

Company Registration No. 09026369 (England and Wales)

THE HARROW ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016

THE HARROW ACADEMIES TRUST

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THE HARROW ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

S Hammond
K Bartle
S Maguire
N Kullar (Appointed 1 September 2015)
J Howkins (Chair of Trustees)
D Lumley
C Livesey
J Reavley
P Gamble
C Woolf (Accounting Officer) (Appointed 1 September 2015)

Members

The Bentley Wood Trust
Canons High School
Harrow High School
Hatch End High School
Nower Hill High School
Park High School
Rooks Heath College
J Howkins

Senior management team

- Chief Finance Officer I Nouch
- Headteacher C Woolf
- Assistant Headteacher J Smyth
- Head of Operations H Ford

Company registration number

09026369 (England and Wales)

Principal address

Pinner High School
Beaulieu Drive
Pinner
HA15 1NB

Registered office

Nower Hill High School
George V Avenue
Pinner
London
HA5 5RP

Independent auditor

Alliotts Chartered Accountants
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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

The academy trust plans to operate academies for pupils aged 4 to 19 in the London Borough of Harrow. The Funding Agreement with the Secretary of State was finalised in December 2015. The first academy, Pinner High School, opened on 1st September 2016.

Structure, governance and management

Constitution

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

The trustees of The Harrow Academies Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The academy trust has opted in to the Risk Protection Arrangement ("RPA") which is offered to academy trusts by the UK government as an alternative to commercial insurance. RPA aims to protect the trustees, governors and officers of the company from claims arising from negligent acts, errors or omissions whilst on academy business.

Method of recruitment and appointment or election of trustees

The academy looks to ensure a mix of skills and selects new trustees on the basis of background, experience and specialist skills. Trustees are recruited from academy contacts including parents and staff.

The academy looks to maintain trustees with a wide range of skills and experiences.

Policies and procedures adopted for the induction and training of trustees

Trustees are provided with induction training and a wider programme of training events is organised according to needs.

Organisational structure

The day-to-day administration is undertaken within the policies and procedures written by the board and approved by the trustees, which provide for significant personnel and expenditure decisions and major capital projects to be referred to the trustees for prior approval. These policies and procedures are based on guidance from the DfE.

The trustees meet at least 3 times a year and delegate responsibilities to a number of sub-committees, including Local Governing Bodies. Each committee works under the guidance of a trustee, appointed at the first committee meeting of the academic year. Written terms of reference are reviewed once a year and the Clerk to Trustees co-ordinates the work of the trustees and committees.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Arrangements for setting pay and remuneration of key management personnel

'Key management personnel' include all governors and the Senior Leadership Team.

Governors do not receive any remuneration.

The Senior Leadership Team's remuneration including the Headteacher's remuneration is set by the Governors' Pay Committee.

Related parties and other connected charities and organisations

The membership of the academy trust comprises seven academy schools all located within the London Borough of Harrow. Seven of the trustees are currently headteachers of other academy schools located within Harrow. Academies in Harrow work collaboratively across a range of activities including school to school support.

Objectives and activities

Objects and aims

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

Within the objects, the academy aims to create an environment to nurture children, to get the best from them and to allow them to develop and fulfil their potential. We aim to provide students with a first class education and a wide range of opportunities. This is done in a way which is consistent with the ethos that every child will be valued, respected and cared for, and through a daily moral purpose to provide the best learning experience for all.

The objective is to provide education for students of all abilities between the ages of 4 and 19. All children who apply are admitted up to the capacity of the academies, with no selection. Consistent with other academies in the United Kingdom we aim to raise the educational outcomes and to increase student numbers.

Our vision is, quite simply, to be excellent, inclusive schools for the whole of the community.

This means that Harrow Academies Trust expects and achieves the highest standards of and for every student.

The ethos for Harrow Academies Trust will be academies that are characterised by:

- expecting the highest standards from students and staff;
- a calm, friendly, and disciplined environment with positive relationships;
- a curriculum that excites and stretches all students;
- knowing every student and supporting their personal development;
- working in partnership with families and the wider community;
- continual self-evaluation and improvement; and
- preparing students to have the skills and knowledge required to progress successfully from school.

