
THE HARROWBY/NATIONAL ACADEMIES TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 19
Statement on regularity, propriety and compliance	20
Statement of Trustees' responsibilities	21
Independent auditors' report on the financial statements	22 - 24
Independent reporting accountant's report on regularity	25 - 26
Statement of financial activities incorporating income and expenditure account	27 - 28
Balance sheet	29 - 30
Statement of cash flows	31
Notes to the financial statements	32 - 58

THE HARROWBY/NATIONAL ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs J Sharp The Lincoln Diocesan Trust & Board of Finance Limited Mr D Thorpe (resigned 5 June 2020) Mr P Thompson (appointed 5 October 2020)
Trustees	Mr S Jones, Chair of Trustees Mrs J Sharp (resigned 30 December 2019) Mrs A Comerford, Staff Trustee (resigned 31 December 2019) Father S Cradduck, Ex-Officio Ms C Francis (appointed 4 October 2019, resigned 17 December 2019) Mrs J Gardner Mr C Graves (resigned 15 October 2019) Mr F Headley (appointed 18 March 2020, resigned 13 July 2020) Miss S Leeson, Staff Trustee Mrs A Kozlowska, Staff Trustee Miss R McClory (resigned 19 September 2019) Mr A Mendham, Vice Chair Rev S Parsons, Ex-Officio (appointed 17 September 2019) Mrs A Platt, Executive Headteacher and Accounting Officer Mr D Smeaton (appointed 30 October 2019) Mr C Stiff (appointed 18 March 2020) Mrs S Szulczewski (resigned 18 September 2019) Mr D Thorpe (resigned 5 June 2020) Rev J Titley (appointed 4 October 2019) Mrs E Woods (resigned 8 July 2020)
Company registered number	08105941
Company name	The Harrowby/National Academies Trust
Principal and registered office	The National Church of England Junior School Castlegate Grantham Lincs NG31 6SR

THE HARROWBY/NATIONAL ACADEMIES TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Chief executive officer A Platt

Senior Leadership Team

Mrs A Platt, Executive Headteacher and Accounting Officer
Mrs J Watson, Deputy Headteacher, National School
Mrs E Jenkins, Assistant Headteacher, SENDCo
Mrs A Comerford, Assistant Headteacher
Mrs T Thomas, Assistant Headteacher
Mrs P Harris, Chief Finance Officer
Miss S Leeson, Deputy Headteacher, Harrowby School

Independent auditors Streets Audit LLP
Windsor House
A1 Business Park at
Long Bennington
Newark
Notts
NG23 5JR

Bankers Lloyds Bank Plc
42 St Peters Hill
Grantham
Lincs
NG31 6QF

Solicitors Duncan Pickering LLB
4 Southfields
Bourne
Lincs
PE10 9TZ

Internal Auditor Julia Raftery Consulting Limited
Suite 2
Concorde House
Kirmington Business Park
Kirmington
North Lincs, DN39 6YP

THE HARROWBY/NATIONAL ACADEMIES TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Harrowby/National Academies Trust (Trust) operates two Academies for pupils aged 3 to 11 serving a catchment area in two separate sites within Grantham town. The National Church of England Junior School is located within the town centre and takes pupils from the parish of St Wulfram's and Harrowby Church of England Infant School is located within the Harrowby and Londonthorpe parish of the town.

The total pupil capacity for the Trust is 692. At the October 2019 census, the National Church of England Junior School recorded 426 pupils and Harrowby Church of England Infant School 66 pupils. Pupils transfer from Harrowby Church of England Infant School to The National Church of England Junior School at the end of KS1 (7 year olds) and then move from The National Church of England Junior School at the end of Key Stage 2 (11 year olds) to join secondary schools within the town and surrounding area.

Aims of the Trust

As church schools we value every individual with their own distinctive character, gifts and abilities and have at the heart of our work the belief that all children are loved by God and are individually unique. Core Christian values of Friendship, Wisdom, Forgiveness, Trust, Peace and Endurance offers everyone a firm foundation in shaping relationships with one another across the schools' communities.

Our Christian Values are further supported by the UNICEF Rights Respecting Schools Award (RRSA) at both schools. The RRSA is based on principles of equality, dignity, respect, non-discrimination and participation. The RRSA puts the UN Convention on the Rights of the Child at the heart of our school's ethos to improve wellbeing and develop every child's talents and abilities to their full potential. As 'Rights Respecting' schools our community is where children's rights are learned, taught, practised, respected, protected and promoted. The whole school community learn about children's rights by putting them into practice every day.

The Trust's mission is to help each pupil to 'Aim high believe, fly high achieve' (inspired by Isaiah 40 v13) and therefore fulfil their potential physically, academically, socially, morally and spiritually.

We aim to ensure all pupils enjoy a very rewarding experience as they grow and develop through the Trust and strive to enable all children to simply "be their best", reflecting on the wonder of creation, the amazing power and love of God as seen through the life of his son Jesus Christ.

We achieve our mission statement by:

- promoting a Christian ethos whilst respecting other people's faiths;
- developing a spiritual awareness through the opportunity to reflect in our worship time together in school, in church, through our interactions with one another and through the rich curriculum offered to all;
- promoting the highest standards of teaching and learning;
- providing a broad, rich and stimulating curriculum with further opportunities to develop skills within a wide extracurricular programme, encouraging all children to fully develop their potential academically, artistically, emotionally, physically, socially and spiritually;
- encouraging the development of self-confidence, self-discipline and healthy living;
- expecting everybody to value one another and understand their own rights and take responsibility to respect the rights of others;
- expecting everybody to make a positive contribution to our school, the local community, the wider world community and our planet;
- welcoming the involvement of parents and other members of the local community;
- providing an environment where all feel safe and cared for.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management

Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy.

The Trustees of The Harrowby/National Academies Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Harrowby/National Academies Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has purchased insurance to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

Method of recruitment and appointment or election of Trustees

The articles of association require the members of the Charitable Company to appoint at least three Members to be responsible for the statutory and constitutional affairs of the Charitable Company and the management of the Trust.

