. All classes for example enjoy smart screens and access to banks of ipads for the pupils to use to enhance their learning. There are dedicated areas for science and food technology. The Academy funds Forest School and external sport coaching provision for all students.

The Academy now needs to attract increased pupil numbers in order to financially sustain the generous staffing structure.

### Reserves Policy

The Governors have examined the Trust's requirements for reserves in light of the main risks to the organisation. The Governors have agreed specific financial objectives as follows:

To provide long-term stability and security for pupils, by

- investing all available monies to best secure our Harpenden Academy mission and School Development Plan
- demonstrating value for money and financial probity in all financial transactions
- maintaining a reserve of 5% of annual income (c. £40,000). Reserve to be built up over 3 years and never to fall below £20,000

Reserves held at 31st August 2016 are:

Unrestricted fund reserves £4,468 (2015: £2,591)

Restricted fund reserves £45,604 (2015: £49,811)

Restricted fixed asset reserves £5,064,752 (2015: £5,120,507)

Total fund reserves £5,114,824 (2015: £5,172,909)

Reserves held at 31st August 2016 are in line with the trust policy.

There are no material funds at 31st August 2016 that have been designated for any particular project. All restricted funds are currently available for the general purposes of the academy. The restricted fixed asset fund could only be realised by the disposal of the tangible fixed assets of the academy.

### Investment Policy

Investments are made in line with the agreed school budget which is reviewed and authorised by the full governing body. All spend over £20,000 is approved by the governing body. There are currently no funds available for long term investment.



# Harpenden Academy Limited

## Trustees Annual Report

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### **Principal Risks and Uncertainties**

Stabilising HA's financial position, through growing our pupil numbers, remains the principal challenge for the year ahead. Key to this will be demonstrating strong pupil progress for current families; retaining talented teachers and leaders; as well as having a confident marketing strategy that highlights a brand new building in the heart of the community, and being part of a highly-regarded Multi Academy Trust.

The extensive construction work that will be needed over the summer to the school premises to ensure the playground remains safe and stimulating is also a considerable uncertainty. The cost risks for this however will be managed through the Education Funding Agency.

### **Plans for Future Periods**

The school now has an Action Plan to ensure children have consistently good teaching and learning, with high ambitions set for staff and for children.

Harpenden Academy joined the SJL Academies Trust on 1st September 2016. The SJLAT objective is to produce responsible young people of whom all can be proud, who have achieved more than they ever believed possible and who are prepared to make a contribution to their local, national and global communities.

The SJLAT main strategies for Harpenden Academy and all the schools within the Trust are outlined in their annual development plan.

### **Funds Held as Custodian Trustee on Behalf of Others**

The Trustees of Harpenden Academy confirm it holds no funds on behalf of others.

### **Auditor**

Insofar as the trustees are aware:

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

Kingston Smith LLP were appointed auditors to the charitable company and in accordance with section 485 of the Companies Act 2006, a resolution that they be reappointed will be put at a General Meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ...19... December 2016 and signed on the board's behalf by:



Emma Kissack  
Trustee

# Harpenden Academy Limited

## Governance statement

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

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

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 11 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Avaril Allen	1	1
Max Vialou Clark	7	11
Kath Coulson	11	11
Laura Gilham	0	0
Judith Gordon	5	5
Tom Hoare	7	11
Natalie Hogan	4	5
Sarah Holmes	7	8
Rob Humphreys	2	4
Ruth Martin	10	11
Caroline Merritt	8	8
Heather Pontin	3	4
Mhairhi Pontin	7	7
Mike Stevens	0	0
Gillian Taylor	3	4
Richard Turner	8	11

### Review of Value for Money

As accounting officer the Principal 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.

## Governance statement

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

- Continuing to forge links with Herts County Council and making use of various specialised services offered by them such as attendance and special needs professionals.
- Continuing to offer its in house wrap around care which offers a good level of additional income for the school.