Harrow Academies Trust will stretch every student to achieve their full potential within a supportive and disciplined environment. Harrow Academies Trust has traditional values, such as respect, tolerance and self-discipline. Our curriculum and enrichment activities will develop personal skills such as resilience, teamwork, and leadership.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

In setting objectives and planning activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The Academy also makes its facilities available to the community outside of educational hours at reduced rates and is used by all sections of the local community.

Strategic report

Achievements and performance

During the last 12-month period the academy trust prepared for the opening of two academies, Pinner High School, which opened in September 2016 and Harrow View Primary School, expected to open not earlier than September 2018.

Key performance indicators

Detailed key performance indicators will not be set until closer to the opening date of the new schools. The performance targets will be set at challenging levels to reflect the high aspirations for the pupils of the new schools.

Going concern

The academy trust has achieved a surplus and has retained reserves.

After making appropriate enquiries, the Trust Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Trust Board continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

Funding for the period was provided by the EFA by means of a pre-opening grant. During the period £212,114 of grant has been expended on preparation of schools for opening.

A surplus of funds of £458,220 has been achieved before an actuarial loss in the pension deficit of £3,000. Net assets of £16,246,768 and cash funds of £90,220 have been carried forward into 2016/17.

At 31 August 2016 cash funds of £90,220 were held in bank accounts for the academy. The bulk of these funds were held either in higher rate fixed term deposit accounts or in normal deposit accounts.

Reserves policy

The Trustees have not as yet determined an appropriate level of free reserves.

In reviewing their reserves the academy noted that the total at the year end of restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was £166,856.

Investment policy and powers

The investment policy of Harrow Academies Trust is zero risk based and funds will only be lodged with organisations with the highest possible credit rating. Fixed term deposits will only be taken out where we are sure the funds will not be required during the duration of the term.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

The Trust Board is responsible for the identification and management of the risks in their academy. A formal review of risks and the risk management processes is to be undertaken prior to the academies opening and these will be reviewed annually going forward.

Through the risk management processes that have been formalised at the academy trust, the Trustees are satisfied that the major risks identified will be adequately mitigated where necessary.

The key controls used by the governing body include:

- formal agendas and minutes for all meetings of the governing body and committees;
- terms of reference for all committees;
- comprehensive strategic planning, financial forecasting, budgeting and management accounting;
- established and identifiable organisational structures and reporting lines;
- comprehensive formal written policies;
- clear authorisation limits;
- construction and regular review of risk registers;
- vetting procedures as required by law, for protection of the vulnerable.

In common with every academy in the country, funding is dependent on government policy; there is always risk that funding will be cut and the governors have been prudent in the budgeting for the future. The brought forward surplus is viewed as providing protection against funding and student number fluctuations.

The deficit on the Local Government Pension Scheme was £5,000 and there is continuing uncertainty in any final salary scheme of this type.

Financial and risk management objectives and policies

Plans for future periods

The academy trust's key objectives for 2016/17 are to continue the development and progress of the new academy schools and open the schools in accordance with the agreed plans. The priorities of the trust for Pinner High School which opened in September 2016 are as follows:

Effectiveness of Leadership and Management

- Leaders, at all levels, and Governors, to maintain the highest standards by setting the highest expectations for staff and students.
- Ensure Governors receive training on key aspects of school leadership and are able to systematically challenge senior leaders to ensure the effective deployment of resources.
- To implement the agreed staffing plan to appoint well qualified staff in good time as the school expands.
- Embed a broad, balanced and inclusive Key Stage 3 curriculum and plan a Key Stage 4 curriculum that takes account of the views of all stakeholders and enables students to maximise their potential and prepare them for the next stage of their life.
- Embed an appraisal process for all staff to enable colleagues to continually develop their professional skills.
- Focus on staff retention by providing a comprehensive and personalised CPD programme.
- To maintain a culture of vigilance to include training on identifying those students at risk to include prevention of radicalisation and extremism.
- Work towards Investors in People accreditation by Summer 2018.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Teaching, Learning and Assessment

- To develop high standards of academic literacy and numeracy across the curriculum.
- Rigorously monitor teaching to ensure all students make expected or above progress.
- Ensure the most able students achieve the best possible learning outcomes.
- To create an inclusive approach to teaching and learning such that the attainment of SEN students matches that of other students with similar starting points.
- Implement and embed the expectations for consistent high quality marking and feedback to enable students to make rapid and sustained progress.
- To implement and embed a process of Learning Quality Assurance that shares good practice.