The articles of association require that the Members of the Trust shall comprise:

- a) the signatories to the Memorandum
- b) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- c) the Chair of the Board of Trustees

The Members may appoint additional Trustees. Trustees may be removed by the person or persons who appointed them.

No additional Trustees were appointed nor made by the Secretary of State in the period.

The Trustees who were in office at 31 August 2020, and served throughout the period, are listed on page 1. A number of vacancies arose during the period August 2019 to September 2020 and six new Trustees were appointed. Vacancies are still available which will be advertised to seek appropriately skilled persons who can support the Trust in future years.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Policies adopted for the induction and training of Trustees

All Trustees are provided with copies of procedures, minutes, accounts, budget plans and other documents that they will need to undertake their role as Trustees. Special attention is given to the Academies Financial Handbook produced by the ESFA each September and the Trust's Financial Policy, including Roles and Responsibilities and Scheme of Delegation for the Trust.

All Trustees have access to a range of training programmes – both in house and via external providers, face to face group training and virtual training. The Trust has joined the National Governors Association which gives Trustees a wealth of information and opportunities to see 'best practice' in other Trusts.

Organisational structure

The Board of Trustees are responsible for the overall direction of the Academies. Day to day management of the Academies is delegated to the Chief Executive/Accounting Officer who is the Executive Headteacher. The Executive Headteacher reports to the Board on a termly basis at Committee and Full Board Meetings. The Trustees are responsible for approving the budgets and also serve on the pay committee.

A new Chair, Mr S Jones, was appointed by the Board on 18 September 2019, taking over from Mr D Thorpe. Mr T Mendham was reappointed as Vice-Chair. The Chair worked with the Executive Headteacher to re-evaluate the functionality and constitution of the Board of Trustees and introduce new processes and procedures to ensure legal compliance is met. The Chair has also worked at ensuring Trustees are effective and recruited new people to the Board who bring a variety of skills. This is an on-going process with current vacancies to be filled by Trustees with specific skills sets to strengthen the Board of Trustees operation within the Trust.

Arrangements for setting pay and remuneration of key management personnel

The Pay Policy sets out the framework for making decisions on teachers' pay. It has been developed to comply with current legislation and the requirements of the School Teachers' Pay and Conditions Document (STPCD).

The aim of the pay policy is to:

- Continuously improve the quality of teaching and learning at each academy
- Support the improvement plans
- Underpin the trust's appraisal policy.
- Demonstrate that decisions on pay are fair and equitable and recognise the principle of equal pay for work of equal value.

Pay decisions at the trust are made by the Pay Committee in consultation with the Executive Headteacher.

The Executive Headteacher's remuneration is conducted by appraisal committee in consultation with an outside provider. The Heads of School and Deputy Head have their performance management conducted by the Executive Headteacher and quality assured by the Chair. Targets set the previous year are expected to have been achieved and documentary evidence with carried out actions and impact provided before any increase was recommended to the pay committee.

THE HARROWBY/NATIONAL ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

Related parties and other connected charities and organisations

The Trust works closely with Little Gonerby Church of England Infant School, a main feeder school for The National Junior School along with Harrowby Infant School. Joint work has included exploring options for multi-academy trust working.

The trust is involved with 'Challenge Partners' and the Lincoln hub of this national organisation. 'Challenge Partners' quality assurance and assessment is built around a professionally-led peer review focused on teaching and learning. Standardised learning exploration forms and judgement matrices are used by the review team and school. These have been externally validated by the Institute of Education as good practice. The leadership team of the trust applied this practice as being part of the review teams for schools in London, Derbyshire and Coventry. The peer review evaluated the Trust as good.

The Trust continued to work with teaching schools (Keystone Teaching School Alliance and East Of England Training Centre) as part of Initial Teacher Training (ITT) programme by placing trainee teachers and participating in interview processes for prospective applicants. We also hosted open day events on behalf of these organisations to help recruit new people to the profession.

The Trust is involved in cross moderation with other local schools and benefits from collaborative knowledge and research undertaken by assessment specialists. The use of 'No More Marking (NMM) to moderate writing ensures an accurate comparison with pupils at the trust and up to 13,000 pupils nationwide.

In July 2019, The Harrowby/National Academies Trust was offered by the Department for Education an external schools resource management adviser (SRMA) visit. This offer arose from concerns over the falling number of pupils on roll at each school. The resulting report led to the formation of a school resource management committee to consider the recommendations and take appropriate actions. As a result the integrated curriculum planning tool has now become part of financial management. The SMRA report identified 16 key performance indicators (KPI) which provided opportunities for associated cost savings. All performance indicators were analysed in order to plan for improvements. Some of the KPI were quick to address, but the four pertaining to employment needed a formal business case for implementation. This involved monthly committee meetings, HR advice and research. Phase 1 of staffing restructuring is now complete.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The Trust's principal objective is 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 the Trust offering a broad and balanced curriculum.

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

Intent

- To ensure that the curriculum is ambitious and designed to give all pupils, particularly disadvantaged pupils and including pupils with SEND, the knowledge and cultural capital they need to succeed in life.

Implementation

- Teaching is designed to help pupils to remember long term the content they have been taught and to integrate new knowledge into larger ideas.

Impact

- Pupils develop detailed knowledge and skills across the curriculum and, as a result, achieve well. Pupils' work across the curriculum is of good quality.

Behaviour and Attitudes

- The school has high expectations for pupils' behaviour and conduct. These expectations are commonly understood and applied consistently and fairly.
- All cases of falling attendance, low attendance, punctuality and persistent absence are being monitored and action taken as appropriate to bring about a rapid improvement.

Personal development

- To nurture children who show respect, consideration and responsibility for others and their environment at all times, both within the school and the wider community.

Leadership and Management

- Enhance the capacity and skills of middle leaders by more frequent engagement in monitoring and quality assurance activities and development of opportunities for best practice sharing.
- Ensure trustees have a full and realistic picture of the impact of the school improvement priorities using an increased range of monitoring processes.