Harpenden Academy is now benefiting from the increased buying power of the SJL Academies Trust and has seen savings in its Business and Finance support provision. All contracts are under review and will be brought in line with the central contracts register as and when appropriate.

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objective. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harpenden Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal review function and has decided to appoint Kingston Smith to provide an internal review of the accounts.

# Harpenden Academy Limited

## Governance statement

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/ bank reconciliations
- Testing of income to supporting documentation
- Testing of systems in place to monitor capital contracts
- Testing of expense claims

On a termly basis, Kingston Smith reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. Kingston Smith concluded that internal controls are being adhered to, that the Business Manager operates a strong audit trail and that the Principal exercises authorisation at appropriate points in the system.

### Review of effectiveness

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

- The work of the business manager:
- The work of the external auditor:
- The financial management and governance self-assessment process
- The work of the executive managers within the academy trust who have responsibility for the development maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on <sup>19</sup>..... December 16 and signed on its behalf by:



**Emma Kissack**  
Trustee



**Lisa Davies**  
Accounting Officer

## Harpenden Academy Limited

### Statement on Regularity, Propriety and Compliance

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As accounting officer of Harpenden Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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.

I confirm that I and the academy trust board of trustees 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's funding agreement and the Academies Financial Handbook.

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



**Lisa Davies**  
Accounting Officer

# Harpenden Academy Limited

## Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on ...19... December 2016 and signed on its behalf by:



Emma Kissack  
Trustee

# Harpenden Academy Limited

## Independent Auditor's Report on the Financial Statements to the Board of Trustees of Harpenden Academy Limited

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We have audited the financial statements of Harpenden Academy Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 and trustees those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Harpenden Academy Limited

## Independent Auditor's Report on the Financial Statements to the Board of Trustees of Harpenden Academy Limited (continued)

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### **Matters on which we are required to report by exception**

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

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



Date:

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

Kingston Smith LLP  
4 Victoria Square  
St Albans  
AL1 3TF



# Harpenden Academy Limited

## Independent Reporting Accountant's Assurance Report on Regularity to Harpenden Academy Limited and the Education Funding Agency

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In accordance with the terms of our engagement letter dated 15 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harpenden Academy Limited during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Harpenden Academy Limited's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Harpenden Academy Limited's funding agreement with the Secretary of State for Education dated 16 August 2012 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry
- Inspection and review
- Observation and reperformance

# Harpenden Academy Limited

## Independent Reporting Accountant's Assurance Report on Regularity to Harpenden Academy Limited and the Education Funding Agency (continued)

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

Date: 20 December 2016

Kingston Smith LLP  
4 Victoria Square  
St Albans  
AL1 3TF

# Harpenden Academy Limited

Statement of Financial Activities for the year ended 31 August 2016  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £ as restated
<b>Income and endowments from:</b>						
Donations and capital grants	2	10,376	-	96,024	106,400	3,932,656
Charitable activities:						
Funding for the academy trust's educational operations	3	38	1,135,807	-	1,135,845	1,165,570
Other trading activities	4	-	48,362	-	48,362	466
<b>Total</b>		<u>10,414</u>	<u>1,184,169</u>	<u>96,024</u>	<u>1,290,607</u>	<u>5,098,692</u>
<b>Expenditure on:</b>						
Charitable activities:						
Academy trust educational operations	5	8,537	1,191,567	148,588	1,348,692	1,378,606
<b>Total</b>	6	<u>8,537</u>	<u>1,191,567</u>	<u>148,588</u>	<u>1,348,692</u>	<u>1,378,606</u>
<b>Net income / (expenditure)</b>		<u>1,877</u>	<u>(7,398)</u>	<u>(52,564)</u>	<u>(58,085)</u>	<u>3,720,086</u>
Transfers between funds	13	-	3,191	(3,191)	-	-
<b>Net movement in funds</b>		<u>1,877</u>	<u>(4,207)</u>	<u>(55,755)</u>	<u>(58,085)</u>	<u>3,720,086</u>
<b>Reconciliation of funds</b>						
Total funds brought forward	13	2,591	49,811	5,120,507	5,172,909	1,452,823
<b>Total funds carried forward</b>	13	<u>4,468</u>	<u>45,604</u>	<u>5,064,752</u>	<u>5,114,824</u>	<u>5,172,909</u>