Personal Development, Behaviour and Welfare

- Implement the highest standards of safeguarding and health and safety.
- To embed rigorous attendance and punctuality procedures such that school attendance is at least 96%.
- Develop positive learning strategies to meet the emotional and social needs of all, including the most vulnerable students.

Outcomes for Students

- To launch and embed the assessment scales for all students.
- To set challenging personalised targets.
- To ensure all students make or exceed expected progress.
- To analyse progress of specific groups of children, including Pupil Premium, and intervene appropriately to ensure progress for disadvantaged students is substantial across the curriculum.
- To evaluate assessment through school to school review through HCTSA

Auditor

In so far as the trustees are aware:

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

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



J Howkins

Chair of Trustees

THE HARROW ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Harrow 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.

The Trust Board has delegated the day-to-day responsibility to its Headteacher 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 Academies Financial Handbook. The Headteacher is also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trust Board has formally met 3 times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Trustees	Meetings attended	Out of possible
S Hammond	3	4
K Bartle	2	4
S Maguire	3	4
N Kullar (Appointed 1 September 2015)	2	4
J Howkins (Chair of Trustees)	3	4
D Lumley	3	4
C Livesey	3	4
J Reavley	4	4
P Gamble	3	4
C Woolf (Accounting Officer) (Appointed 1 September 2015)	4	4

A self review of governance took place during the year.

The review considered appropriate structures across the multi-academy trust, the membership of the Board and local governing bodies and the relationships between these.

The governance structure is reviewed annually with the next review date scheduled for 2017.

Review of value for money

The accounting officer has the 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 Trust Board where value for money can be improved, including the use of benchmarking data where available.

THE HARROW ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Harrow Academies Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

The risk and control framework

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

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

The Trust Board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

Alliotts, the external auditor are being used to give advice on financial matters.

Review of effectiveness

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

- the performance of extended assurance work and statutory audit work by the external auditor;
- the financial management and governance self-assessment process;
- the work of the Senior Management Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

THE HARROW ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

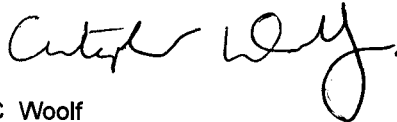
FOR THE YEAR ENDED 31 AUGUST 2016

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

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



J Howkins
Chair of Trustees



C Woolf
Accounting Officer

THE HARROW ACADEMIES TRUST

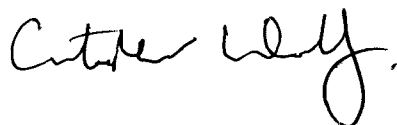
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of The Harrow Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



C Woolf
Accounting Officer

19 December 2016

THE HARROW ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that grants received from EFA/DfE have been applied for the purposes intended.

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

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



J Howkins

Chair of Trustees

THE HARROW ACADEMIES TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE HARROW ACADEMIES TRUST

We have audited the accounts of The Harrow Academies Trust for the year ended 31 August 2016 set out on pages 16 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees, who are also the directors of The Harrow Academies Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction, 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

THE HARROW ACADEMIES TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF THE HARROW ACADEMIES TRUST (CONTINUED)

Matters on which we are required to report by exception

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

- 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 accounts 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.