EYFS

- Successful implementation of the nursery provision within the reception class. In response to the pandemic the following objectives were added.

COVID 19

- To ensure pupil wellbeing and safety
- To provide effective home learning during coronavirus
- To ensure safe school wider opening and September reopening
- To provide free school meal provision during lockdown and wider opening.

THE HARROWBY/NATIONAL ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

Objectives, strategies and activities

The Trust's main strategy is encompassed in our mission statement which is, 'Aim high believe, Fly high achieve.' To this end the activities provided include:

- Enabling pupils of all abilities to attain their full potential and develop their own special qualities.
- Quality learning opportunities to maximise potential for high levels of attainment and achievement in the core subjects and across a broad curriculum. This includes day and residential visits, themes weeks, sports and a wide range of extracurricular activities.
- A new programme of personal, social, health and economic education, which includes mental health.
- Ensuring all appropriate safeguarding procedures are in place and regularly monitored to ensure maximum effectiveness.
- Enabling pupils to acquire attitudes and skills which enable them to give purpose to their lives and to make a contribution to the wider community.
- Developing a positive attitude towards equal opportunities for all, regardless of sex, religion or personal difficulties

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities for the year. Given the activities of the Trust and the student population that it services, the Trustees consider that the Company's aims are demonstrably to the public benefit.

Strategic report

Achievements and performance

The Harrowby/National Academies Trust is in its seventh year of operation as an academy. It sets strategic goals related to achievement, engagement and provision. These goals are monitored closely by the Board of Trustees.

In 2020 there are no published pupil outcomes. Therefore key performance indicators listed have been matched to the relevant section of the OfSTED Framework where possible.

THE HARROWBY/NATIONAL ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

Key performance indicators

- New leadership structure in the trust to add high quality capacity for school improvement and succession planning
- Positive reinforcement of Christian Values especially throughout lockdown. Christian narrative throughout key policies and a commitment from staff to promote Christian distinctiveness led to a good SIAMS judgement in January 2020
- Quality of Education , Intent: New year groups reviewed the existing curriculum during terms 1 - 4.
- Quality of Education , Implementation: Remote learning provided to all children initial lockdown March 20. Remote learning was reviewed and improved during terms 5 and 6.
- Quality of Education , Impact: There are no published pupil outcomes for the academic year. 70% of parents/carers were happy with the learning set and their ability to support their children. Successful SIAMS Inspection January 2020 (H)
- Behaviour and attitudes: 86% of parents stated that there had been no changes to behaviour in their children during lockdown.
- Personal Development: CALMS introduced as a mental health concept. This was received well by staff and pupils. PSHE scheme researched and ready for implementation. Recovery Curriculum researched and in place post COVID. FSM hampers and vouchers given to all eligible families during lock down and through school holidays
- Leadership and Management Response and management of lockdown provision and then wider opening. Response ensured no COVID cases at schools. Middle leadership development was a focus for improvement with two Peterborough schools. 90% of parents/carers surveyed said they were happy with the information given to them by the school during lockdown
- EYFS: New nursery provision successfully managed. 13 pupils in first year of operation
- Premises: Astro-turf installed at National back playground. Application made to change paddock into a school resource. Creative use of the Harrowby site during lockdown and wider opening.
- The SMRA report identified staffing, financial and resource efficiencies. The National Deals for Schools were discussed by the committee and the lighting substitute has reduced energy use, saved money and enhanced the learning environments. Both academies were previously buying insurance from Ecclesiastical but moved to the RPA which will yield savings of £15K per annum.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence whilst reduced funding and pupil numbers may impact on this in coming years. 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 HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

Reserves policy

Subject to ESFA's constraints on permitted balances, the Trust's policy is to carry forward a prudent level of resources. Due to anticipated future cuts in funding, the situation will be kept under regular review. The reserves of the Trust are monitored regularly, reviewed and are considered to be sufficient for the Trust's requirements.

At 31 August 2020, free reserves held amount to £129,159 and restricted general funds amount to £877,286. The Trust is aware of the surplus funds currently at its disposal and regularly discusses how best to address these. There is a drift towards falling numbers and the reserves will be used to safeguard reduced income. It should be noted that some of the reserves are from school based income generation as well as GAG funding.

The amount of funds which can only be realised by disposing of tangible fixed assets amounted to £60,298.

No funds are in deficit except the pension reserve of £1,507,000.

Total funds at 31 August 2020 amount to £(440,257) and the combined balance on restricted general funds plus unrestricted general funds at 31 August 2020 is £1,006,445.

Investment policy

The Trust operates an investment policy that seeks to maximise returns, minimise risk and maintain flexibility and access to funds. Current funds are held on deposit. Subject to the ESFA's constraints on permitted balances, the Trust's policy is to carry forward a prudent level of resources. Due to anticipated future cuts in funding, the situation will be kept under review. The reserves of the Trust are reviewed regularly and are considered to be sufficient for the Trusts' requirements.

THE HARROWBY/NATIONAL ACADEMIES TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial review

The Trust held fund balances at 31 August 2020 comprising £877,286 of restricted funds, a pension reserve deficit of £1,507,000, restricted fixed asset funds of £60,298 and £129,159 of unrestricted general funds.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds (non fixed assets) in the statement of financial activities.

Whilst an element of education funding is ring-fenced, in real terms per pupil funding is reducing year on year. Increases in staff salaries and pension contributions are not reflected in GAG income.

- All financial decisions are based on providing 'quality provision' and prioritising this to levels of funding available and expect over a three year forecast.
- The Trust keeps a regular overview of its finances and details reports to Trustees.
- The Trustees regularly monitor, review and approve budget statements and plans. Trustees advice and approval are always sought for major financial commitments.
- Key budget allocations and spending decisions are linked to the Improvement Plans. However if a new initiative that will improve the Academy becomes available, it will be considered by relevant members of the Trust community, including the financial implications and either approved or not. The unrestricted funds can be used to offset the financial implications of an initiative and funds raised by the PTFAs can also be allocated. There are specific budget allocations for identified areas of responsibility.