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

# Harpenden Academy Limited

## Balance Sheet as at 31 August 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible assets	10		5,064,752		5,120,507
<b>Current assets</b>					
Debtors	11	49,054		406,215	
Cash at bank and in hand		128,475		115,125	
		<u>177,529</u>		<u>521,340</u>	
<b>Liabilities</b>					
Creditors : Amounts falling due within one year	12	(127,457)		(468,938)	
<b>Net current assets/(liabilities)</b>			<u>50,072</u>		<u>52,402</u>
<b>Total assets less current liabilities</b>			<u>5,114,824</u>		<u>5,172,909</u>
<b>Total net assets</b>			<u>5,114,824</u>		<u>5,172,909</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	13	5,064,752		5,120,507	
General fund	13	45,604		49,811	
<b>Total restricted funds</b>			<u>5,110,356</u>		<u>5,170,318</u>
<b>Unrestricted income funds</b>	13		4,468		2,591
<b>Total funds</b>			<u>5,114,824</u>		<u>5,172,909</u>

The financial statements on pages 17 to 35 were approved by the trustees, and authorised for issue on 19 December 2016 and are signed on their behalf by:



**Lisa Davies**

Head teacher



**Emma Kissack**

Trustee

# Harpenden Academy Limited

## Cash Flow Statement for the year ended 31 August 2016

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	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	16	10,159	5,005
<b>Cash flows from investing activities</b>	17	3,191	9,610
<b>Change in cash and cash equivalents in the reporting period</b>		<u>13,350</u>	<u>14,615</u>
<b>Cash and cash equivalents at 1 September 2015</b>		115,125	100,510
<b>Cash and cash equivalents at 31 August 2016</b>	18	<u>128,475</u>	<u>115,125</u>

# Harpenden Academy Limited

## Notes to the Financial Statements for the year ended 31 August 2016

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### 1 Statement of Accounting Policies

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

#### Company information

Harpenden Academy Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Vaughan Road, Harpenden, Hertfordshire, AL5 4EN.

#### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102))', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

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

#### First time adoption of FRS 102

These financial statements are the first financial statements of Harpenden Academy Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

No adjustments were required on the transition.

#### Going Concern

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

#### Income

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

#### Grants

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

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

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 sheet in the restricted fixed asset fund.

#### **Sponsorship Income**

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

#### **Donations**

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

#### **Other Income**

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

#### **Donated goods, facilities and services**

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

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

#### **Expenditure**

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

#### **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.

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

#### **Expenditure on Raising Funds**

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

All resources expended are inclusive of irrecoverable VAT.

#### **Tangible Fixed Assets**

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

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

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

Freehold buildings	2% straight line
<i>(With the exception of improvements made to temporary residences where costs are written off over the period of occupation.)</i>	
Leasehold improvements	50% straight line
Fixtures, Fittings & Equipment	12.5% straight line
Computer equipment	10% years straight line

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

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

#### **Liabilities**

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

#### **Provisions**

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



# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

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

#### **Leased Assets**

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

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

## 1 Statement of Accounting Policies (continued)

### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### **Taxation**

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

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

### **Provisions**

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

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

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### 1 Statement of Accounting Policies (continued)

#### **Employee benefits**

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

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

#### **Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'). The school is not a member of the Local Government Pension Scheme ('LGPS').

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

#### **Fund Accounting**

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

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

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

#### **Critical accounting estimates and areas of judgment**

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

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £ as restated
Capital grants	-	96,024	<b>96,024</b>	3,932,143
Other donations	10,376	-	<b>10,376</b>	513
	<u>10,376</u>	<u>96,024</u>	<u><b>106,400</b></u>	<u>3,932,656</u>

The income from donations and capital grants totalled £106,400 (2015: £3,932,656) of which £10,376 (2015: £513) was unrestricted and £96,024 (2015: £3,932,143) restricted fixed assets.