Stephen Meredith BA FCA DChA (Senior Statutory Auditor)
for and on behalf of

Chartered Accountants
Statutory Auditor

Dated: 19 December 2016

THE HARROW ACADEMIES TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HARROW ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Harrow Academies Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Harrow Academies Trust's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE HARROW ACADEMIES TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HARROW ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- Analytical review of the Academy trust's general activities to ensure that they are within the Academy trust's framework of authorities;
- Consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy trusts framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy trust's delegated authorities;
- Formal representations obtained from the governing body and the Accounting Officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, Headteacher or Governors;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the Head teacher or Governors;
- Review of income received in accordance with the activities permitted within the Academy trust's charitable objectives.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Stephen Meredith

Stephen Meredith BA FCA DChA
Reporting Accountant

Dated: *19 December 2016*

THE HARROW ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	500	657,462	-	657,962	15,400,000
Charitable activities:						
- Funding for educational operations	3	-	200	-	200	450,000
Investments	4	159	-	-	159	87
Total income and endowments		659	657,662	-	658,321	15,850,087
Expenditure on:						
Charitable activities:						
- Educational operations	6	-	200,101	-	200,101	58,539
Total expenditure	5	-	200,101	-	200,101	58,539
Net income/(expenditure)		659	457,561	-	458,220	15,791,548
Transfers between funds		-	(684,166)	684,166	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(3,000)	-	(3,000)	-
Net movement in funds		659	(229,605)	684,166	455,220	15,791,548
Reconciliation of funds						
Total funds brought forward		87	391,461	15,400,000	15,791,548	-
Total funds carried forward		746	161,856	16,084,166	16,246,768	15,791,548

THE HARROW ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

Comparative year information Year ended 31 August 2015	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2015 £
Income and endowments from:					
Donations and capital grants	2	-	-	15,400,000	15,400,000
Charitable activities:					
- Funding for educational operations	3	-	450,000	-	450,000
Investments	4	87	-	-	87
Total income and endowments		87	450,000	15,400,000	15,850,087
Expenditure on:					
Charitable activities:					
- Educational operations	6	-	58,539	-	58,539
Total expenditure	5	-	58,539	-	58,539
Net income/(expenditure)		87	391,461	15,400,000	15,791,548
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		87	391,461	15,400,000	15,791,548

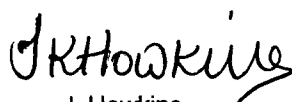
THE HARROW ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Intangible assets	10		61,936		2,000
Tangible assets	11		16,022,230		15,400,000
			<u>16,084,166</u>		<u>15,402,000</u>
Current assets					
Debtors	12	3,858,409		3,314,584	
Cash at bank and in hand		90,220		162,427	
		<u>3,948,629</u>		<u>3,477,011</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(701,027)		(7,463)	
Net current assets			<u>3,247,602</u>		<u>3,469,548</u>
Total assets less current liabilities			<u>19,331,768</u>		<u>18,871,548</u>
Creditors: amounts falling due after more than one year	14		(3,080,000)		(3,080,000)
Net assets excluding pension liability			<u>16,251,768</u>		<u>15,791,548</u>
Defined benefit pension liability	17		(5,000)		-
Net assets			<u>16,246,768</u>		<u>15,791,548</u>
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			16,084,166		15,400,000
- Restricted income funds			166,856		391,461
- Pension reserve			(5,000)		-
Total restricted funds			<u>16,246,022</u>		<u>15,791,461</u>
Unrestricted income funds	15		746		87
Total funds			<u>16,246,768</u>		<u>15,791,548</u>

The accounts set out on pages 16 to 35 were approved by the board of trustees and authorised for issue on 19 December 2016 and are signed on its behalf by:



J Howkins
Chair of Trustees

Company Number 09026369

THE HARROW ACADEMIES TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Net cash inflow/(outflow) from operating activities	19	609,800	(2,912,110)
Returns on investments and servicing of finance			
Investment income	159	-	-
Net cash inflow/(outflow) from returns on investments and servicing of finance		159	-
		609,959	(2,912,110)
Capital expenditure and financial investments			
Capital grants received	-	15,400,000	-
Payments to acquire intangible fixed assets	(59,936)	-	-
Payments to acquire tangible fixed assets	(622,230)	(15,400,000)	-
Net cash flow from capital activities		(682,166)	-
Net cash inflow/(outflow) before financing		(72,207)	(2,912,110)
Financing			
Repayment of long term Government loan	-	3,080,000	-
Net cash inflow/(outflow) from funding		-	3,080,000
Increase/(decrease) in cash	18	(72,207)	167,890

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

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

The Harrow Academies Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of The Harrow Academies Trust prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 23.