The Trustees are aware of what The Harrowby/National Academies Trust does well and where it could improve. They have achieved this understanding by receiving clear information from the Executive Headteacher/Senior Leaders/Diocese/Local Authority and national sources in the form of documentation, training, discussions at meetings and by their own visit to the academies. As a result, they are informed about what happens in school, how this can be compared and benchmarked locally and nationally and are able to provide the necessary support and challenge in making strategically important decisions.

The Trust's support staff members are entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Trust's balance sheet shows a net liability of £1,507,000.

Pupil numbers at The National School have started to decline whilst pupil numbers at Harrowby School show a concerning decrease and need to be monitored very carefully, especially as the reduced numbers will eventually filter through to The National School. From September 2019 Harrowby Infant School will be admitting 3 years olds into the Early Years Class. We expect 10 additional pupils to start in the pre-Reception class in September 19 and stay within the Trust until they leave for secondary school. Additional activities are planned to raise awareness in the local community of the schools within the Trust. The increase to staff costs, especially for teaching staff, will have a significant impact on the funds available to the Trust, especially if the grants received from the ESFA do not cover these costs.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Principal risks and uncertainties

The Trustees are responsible for identifying risks faced by the Trust, establishing procedures to mitigate these risks, and ensuring that employees are aware of the procedures and of the implications of failing to implement them. They are satisfied that these procedures are consistent within the guidelines issued by the Charity Commissions.

The principal risks and uncertainties are centred around changes in the level of funding from the ESFA/DfE as well as significant falls in pupil numbers. It is recognised that staffing costs are high. Additional support has been given to the growing number of 'Team around the Child' (TAC) and 'Education Health Care Plan' (EHCP) pupils who receive no additional funding/statements. The Trust SENDCo supported by the Assistant SENDCo and Pastoral Team continues to work with children from challenging backgrounds to enable them to access school life successfully. This is proving successful for these vulnerable pupils, but funding the additional staff members will have to be carefully considered in the future.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the Trust and its finances. The Trustees have implemented a number of systems to assess risks that each Academy faces, especially in the operational areas (eg in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trust has fully implemented the requirements of the Safer Recruitment procedures with Trustees, including the Executive Headteachers, having attended relevant courses. All staff have received training on Child Protection. All Trustees have been made aware of the DfE Document Keeping Children Safe in Education.

The Trust currently sees falling numbers on roll. Financial oversight is exercised by the Chair of the Finance Committee and the Accounting Officer who reports to the Board. The current internal audit, produced by an outside provider, highlighted a number of recommendations to improve processes of internal control throughout the Trust, which have been brought to the attention of the Board of Trustees and implemented. Internal Audits continue to be regularly performed.

Fundraising

The Trust raises funds both for its own internal use and for external charities both monetary and physically (eg tins of soup). This may be by having non-uniform days, fairs, discos, selling charity merchandise. Each school has a dedicated Parent Teachers Association (FONS and PTFA who are registered with the Charities Commission for regulating fundraising) and work throughout the year to raise funds for the pupils of the Trust.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust will continue to work to raise both the aspirations and outcomes of all its pupils at whatever age, closing gaps between the performances of different groups where this is needed, and ensuring they are able to proceed successfully to the next stage of their education.

Staffing costs will be reviewed to ensure appropriate levels are met. Pastoral staff continue to be employed to assist pupils who need additional support and resources, but who are not in receipt of specific individual funding and/or Pupil Premium. There are a number of pupils who find it difficult to access the full curriculum available to them due to a variety of social and economic issues. This, as well as other staffing costs, will be monitored closely during the next period to ensure any deficit is at least reduced if not eradicated.

Development priorities for 2020/21 include:

- Ensuring teachers are making links between subjects and to prior learning to enable pupils to make these links.
- Aspiring for pupil outcomes of;
 - Phonics screening 100% at phase 5
 - KS1 attainment above NA FFT targets achieved
 - LKS2 achieve FFT targets
 - Year 4 multiplication screening above NA
 - Attainment and progress to be above NA
 - KS2 attainment above NA and progress measures above NA
 - Achieving Good/Outstanding judgement in SIAMS at The National.

These plans have been presented to the trustees and will be monitored throughout the year.

Funds held as custodian on behalf of others

The properties the schools accommodate are owned by the Lincoln Diocese and includes 'Greenlawns' used by The National School for its playing fields. No rent is paid and all repairs and maintenance are fully met from the school's individual budgets or by obtaining Capital funding.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 2 December 2020 and signed on its behalf by:

.....
Mr S Jones
Chair of Trustees

THE HARROWBY/NATIONAL ACADEMIES TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Harrowby/National Academies 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.

THE HARROWBY/NATIONAL ACADEMIES TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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 8 times during the year with a further 9 sub-committee meetings.

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

Trustee	Meetings attended	Out of a possible
Mr S Jones, Chair of Trustees	8	8
Mrs J Sharp	2	2
Mrs A Comerford, Staff Trustee	2	2
Father S Craddock, Ex-Officio	4	8
Ms C Francis	1	1
Mrs J Gardner	6	8
Mr C Graves	0	1
Mr F Headley	4	5
Miss S Leeson, Staff Trustee	8	8
Mrs A Kozłowska, Staff Trustee	7	8
Miss R McClory	0	1
Mr A Mendham, Vice Chair	8	8
Rev S Parsons, Ex-Officio	6	8
Mrs A Platt, Executive Headteacher and Accounting Officer	8	8
Mr D Smeaton	6	7
Mr C Stiff	5	5
Mrs S Szulczewski	1	1
Mr D Thorpe	2	2
Rev J Titley	4	7
Mrs E Woods	7	8

Trustees are appointed to the Board to add professional experience, energy and willingness to learn, in order to enhance both education provision and business operation of both Academies and the Trust.

A Skills Audit was last conducted in November 2019 having been regularly reviewed as Trustee vacancies have arisen.