### 3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £ as restated
<b>DfE / EFA grants</b>				
General Annual Grant (GAG)	-	939,930	<b>939,930</b>	796,963
Other DfE/EFA grants	-	112,834	<b>112,834</b>	294,961
	<u>-</u>	<u>1,052,764</u>	<u><b>1,052,764</b></u>	<u>1,091,924</u>
<b>Other Government grants</b>				
Playground grant	-	-	-	10,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Other Income from the academy trust's educational operations	38	83,043	<b>83,081</b>	63,646
	<u>38</u>	<u>1,135,807</u>	<u><b>1,135,845</b></u>	<u>1,165,570</u>

Funding for the Academy Trust's Educational Operations totalled £1,135,845 (2015: £1,165,570) of which £38 (2015: £nil) was unrestricted and £1,135,807 restricted (2015: £1,165,570).

### 4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Other income	-	48,362	<b>48,362</b>	466
	<u>-</u>	<u>48,362</u>	<u><b>48,362</b></u>	<u>466</u>

Other income totalled £48,362 (2015: £466) of which £48,362 was restricted (2015: £nil) and £nil unrestricted (2015: £466).

# Harpenden Academy Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 5 Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2016 £	Total 2015 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	683,270	-	148,439	<b>831,709</b>	686,625
Allocated support costs	100,844	265,479	150,660	<b>516,983</b>	691,981
	<u>784,114</u>	<u>265,479</u>	<u>299,099</u>	<u><b>1,348,692</b></u>	<u>1,378,606</u>

Expenditure totalled £1,348,692 (2015: £1,378,606) of which £1,200,104 (2015: £1,132,796) was restricted and £148,588 (2015: £245,810) restricted fixed assets.

Net income / (expenditure) for the period includes:

	2016 £	2015 £
Operating leases	2,593	3,052
Depreciation	148,588	245,810
Fees payable to auditor for:		
Audit	8,300	6,750
Other services	5,186	4,776
	<u>164,667</u>	<u>260,388</u>

## 6 Charitable Activities

	Total 2016 £	Total 2015 £
<b>Direct costs - educational operations</b>	<b>831,709</b>	686,625
<b>Support costs - educational operations</b>	<b>516,983</b>	691,981
	<u><b>1,348,692</b></u>	<u>1,378,606</u>

### Support costs - educational operations

	Educational operations 2016 £	Educational operations 2015 £
Support staff costs	100,844	68,524
Depreciation	148,588	245,810
Technology costs	3,238	4,911
Premise costs	116,891	266,489
Other support costs	130,088	91,886
Governance costs	17,334	14,361
<b>Total direct and support costs</b>	<u><b>516,983</b></u>	<u>691,981</u>

Direct costs totalled £831,709 (2015: £686,625) of which £831,709 (2015: £686,625) was restricted.

Support costs totalled £516,983 (2015: £691,981) of which £8,537 (2015: £nil) was unrestricted, £359,858 (2015: £446,171) was restricted and £148,588 (2015: £245,810) restricted fixed assets.

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 7 Staff

#### a. Staff costs

	2016	2015
	£	£
Staff costs during the period were:		
Wages and salaries	648,486	569,550
Social security costs	35,868	37,328
Operating costs of defined benefit pension scheme	59,514	55,257
	<u>743,868</u>	<u>662,135</u>
Supply staff costs	<u>40,246</u>	<u>15,851</u>
	<u>784,114</u>	<u>677,986</u>

#### b. Staff numbers

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

	2016	2015
	No.	No.
Teachers	11	11
Administration and support	12	12
Management	1	1
	<u>24</u>	<u>24</u>

#### c. Higher paid staff

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

	2016	2015
	No.	No.
£70,001 - £80,000	-	1

#### d. Key management personnel

The key management personnel of the academy trust comprised the trustees and the senior management team including Principal, Acting Principal, Director of Learning, SEN Co-ordinator and Leader of Younger Years. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £222,405 (2015: £205,633)