1.2 Going concern

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

1.3 Income

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

Grants receivable

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

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

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

Sponsorship income

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

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

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

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

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Intangible fixed assets and amortisation

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Website development costs - 4 years
- Software licences - 5 years

1.6 Tangible fixed assets and depreciation

Assets costing £5,000 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. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	50 years
Computer equipment	4 years
Fixtures, fittings & equipment	5 years

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

1.7 Liabilities

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

1.8 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.11 Fund accounting

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

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

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

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Capital grants	-	657,462	657,462	15,400,000
Other donations	500	-	500	-
	<u>500</u>	<u>657,462</u>	<u>657,962</u>	<u>15,400,000</u>

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
Start up grants	-	-	-	450,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Other funds				
Other incoming resources	-	200	200	-
	<u>-</u>	<u>200</u>	<u>200</u>	<u>-</u>
Total funding	<u>-</u>	<u>200</u>	<u>200</u>	<u>450,000</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	159	-	159	87
	<u>159</u>	<u>-</u>	<u>159</u>	<u>87</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	84,939	-	33,359	118,298	12,131
- Allocated support costs	33,086	-	48,717	81,803	46,408
	<u>118,025</u>	<u>-</u>	<u>82,076</u>	<u>200,101</u>	<u>58,539</u>
Total expenditure	<u>118,025</u>	<u>-</u>	<u>82,076</u>	<u>200,101</u>	<u>58,539</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Fees paid to auditor for audit services	<u>3,903</u>	<u>4,000</u>

6 Charitable activities

	2016 £	2015 £
All from restricted funds:		
Direct costs - educational operations	118,298	12,131
Support costs - educational operations	81,803	46,408
	<u>200,101</u>	<u>58,539</u>
	2016 £	2015 £
Analysis of support costs		
Support staff costs	33,086	-
Technology costs	12,384	8,685
Premises costs	1,588	1,662
Other support costs	4,994	29,948
Governance costs	29,751	6,113
	<u>81,803</u>	<u>46,408</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Staff costs

	2016 £	2015 £
Wages and salaries	98,846	-
Operating costs of defined benefit pension schemes	15,522	-
Staff costs	114,368	-
Staff development and other staff costs	3,657	-
Total staff expenditure	118,025	-

Staff numbers

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

	2016 Number	2015 Number
Administration and support	2	-
Management	1	-
	3	-

Higher paid staff

There were no employees whose remuneration in the period was £60,000 or more.

Key management personnel

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £64,000.

8 Trustees' remuneration and expenses

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

The value of the trustee's remuneration and other benefits was as follows:

C Woolf (principal and trustee):

Remuneration £50,000 - £55,000 (2015: £nil)

Employer's pension contributions paid £5,000 - £10,000 (2015: £nil)

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Trustees and officers insurance

The academy trust has opted into the Department for 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 trust 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.

10 Intangible fixed assets

	Computer software licenses
	£
Cost	
At 1 September 2015	2,000
Additions	59,936
	<hr/>
At 31 August 2016	61,936
	<hr/>
Net book value	
At 31 August 2016	61,936
	<hr/> <hr/>
At 31 August 2015	2,000
	<hr/> <hr/>

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	15,400,000	-	-	15,400,000
Additions	516,009	54,042	52,179	622,230
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2016	15,916,009	54,042	52,179	16,022,230
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 2015 and 31 August 2016	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2016	15,916,009	54,042	52,179	16,022,230
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2015	15,400,000	-	-	15,400,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

12 Debtors	2016 £	2015 £
Other debtors	3,269,589	3,089,584
Prepayments and accrued income	588,820	225,000
	<u>3,858,409</u>	<u>3,314,584</u>

Amounts included above which fall due after more than one year:

	2016 £	2015 £
Other debtors	<u>60,000</u>	<u>3,089,584</u>

This year's long term debtor is accrued income in relation to the Project Development Grant. It is in relation to the Primary school that will be set up as part of the Trust in the future. At the year end 31 August 2016 it is clear this will not happen in the next 12 months and the income in relation to the set up costs for the primary will not be paid till nearer the time when the primary opens and the costs of set up have actually been incurred. Therefore it has been recognised as a long term debtor.