Trustees are active participants in a range of Academy activities including attendance at open mornings, collective worship, themed curriculum events, learning walks at both schools and professional training sessions.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Strategic Planning and Finance Committee is a sub-committee of the main board of Trustees. Its purpose is to consider and approve all expenditure for the Trust during the period, interrogate expenditure, and large expenditure items not originally budgeted for.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Thorpe	1	1
Father S Craddock	0	3
Mrs A Kozłowska	3	3
Mr A Mendham	3	3
Mrs A Comerford	1	3
Mrs J Sharp	1	1
Mr S Jones	3	3
Rev J Tittley	3	3

The Audit Committee is also a sub-committee of the main board of Trustees. Its purpose is to establish an effective risk management strategy, assess and manage key risks to the Trust and to ensure actions are in place to mitigate the risks identified.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Mendham	3	3
Mrs J Sharp	1	1
Mrs E Woods	3	3

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

Improving educational results

Ensuring that resources are directed where they are most needed and most effective in meeting educational requirement, for example by:-

- targeting resources in key subjects such as English and Maths;
- monitoring the needs of particular pupils including those in receipt of Pupil Premium Grant and Looked After Children Pupil Premium Grant, and ensuring that the support they receive is relevant to them.

Staffing

- the Trust is proud of operating on a very carefully structured staffing establishment. The staffing structure is considered very closely and any opportunities to minimise excess staffing are explored and frequently implemented. It is acknowledged that staffing is the most costly area of expenditure and savings in this area are the most valuable;
- monitoring the performance of staff and ensuring the relevant action is taken to address weakness;
- an extensive CPD programme is in place with the objective of enhancing teaching and learning across the curriculum.

Finance Governance and Oversight

- the Trust carries out regular monthly financial monitoring and the local governing bodies and board of Trustees meet regularly. They receive regular reports and ask relevant questions as recorded in the minutes.

Better Purchasing

- exploring alternative purchasing options both on-line and direct through suppliers to find the best value;
- implementing a tender process for significant purchases and/or contracts;
- all contracts are reviewed on an annual basis to ensure they are fit for purpose and best value.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Harrowby/National Academies Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The Academy'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 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
- identification and management of risks

The Board of Trustees has decided to employ Julia Raftery Consulting Limited as internal auditor.

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

- Governance Arrangements
- Risk Management Arrangements
- Budget Management and Financial Planning
- Cash Management and Banking Arrangements
- Asset Management
- Purchasing Procedures and Tendering Arrangements
- Debit Cards
- Payroll Procedures
- Income
- Recruitment processes

On an annual basis, the internal auditor reports to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal auditor has delivered their schedule of work as planned, and the key recommendations arising from the summer 2020 visit will be addressed by the audit committee and resolved over the coming year.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

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

.....
Mr S Jones
Chair of Trustees

.....
Mrs A Platt
Accounting Officer

Date: 11 December 2020

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Harrowby/National Academies Trust I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

.....
Mrs A Platt
Accounting Officer

Date: 11 December 2020

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

.....
Mr S Jones
Chair of Trustees

Date: 11 December 2020

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HARROWBY/NATIONAL ACADEMIES TRUST

Opinion

We have audited the financial statements of The Harrowby/National Academies Trust (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HARROWBY/NATIONAL ACADEMIES TRUST (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HARROWBY/NATIONAL ACADEMIES TRUST (CONTINUED)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Mark Bradshaw (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Windsor House

A1 Business Park at

Long Bennington

Newark

Notts

NG23 5JR

4 January 2021

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
HARROWBY/NATIONAL ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 March 2019 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 The Harrowby/National Academies Trust during the year 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 The Harrowby/National Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Harrowby/National Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Harrowby/National Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Harrowby/National Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Harrowby/National Academies Trust's funding agreement with the Secretary of State for Education dated 1 July 2012 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 year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;
- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering or quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
HARROWBY/NATIONAL ACADEMIES TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY
(CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 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.

Mark Bradshaw (Senior statutory auditor)
Streets Audit LLP

Windsor House
A1 Business Park at
Long Bennington
Newark
Notts
NG23 5JR

Date: 4 January 2021

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	18,089	-	14,221	32,310	45,255
Charitable activities		94,165	2,517,259	-	2,611,424	2,711,777
Investments	5	418	-	-	418	436
Total income		112,672	2,517,259	14,221	2,644,152	2,757,468
Expenditure on:						
Charitable activities		89,368	2,588,849	30,762	2,708,979	2,798,464
Total expenditure		89,368	2,588,849	30,762	2,708,979	2,798,464
Net income/ (expenditure)		23,304	(71,590)	(16,541)	(64,827)	(40,996)
Transfers between funds	16	-	45,592	(45,592)	-	-
Net movement in funds before other recognised gains/(losses) carried forward		23,304	(25,998)	(62,133)	(64,827)	(40,996)

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Net movement in funds before other recognised gains/(losses) brought forward	23,304	(25,998)	(62,133)	(64,827)	(40,996)
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension schemes	22 -	11,000	-	11,000	(388,000)
Net movement in funds	23,304	(14,998)	(62,133)	(53,827)	(428,996)
Reconciliation of funds:					
Total funds brought forward	105,855	(614,716)	122,431	(386,430)	42,566
Net movement in funds	23,304	(14,998)	(62,133)	(53,827)	(428,996)
Total funds carried forward	129,159	(629,714)	60,298	(440,257)	(386,430)

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 32 to 58 form part of these financial statements.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08105941

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	119,546	80,529
		<u>119,546</u>	<u>80,529</u>
Current assets			
Debtors	14	110,344	67,437
Cash at bank and in hand		1,052,876	863,632
		<u>1,163,220</u>	<u>931,069</u>
Creditors: amounts falling due within one year	15	(216,023)	(44,028)
Net current assets		947,197	887,041
Total assets less current liabilities		1,066,743	967,570
Net assets excluding pension liability		1,066,743	967,570
Defined benefit pension scheme liability	22	(1,507,000)	(1,354,000)
Total net assets		(440,257)	(386,430)