# Harpenden Academy Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

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## 8 Related Party Transactions - Trustees' Remuneration and Expenses

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

Lisa Davies (Principal)

Remuneration £10,000 - £15,000 (2015: £nil)

Pension £0 - £5,000 (2015: £nil)

Marissa Davis (Former Principal)

Remuneration £45,000 - £50,000 (2015: £75,000 - £80,000)

Pension £5,000 - £10,000 (2015: £10,000 - £15,000)

Ruth Martin (Acting Principal and trustee)

Remuneration £0 - £5,000 (2015: £nil)

Pension £nil (2015: £nil)

Averil Allen (EYFS consultant and trustee)

Remuneration £0 - £5,000 (2015: £nil)

Pension £nil (2015: £nil)

There were no expenses reimbursed to trustees during the year to 31 August 2016 (2015: £nil)

## 9 Trustees and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was £1,205 (2015: £647). The cost of this insurance is included in the total insurance cost.

# Harpenden Academy Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 10 Tangible fixed assets

	Freehold Land and Buildings £	Furniture and Equipment £	Plant and Machinery £	Computer Equipment £	Total £
<b>Cost</b>					
At 1 September 2015	4,934,308	137,243	4,493	247,278	<b>5,323,322</b>
Additions	51,548	8,592	-	32,693	<b>92,833</b>
Disposals	(2,698)	-	-	-	<b>(2,698)</b>
At 31 August 2016	<u>4,983,158</u>	<u>145,835</u>	<u>4,493</u>	<u>279,971</u>	<b>5,413,457</b>
<b>Depreciation</b>					
At 1 September 2015	131,871	27,426	4,493	39,025	<b>202,815</b>
Charged in year	102,362	18,229	-	27,997	<b>148,588</b>
Disposals	(2,698)	-	-	-	<b>(2,698)</b>
At 31 August 2016	<u>231,535</u>	<u>45,655</u>	<u>4,493</u>	<u>67,022</u>	<b>348,705</b>
<b>Net book values</b>					
At 31 August 2016	<u><b>4,751,623</b></u>	<u><b>100,180</b></u>	<u><b>-</b></u>	<u><b>212,949</b></u>	<u><b>5,064,752</b></u>
At 31 August 2015	<u>4,802,437</u>	<u>109,817</u>	<u>-</u>	<u>208,253</u>	<b>5,120,507</b>

## 11 Debtors

	2016 £	2015 £
Trade debtors	<b>11,399</b>	201,763
VAT recoverable	<b>13,475</b>	177,035
Other debtors	<b>11,199</b>	16,866
Prepayments and accrued income	<b>12,981</b>	10,551
	<u><b>49,054</b></u>	<u>406,215</u>



# Harpenden Academy Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

## 12 Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	34,481	195,031
Taxation and social security	17,554	175,244
EFA creditor: abatement of GAG	18,832	51,571
Other creditors	11,336	6,719
Accruals and deferred income	45,254	40,373
	<u>127,457</u>	<u>468,938</u>

## Deferred income

	2016 £	2015 £
Deferred Income at 1 September 2015	21,540	45,983
Resources deferred in the year	28,806	21,540
Amounts released from previous years	(21,540)	(45,983)
Deferred Income at 31 August 2016	<u>28,806</u>	<u>21,540</u>

Deferred income represents Universal Infant Free School Meal income relating to the 2016/17 school year.