The prior year debtor balance due after more than 1 year was VAT that could only be reclaimed when the Academy opens in September 2016. It is related to costs incurred for set up and the purchase of the school property itself. At the end of August 2016 it correctly still had not been reclaimed but was claimed shortly after the year end.

13 Creditors: amounts falling due within one year	2016 £	2015 £
Trade creditors	665,015	1,800
Other taxation and social security	8,319	-
Accruals and deferred income	27,693	5,663
	<u>701,027</u>	<u>7,463</u>

14 Creditors: amounts falling due after more than one year	2016 £	2015 £
Government loans	<u>3,080,000</u>	<u>3,080,000</u>
Analysis of loans		
Wholly repayable within five years	<u>3,080,000</u>	<u>3,080,000</u>
Amounts included above	<u>3,080,000</u>	<u>3,080,000</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£	£	£	£	£
Restricted general funds					
Start up grants	391,461	-	(187,211)	(37,394)	166,856
Other restricted funds	-	657,662	(10,890)	(646,772)	-
Funds excluding pensions	391,461	657,662	(198,101)	(684,166)	166,856
Pension reserve	-	-	(2,000)	(3,000)	(5,000)
	<u>391,461</u>	<u>657,662</u>	<u>(200,101)</u>	<u>(687,166)</u>	<u>161,856</u>
Restricted fixed asset funds					
DfE / EFA capital grants	15,400,000	-	-	684,166	16,084,166
	<u>15,400,000</u>	<u>-</u>	<u>-</u>	<u>684,166</u>	<u>16,084,166</u>
Total restricted funds	<u>15,791,461</u>	<u>657,662</u>	<u>(200,101)</u>	<u>(3,000)</u>	<u>16,246,022</u>
Unrestricted funds					
General funds	87	659	-	-	746
	<u>87</u>	<u>659</u>	<u>-</u>	<u>-</u>	<u>746</u>
Total funds	<u>15,791,548</u>	<u>658,321</u>	<u>(200,101)</u>	<u>(3,000)</u>	<u>16,246,768</u>

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

Restricted Start up grant: This grant has been awarded to the Trust by the EFA to fund the set up of the Trust. It is to be applied over a period of three years to the academic year 2017/18.

Restricted fixed asset funds: This fund has arisen from the purchase of the land and buildings for the secondary school on behalf of the Trust by the DfE.

Unrestricted funds: These have arisen from activities carried out by the Academy for raising funds and are unrelated to any form of Government assistance and therefore the Academy can choose to spend it however it chooses.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Intangible fixed assets	-	-	61,936	61,936
Tangible fixed assets	-	-	16,022,230	16,022,230
Current assets	746	3,947,883	-	3,948,629
Creditors falling due within one year	-	(701,027)	-	(701,027)
Creditors falling due after one year	-	(3,080,000)	-	(3,080,000)
Defined benefit pension liability	-	(5,000)	-	(5,000)
	<u>746</u>	<u>161,856</u>	<u>16,084,166</u>	<u>16,246,768</u>

17 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £6,059 (2015: £nil).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 19.5% for employers and a sliding scale % for employees. The estimated value of employer contributions for the forthcoming year is £6,000.

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.

Total contributions made	2016	2015
	£	£
Employer's contributions	3,000	-
Employees' contributions	1,000	-
	<u> </u>	<u> </u>
Total contributions	4,000	-
	<u> </u>	<u> </u>
Principal actuarial assumptions	2016	2015
	%	%
Rate of increases in salaries	3.6	-
Rate of increase for pensions in payment	2.1	-
Discount rate	2.0	-
	<u> </u>	<u> </u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations

(Continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2016:	Approximate % increase to employer liability	Approximate monetary amount (£)
0.5% decrease in Real Discount Rate	13%	1,000
1 year increase in member life expectancy	3%	-
0.5% increase in Salary Increase Rate	0%	-
0.5% increase in the Pension Increase Rate	13%	1,000