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08105941

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Funds of the Academy			
Restricted funds:			
Fixed asset funds	16	60,298	122,431
Restricted income funds	16	877,286	739,284
Restricted funds excluding pension asset	16	<u>937,584</u>	<u>861,715</u>
Pension reserve	16	<u>(1,507,000)</u>	<u>(1,354,000)</u>
Total restricted funds	16	(569,416)	(492,285)
Unrestricted income funds	16	129,159	105,855
Total funds		<u>(440,257)</u>	<u>(386,430)</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 27 to 58 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

.....
Mr S Jones
Chair of Trustees

Date: 11 December 2020

The notes on pages 32 to 58 form part of these financial statements.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	<i>2019</i> £
Cash flows from operating activities			
Net cash provided by operating activities	18	244,384	<i>12,030</i>
Cash flows from investing activities	19	(55,140)	<i>23,493</i>
Change in cash and cash equivalents in the year		189,244	<i>35,523</i>
Cash and cash equivalents at the beginning of the year		863,632	<i>828,109</i>
Cash and cash equivalents at the end of the year	20, 21	1,052,876	<i>863,632</i>

The notes on pages 32 to 58 form part of these financial statements

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

• **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 year it is receivable and to the extent the Academy has provided the goods or services.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Furniture and equipment	- 10% straight-line
Computer equipment	- 25% straight-line

Land and buildings are owned by the Lincoln Diocesan Trust and Board of Finance Ltd and used under the terms of a supplemental agreement. The terms of the agreement do not transfer the benefits of ownership to the Trust and, consequently, the value of these assets has not been recognised in the financial statements.

Improvements to these properties, where incurred, are treated as a donation to the Lincoln Diocesan Trust and Board of Finance Ltd, and these costs are shown separately on the face of the SOFA. Improvements in progress are treated as an asset under construction and included at cost until they are transferred to the Lincoln Diocesan Trust and Board of Finance Ltd as a donation.

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

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

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Pensions

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

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

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

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

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or 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.

Critical areas of judgment:

As explained in note 1.6 above, land and buildings are owned by the Lincoln Diocesan Trust and Board of Finance Ltd and used under the terms of a supplemental agreement. The terms of the agreement do not transfer the benefits of ownership to the Academies Trust and, consequently, the value of these assets has not been recognised in the financial statements.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	18,089	-	18,089
Capital Grants	-	14,221	14,221
	18,089	14,221	32,310
		<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Capital Grants		45,255	45,255
		45,255	45,255

4. Funding for the Academy's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
General Annual Grant (GAG)	-	2,063,461	2,063,461
Other DfE/ESFA grants	-	374,966	374,966
Local authority grants	-	69,299	69,299
Other income	94,165	9,533	103,698
	94,165	2,517,259	2,611,424
	94,165	2,517,259	2,611,424

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
General Annual Grant (GAG)	-	2,210,852	2,210,852
Other DfE/ESFA grants	-	289,217	289,217
Local authority grants	-	38,143	38,143
Other income	155,409	18,156	173,565
	<u>155,409</u>	<u>2,556,368</u>	<u>2,711,777</u>

5. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	418	418
	<u>418</u>	<u>418</u>

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Bank interest	436	436
	<u>436</u>	<u>436</u>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

6. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Academy's educational operations				
Direct costs	1,757,044	-	174,451	1,931,495
Allocated support costs	502,387	110,393	164,704	777,484
	<u>2,259,431</u>	<u>110,393</u>	<u>339,155</u>	<u>2,708,979</u>
	<i>Staff Costs 2019 £</i>	<i>Premises 2019 £</i>	<i>Other 2019 £</i>	<i>Total 2019 £</i>
Academy's educational operations:				
Direct costs	1,639,617	-	274,520	1,914,137
Allocated support costs	553,693	116,873	213,761	884,327
	<u>2,193,310</u>	<u>287,746</u>	<u>488,281</u>	<u>2,969,337</u>

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Educational operations	<u>1,931,495</u>	<u>777,484</u>	<u>2,708,979</u>
	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Educational operations	<u>1,914,137</u>	<u>884,327</u>	<u>2,798,464</u>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2020 £	Total funds 2020 £
Staff costs	502,387	502,387
Depreciation	11,110	11,110
Technology costs	46,464	46,464
Premises costs	110,393	110,393
Other costs	100,684	100,684
Governance costs	5,548	5,548
Legal cost	898	898
	777,484	777,484
	<i>Educational operations 2019 £</i>	<i>Total funds 2019 £</i>
Staff costs	553,693	553,693
Depreciation	9,373	9,373
Technology costs	40,501	40,501
Premises costs	116,873	116,873
Other costs	151,207	151,207
Governance costs	12,680	12,680
	884,327	884,327

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020	<i>2019</i>
	£	£
Operating lease rentals	14,057	13,692
Depreciation of tangible fixed assets	30,762	30,497
Fees paid to auditors for:		
- audit	7,000	7,000
- other services	1,600	1,600
	<u>1,600</u>	<u>1,600</u>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	<i>2019</i>
	£	£
Wages and salaries	1,595,658	<i>1,643,963</i>
Social security costs	138,436	<i>147,017</i>
Pension costs	490,958	<i>368,624</i>
	2,225,052	<i>2,159,604</i>
Agency staff costs	34,379	<i>33,706</i>
	2,259,431	<i>2,193,310</i>

b. Staff numbers

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

	2020	<i>2019</i>
	No.	No.
Teachers	31	<i>29</i>
Admin and Support	53	<i>64</i>
Management	1	<i>1</i>
	85	<i>94</i>

The average headcount expressed as full-time equivalents was:

	2020	<i>2019</i>
	No.	No.
Teachers	25	<i>27</i>
Admin and Support	31	<i>31</i>
Management	1	<i>1</i>
	57	<i>59</i>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Staff (continued)

c. Higher paid staff

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

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	<i>1</i>

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £507,661 (2019 £462,111).