## 13 Funds

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	36,470	939,930	(950,654)	3,191	28,937
Other DfE grants	3,341	112,834	(116,175)	-	-
Playground grant	10,000	-	(10,000)	-	-
Catering and other income	-	131,405	(114,738)	-	16,667
	<u>49,811</u>	<u>1,184,169</u>	<u>(1,191,567)</u>	<u>3,191</u>	<u>45,604</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	5,112,801	90,134	(146,888)	(3,191)	5,052,856
Devolved Capital Grant	7,706	5,890	(1,700)	-	11,896
	<u>5,120,507</u>	<u>96,024</u>	<u>(148,588)</u>	<u>(3,191)</u>	<u>5,064,752</u>
<b>Total restricted funds</b>	<u>5,170,318</u>	<u>1,280,193</u>	<u>(1,340,155)</u>	<u>-</u>	<u>5,110,356</u>
<b>Unrestricted funds</b>					
Unrestricted funds	2,591	10,414	(8,537)	-	4,468
<b>Total unrestricted funds</b>	<u>2,591</u>	<u>10,414</u>	<u>(8,537)</u>	<u>-</u>	<u>4,468</u>
<b>Total funds</b>	<u>5,172,909</u>	<u>1,290,607</u>	<u>(1,348,692)</u>	<u>-</u>	<u>5,114,824</u>

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

### 13 Funds (Continued)

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

#### Restricted general funds

All restricted funds are grants received from the Department for Education and the Local Authority for the purpose of running the academy.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

All capital grants received from the Department for Education and the Local Authority are to be used on capital expenditure.

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

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

#### Unrestricted funds

All unrestricted funds are amounts raised by the academy which can be used in any way the trustees deem appropriate.

### 14 Analysis of net assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	5,064,752	5,064,752
Current assets	4,468	173,061	-	177,529
Current liabilities	-	(127,457)	-	(127,457)
<b>Total net assets</b>	<b>4,468</b>	<b>45,604</b>	<b>5,064,752</b>	<b>5,114,824</b>

### 15 Financial Commitments

#### Operating Leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
<b>Other</b>		
Amounts due within one year	1,952	2,593
Amounts due between two and five years	488	2,440
	<b>2,440</b>	<b>5,033</b>

# Harpenden Academy Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

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

	2016 £	2015 £
Net income/(expenditure) for the reporting period	(58,085)	3,720,086
Adjusted for:		
Depreciation [note 10]	148,588	245,810
Capital Grants from DfE and other capital income	(96,024)	(3,932,143)
(Increase)/decrease in debtors	357,161	87,935
Increase/(decrease) in creditors	(341,481)	(116,683)
<b>Net Cash provided by / (used in) Operating Activities</b>	<b>10,159</b>	<b>5,005</b>

## 17 Cash flows from investing activities

	2016 £	2015 £
Proceeds from sale of tangible fixed assets	-	7,706
Purchase of tangible fixed assets	(92,833)	(3,922,533)
Capital grants from DfE/EFA	96,024	3,924,437
<b>Net Cash provided by / (used in) investing Activities</b>	<b>3,191</b>	<b>9,610</b>

## 18 Analysis of cash and cash equivalents

	At 31 August 2016 £	At 31 August 2015 £
Cash in hand and at bank	128,475	115,125
<b>Total cash and cash equivalents</b>	<b>128,475</b>	<b>115,125</b>

## 19 Members' Liability

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

# Harpenden Academy Limited

## Notes to the Financial Statements (continued) for the year ended 31 August 2016

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### **20 Pension and Similar Obligations**

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff.

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

Contributions amounting to £4,795 were payable to the schemes at 31 August 2016 (2015: £nil) and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

##### **Valuation of the Teachers' Pension Scheme**

Not less than every four years 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. 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 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effect date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return of 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed normal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

# Harpenden Academy Limited

Notes to the Financial Statements (continued)  
for the year ended 31 August 2016

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## **20 Pension and Similar Obligations (Continued)**

### **Teachers' Pension Scheme Changes**

The employer's pension costs paid to TPS in the period amounted to £59,514 (2015: £55,257).

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.

## **21 Events after the balance sheet date**

On 1 September 2016 the Academy became part of Sir John Lawes Academies Trust. Land, previously owned by the Academy, was transferred to the Trust.

## **22 Related party transactions**

During the year, a total of £20,221 was paid to Birkin Cleaning Services Limited, a company that is a related party of Jo Hart, in respect of cleaning services provided to the Academy. At the year end £1,609,63 was due to Birkin Cleaning Services Limited.