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

	2016 Years	2015 Years
Retiring today		
- Males	22.1	-
- Females	24.4	-
Retiring in 20 years		
- Males	24.5	-
- Females	26.9	-

The academy trust's share of the assets in the scheme

	2016 Fair value £	2015 Fair value £
Equities	3,120	-
Bonds	560	-
Cash	40	-
Property	280	-
Total market value of assets	4,000	-

Actual return on scheme assets - gain/(loss)

-	-
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Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	5,000	-

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations		(Continued)	
Changes in the present value of defined benefit obligations		2016	2015
		£	£
Current service cost		5,000	-
Employee contributions		1,000	-
Actuarial gain		3,000	-
At 31 August 2016		9,000	-
Changes in the fair value of the academy trust's share of scheme assets		2016	2015
		£	£
Employer contributions		3,000	-
Employee contributions		1,000	-
At 31 August 2016		4,000	-
18 Reconciliation of net cash flow to movement in net funds		2016	2015
		£	£
Increase/(decrease) in cash		(72,207)	162,427
Government loan		-	(3,080,000)
Net funds at 1 September 2015		(2,917,573)	-
Net funds at 31 August 2016		(2,989,780)	(2,917,573)
19 Reconciliation of net income to net cash flows from operating activities		2016	2015
		£	£
Net income for the reporting period		458,220	15,791,548
Adjusted for:			
Capital grants from DfE/EFA and other capital income		-	(15,400,000)
Investment income		(159)	(87)
Defined benefit pension costs less contributions payable		2,000	-
(Increase)/decrease in debtors		(543,825)	(3,314,584)
Increase/(decrease) in creditors		693,564	7,463
Net cash provided by operating activities		609,800	(2,915,660)

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Capital commitments

	2016	2015
	£	£
Expenditure contracted for but not provided in the accounts	958,903	-

The capital commitments are the building and ICT infrastructure projects ongoing within the school at the end of the year. The total amount committed is a maximum spend that the EFA has authorised for reimbursement under a capital grant. The actual end amount that might actually be incurred might differ from this.

21 Related party transactions

Owing to the nature of the academy trust'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 the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

Bentley Wood School – a school which is a member of the academy trust:

During the year, Bentley Wood purchased computer equipment on the trust's behalf totalling £797.58 (2015: £nil) during the period. They also paid for the Companies House filing fee of £13 during the year on behalf of Harrow Academies Trust. There were no amounts outstanding at 31 August 2016 (2015: £nil). In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2015.

During the year the school paid a £2,000 annual subscription to Bentley Wood Trust for an entity called Harrow Collegiate Teaching Schools Alliance. Bentley Wood Trust is related through virtue of being a member of this Trust.

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

23 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

	Notes	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP		-	15,789,548
Adjustments arising from transition to FRS 102:			
Reclassification of capital grants to 'Donation' income	1	-	-
Reclassify website costs as intangible assets under FRS102	2	-	2,000
Funds reported under FRS 102		-	15,791,548

Reconciliation of net income for the previous financial period

	Notes	2015 £
Net income as reported under previous UK GAAP		15,789,548
Adjustments arising from transition to FRS 102:		
Reclassification of capital grants to 'Donation' income	1	-
Reclassify website costs as intangible assets under FRS102	2	2,000
Net income reported under FRS 102		15,791,548

Notes to reconciliations on adoption of FRS 102

Reclassification of capital grants to 'Donation' income

Under FRS102 Capital Grants and funding can no longer be recognised as income for 'Educational Operations'. They should be classified as 'Donation' income in the notes to the accounts. This is because work carried out on the fabric of the school buildings or monies deemed to be received for the purchase of school building (as is the case at Pinner High) are not considered to be an 'Educational Operation'.

There is no impact on the Financial Statements as shown above because this is a reclassification within the incoming resources on the Statement of Financial Position.

Reclassify website costs as intangible assets under FRS102

Under FRS 102 website development costs and purchases of software where the academy owns the software and is not paying a subscription should be capitalised as intangibles.

The accounts have been adjusted for the website development costs incurred in last year's accounts which should form part of the website capitalised intangible asset disclosed in this year's accounts.