10. Central services

No central services were provided by the Trust to its academies during the year and no central charges arose. Costs relating to the trust are shared between the two schools equally, apart from some staffing costs which are apportioned based on the time spent working at each school.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. 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. The value of Trustees' remuneration and other benefits was as follows:

		2020	<i>2019</i>
		£	£
Mrs A Platt, Executive Headteacher and Accounting Officer	Remuneration	70,000 - 75,000	<i>65,000 - 70,000</i>
	Pension contributions paid	15,000 - 20,000	<i>10,000 - 15,000</i>
Miss S Leeson, Staff Trustee	Remuneration	50,000 - 55,000	<i>50,000 - 55,000</i>
	Pension contributions paid	10,000 - 15,000	<i>5,000 - 10,000</i>
Mrs A Comerford, Staff Trustee	Remuneration	10,000 - 15,000	<i>45,000 - 50,000</i>
	Pension contributions paid	0 - 5,000	<i>5,000 - 10,000</i>
Mrs A Kozłowska, Staff Trustee	Remuneration	0 - 5,000	<i>0 - 5,000</i>
	Pension contributions paid	0 - 5,000	<i>0 - 5,000</i>

During the year ended 31 August 2020, no Trustee expenses have been incurred (*2019 - £NIL*).

12. Trustees' and Officers' insurance

The Academy has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

13. Tangible fixed assets

	Assets under construction £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	-	39,498	148,117	187,615
Additions	69,779	-	-	69,779
At 31 August 2020	<u>69,779</u>	<u>39,498</u>	<u>148,117</u>	<u>257,394</u>
Depreciation				
At 1 September 2019	-	6,064	101,022	107,086
Charge for the year	-	3,950	26,812	30,762
At 31 August 2020	<u>-</u>	<u>10,014</u>	<u>127,834</u>	<u>137,848</u>
Net book value				
At 31 August 2020	<u><u>69,779</u></u>	<u><u>29,484</u></u>	<u><u>20,283</u></u>	<u><u>119,546</u></u>
At 31 August 2019	<u><u>-</u></u>	<u><u>33,434</u></u>	<u><u>47,095</u></u>	<u><u>80,529</u></u>

The Academy's transactions relating to land and buildings includes boiler works at Harrowby Infant School. Upon completion, this will be treated as a donation to the Lincoln Diocesan Trust and Board of Finance Ltd in accordance with the accounting policies.

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	3,782	-
Other debtors	32,412	12,858
Prepayments and accrued income	74,150	54,579
	<u><u>110,344</u></u>	<u><u>67,437</u></u>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	110,706	-
Other taxation and social security	34,440	-
Other creditors	40,779	168
Accruals and deferred income	30,098	43,860
	<u>216,023</u>	<u>44,028</u>
	2020 £	2019 £
Deferred income at 1 September 2019	15,805	26,451
Resources deferred during the year	11,282	15,805
Amounts released from previous periods	(15,805)	(26,451)
	<u>11,282</u>	<u>15,805</u>

Deferred income relates to Universal Infant Free School Meals for the academic year 2020/21.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	105,855	112,672	(89,368)	-	-	129,159
Restricted general funds						
General Annual Grant (GAG)	739,284	2,063,461	(1,984,127)	45,592	-	864,210
Other ESFA grants	-	373,764	(360,688)	-	-	13,076
Other activities	-	80,034	(80,034)	-	-	-
Pension reserve	(1,354,000)	-	(164,000)	-	11,000	(1,507,000)
	<u>(614,716)</u>	<u>2,517,259</u>	<u>(2,588,849)</u>	<u>45,592</u>	<u>11,000</u>	<u>(629,714)</u>
Restricted fixed asset funds						
Capital expenditure from GAG	622	-	(622)	-	-	-
ESFA capital grants	121,809	14,221	(30,140)	(45,592)	-	60,298
	<u>122,431</u>	<u>14,221</u>	<u>(30,762)</u>	<u>(45,592)</u>	<u>-</u>	<u>60,298</u>
Total Restricted funds	<u>(492,285)</u>	<u>2,531,480</u>	<u>(2,619,611)</u>	<u>-</u>	<u>11,000</u>	<u>(569,416)</u>
Total funds	<u><u>(386,430)</u></u>	<u><u>2,644,152</u></u>	<u><u>(2,708,979)</u></u>	<u><u>-</u></u>	<u><u>11,000</u></u>	<u><u>(440,257)</u></u>

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

Unrestricted funds

Unrestricted funds represent both those resources, as well as funds transferred to the Academy from the Local Authority upon conversion, which may be used towards meeting any of the objects of the Academy at the discretion of the Trustees. These are not currently designated for particular purposes.

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

16. Statement of funds (continued)

Restricted Fixed Asset funds

Capital expenditure from GAG represents fixed asset expenditure transferred from other restricted income.

ESFA Grants represent funding received for specific capital purposes.

Restricted Revenue funds

General Annual Grant (GAG) is made up of a number of different funding streams, all of which are used to cover the running costs of the Academy.

Other ESFA Grants, other government grants and other restricted funds represent monies received for specific purposes.

Pension Reserve represents the current deficit balance of the Local Government Pension Scheme (LGPS).

Transfers between funds represent the use of recurrent income being used to fund capital expenditure.

Summary

The balance on restricted general funds plus unrestricted general funds at 31 August 2020 results in a net surplus of £1,006,445.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Harrowby Infant School	431,495	405,672
The National Junior School	574,950	439,467
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,006,445	845,139
Restricted fixed asset fund	60,298	122,431
Pension reserve	(1,507,000)	(1,354,000)
	<hr/>	<hr/>
Total	(440,257)	(386,430)
	<hr/> <hr/>	<hr/> <hr/>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds (continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £
Harrowby Infant School	367,920	99,062	20,043	122,445	609,470
The National Junior School	1,389,124	264,325	109,755	305,543	2,068,747
Academy	1,757,044	363,387	129,798	427,988	2,678,217

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

	<i>Teaching and educational support staff costs £</i>	<i>Other support staff costs £</i>	<i>Educational supplies £</i>	<i>Other costs excluding depreciation £</i>	<i>Total 2019 £</i>
Harrowby Infant School	406,207	128,339	25,101	171,955	731,602
The National Junior School	1,333,410	325,354	45,176	332,425	2,036,365
Academy	1,739,617	453,693	70,277	504,380	2,767,967

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds	94,848	155,845	(144,838)	-	-	105,855
Restricted general funds						
General Annual Grant (GAG)	675,839	2,210,852	(2,152,613)	5,206	-	739,284
Other ESFA grants	-	289,217	(289,217)	-	-	-
Other activities	-	56,299	(56,299)	-	-	-
Pension reserve	(841,000)	-	(125,000)	-	(388,000)	(1,354,000)
	(165,161)	2,556,368	(2,623,129)	5,206	(388,000)	(614,716)
Restricted fixed asset funds						
Capital expenditure from GAG	27,445	-	(26,823)	-	-	622
ESFA capital grants	85,434	45,255	(3,674)	(5,206)	-	121,809
	112,879	45,255	(30,497)	(5,206)	-	122,431
Total Restricted funds	(52,282)	2,601,623	(2,653,626)	-	(388,000)	(492,285)
Total funds	42,566	2,757,468	(2,798,464)	-	(388,000)	(386,430)

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	119,546	119,546
Current assets	129,159	1,050,438	10,531	1,190,128
Creditors due within one year	-	(173,152)	(69,779)	(242,931)
Provisions for liabilities and charges	-	(1,507,000)	-	(1,507,000)
Total	129,159	(629,714)	60,298	(440,257)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	80,529	<i>80,529</i>
Current assets	105,855	783,312	41,902	<i>931,069</i>
Creditors due within one year	-	(44,028)	-	<i>(44,028)</i>
Provisions for liabilities and charges	-	(1,354,000)	-	<i>(1,354,000)</i>
Total	105,855	(614,716)	122,431	(386,430)

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of financial activities)	(64,827)	(40,996)
Adjustments for:		
Depreciation	30,762	30,497
Capital grants from DfE and other capital income	(14,221)	(45,255)
Interest receivable	(418)	(436)
Defined benefit pension scheme cost less contributions payable	139,000	100,000
Defined benefit pension scheme finance cost	25,000	25,000
(Increase)/decrease in debtors	(69,815)	39,942
Increase/(decrease) in creditors	198,903	(96,722)
Net cash provided by operating activities	244,384	12,030

19. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	418	436
Purchase of tangible fixed assets	(69,779)	(22,198)
Capital grants from DfE Group	14,221	45,255
Net cash (used in)/provided by investing activities	(55,140)	23,493

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,052,876	863,632
Total cash and cash equivalents	1,052,876	863,632

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	863,632	189,244	1,052,876
	<u>863,632</u>	<u>189,244</u>	<u>1,052,876</u>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension commitments

The Academy'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 Lincolnshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £39,617 were payable to the schemes at 31 August 2020 (2019 - £ -) 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 full-time 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
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £241,591 (2019 - £171,087).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £143,000 (2019 - £153,000), of which employer's contributions totalled £112,000 (2019 - £119,000) and employees' contributions totalled £ 31,000 (2019 - £34,000). The agreed contribution rates for future years are 18.6 per cent to 19.2 per cent for employers and various per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.55	2.7
Rate of increase for pensions in payment/inflation	2.25	2.3
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.25	2.3

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

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

22. Pension commitments (continued)

	2020	<i>2019</i>
	Years	<i>Years</i>
<i>Retiring today</i>		
Males	21.4	<i>21.2</i>
Females	23.7	<i>23.5</i>
<i>Retiring in 20 years</i>		
Males	22.4	<i>22.5</i>
Females	25.2	<i>22.5</i>

Sensitivity analysis

	2020	<i>2019</i>
	£000	<i>£000</i>
Discount rate -0.1%	76	<i>76</i>
Mortality assumption - 1 year increase	132	<i>120</i>

Share of scheme assets

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

	2020	<i>2019</i>
	£	<i>£</i>
Equities	1,230,270	<i>1,202,310</i>
Corporate bonds	356,600	<i>263,520</i>
Property	178,300	<i>164,700</i>
Cash and other liquid assets	17,830	<i>16,470</i>
Total market value of assets	1,783,000	<i>1,647,000</i>

The actual return on scheme assets was £13,000 (*2019 - £91,000*).

The amounts recognised in the Statement of financial activities are as follows:

	2020	<i>2019</i>
	£	<i>£</i>
Current service cost	(251,000)	<i>(202,000)</i>
Past service cost	-	<i>(17,000)</i>
Interest income	31,000	<i>41,000</i>
Interest cost	(56,000)	<i>(66,000)</i>
Total amount recognised in the Statement of financial activities	(276,000)	<i>(244,000)</i>

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	3,001,000	2,257,000
Current service cost	251,000	202,000
Interest cost	56,000	66,000
Employee contributions	31,000	34,000
Actuarial (gains)/losses	(29,000)	438,000
Benefits paid	(20,000)	(13,000)
Past service costs	-	17,000
At 31 August	3,290,000	3,001,000

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

	2020 £	2019 £
At 1 September	1,647,000	1,416,000
Interest income	31,000	41,000
Actuarial (losses)/gains	(18,000)	50,000
Employer contributions	112,000	119,000
Employee contributions	31,000	34,000
Benefits paid	(20,000)	(13,000)
At 31 August	1,783,000	1,647,000

23. Operating lease commitments

At 31 August 2020 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	11,145	13,692
Later than 1 year and not later than 5 years	24,639	30,891
	35,784	44,583

THE HARROWBY/NATIONAL ACADEMIES TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

24. Members' liability

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

25. Related party transactions

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

There are other related party transactions other than certain trustees' remuneration and expenses already disclosed in note 11.