

Company Registration No. 09026369 (England and Wales)

**THE HARROW ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018**

THE HARROW ACADEMIES TRUST

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THE HARROW ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

The Bentley Wood Trust
Canons High School
Harrow High School
Hatch End High School
Nower Hill High School
Park High School
Tithe Academy
J Howkins

Trustees

J Howkins (Chair of Trustees)
C Woolf (Accounting Officer)
A Ahmed
K Bartle (Resigned 31 December 2017)
P Gamble
S Hammond
C Livesey
S Maguire
J Reavley
E Lumley (Resigned 31 December 2017)
D Chappell (Appointed 1 April 2018)
J Varley (Appointed 1 April 2018)

Senior management team

- Chief Financial Officer	C Tarling
- Headteacher	C Woolf
- Assistant Headteacher	J Smyth
- Head of Operations	H Ford

Company registration number 09026369 (England and Wales)

Registered office Pinner High School
Beaulieu Drive
Pinner
Harrow
HA5 1NB

Independent auditor Alliotts
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and independent auditor's reports of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The academy trust has a remit to operate academies for pupils aged 4 to 19 in the London Borough of Harrow. The first academy, Pinner High School, opened in September 2016 with one year group. When full, the school will have a student capacity of 1162, including 250 sixth form places. It had a roll of 494 in the school census on 4th October 2018.

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 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

In accordance with standard practice, the academy trust is a member of the government's Risk Protection Arrangement (RPA) which provides insurance to protect the trustees, governors and officers of the company from claims arising from negligent acts, errors or omissions whilst on academy business. The cover under the policy is £10 million.

Method of recruitment and appointment or election of trustees

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

The academy trust 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 of Trustees and approved by the trustees, which provide for significant personnel and expenditure decisions and major capital projects to be referred to the Board of Trustees for prior approval. These policies and procedures are based on guidance from the DfE.

The Board of Trustees meets at least three times a year and delegates responsibilities to the local Governing Body of Pinner High School. The Governing Body meets at least six times a year and from September 2018 will further delegate responsibilities to sub-committees for Finance & Resources and Students & Achievement. Further delegation will take place as the school grows to include HR and Premises. Each committee will work under the guidance of a Chairperson, appointed at the first committee meeting of the academic year. Written terms of reference are reviewed once a year and the Clerk to Governors co-ordinates the work of the Board of Trustees and Governors.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Arrangements for setting pay and remuneration of key management personnel

'Key management personnel' include trustees, Governors, and the Senior Leadership Team which comprises the Headteacher, Deputy Headteacher, Finance Director, Head of Operations and Assistant Headteacher.

Trustees and Governors do not receive any remuneration.

The Senior Leadership Team's remuneration is set by the Governors Pay Committee, on the recommendation of the Headteacher, except that the pay of the Headteacher is set by the Governors' Pay Committee.

Related parties and other connected charities and organisations

The members of the academy trust comprise seven academy schools all located in the London Borough of Harrow. Five of the trustees are currently Headteachers of these academy schools. Academies in Harrow work collaboratively across a range of activities including school to school support.

Objectives and activities

Objects and aims

The academy trust'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 trust aims to create an environment to nurture students, 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 student 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 students who apply are admitted up to the capacity of the academy, with no selection.

Consistent with other academies in the United Kingdom we aim to raise educational outcomes and to increase student numbers to meet demand.

Objectives, strategies and activities

The academy trust's key objectives for the academic year identified in School Improvement Planning were:

Effectiveness of Leadership and Management

- Leaders at all levels, and trustees and governors, to maintain the highest standards by setting the highest expectations for staff and students.
- Ensure trustees 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.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Quality of 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 the 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 pupils in achievement across all subjects

- To 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.

These priorities reflected the vision for the academy trust to have:

- Effective leadership and governance;
- High quality teaching, learning and assessment;
- Personal development and welfare of all students;
- Raising educational standards;
- Schools at the heart of the community.

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 trust also makes its facilities available to the community outside of educational hours.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

During the year the academy trust educated 300 students aged 11-13 at Pinner High School. The school had a very successful second year and provided an excellent standard of education as confirmed by Inspections from the Department for Education, and the Harrow Academies Trust. The school attained the 'Healthy Schools' Silver Award, the Silver STARS Award and the Silver Arts Mark Award.

Demand for places continues to grow, with 915 applications for places for 2018-19, an increase from 781 the previous year.

Pinner High School offers a broad curriculum with a strong focus on involving all students in extracurricular activities, and educates children with a wide range of abilities.

The academy trust also continues to prepare for the opening of its second academy, Harrow View Primary School. The school is expected to open no earlier than September 2020.

The academy trust aims to support young people in reaching their potential in all areas of school life. This may be in academic subjects but could just as easily be reflected in success in art, drama, sport, music or dance, with the aim of producing 'well rounded' individuals who are able to make a positive contribution to society.

Key performance indicators

Performance targets at Pinner High School are set at challenging levels which reflect the high aspirations for the pupils.

For Year 8 at the end of the year, 75% had a prediction at or above their year-end target grade. Specific groups performed well: 7% more PP students were at or above targets; SEN pupils: 3%; EAL: 12%; HAP: 65%. For Year 7 at the end of last term, 79% were achieving at or above predicted grades. The PP students were performing at the same rate; SEN pupils 7% above this; EAL and HAP – the same.

Pinner High School was awarded the Investors in People Health and Wellbeing Award in July 2017, which provides an external assessment of working practices at the school.

Going concern

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

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

Financial review

Funding for the period was provided by the ESFA by means of standard grants to cover operational and capital costs. Additional funds were received from bank interest and from staff secondments to local schools.

A deficit of funds of £(259,096) has been achieved before an actuarial gain in the pension deficit of £23,000. Net assets of £16,364,416 including cash funds of £550,099 have been carried forward into 2018/19.

At 31 August 2018 cash funds of £550,099 were held in bank accounts for the academy trust. The bulk of these funds were held either in higher rate fixed term deposit accounts or in normal deposit accounts. All funds were held with Lloyds Bank. The funds have largely been accumulated through sustainable budget setting and good financial control to ensure we are able to sustain improvements over a number of years as the school grows.

Both financial and educational Key Performance Indicators are used to track progress against objectives, and to identify quickly any worrying trends. These KPIs include student numbers, staff costs as a % of income and FTE to budget, cash held and reporting on the strength of the balance sheet.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

The trustees have not as yet determined an appropriate level of free reserves as Pinner High School has only been open for two years. The trustees will review the reserve level annually as the school grows.

The trustees are also aware of upcoming cost pressures in pension and national insurance contributions and the impact of the continuing reduction in student led funding. They regard the current level of reserves held as reasonable.

In reviewing their reserves the trustees noted that the total at the year-end of restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was £342,941.

Investment policy

The academy trust's investment policy is minimal 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 for the duration of the term.

Principal risks and uncertainties

The Board of Trustees is responsible for the identification and management of the risks in the academy trust. A formal review of risks and the risk management processes was undertaken during the year 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 Board of Trustees include:

- formal agendas and minutes for all meetings of the Board of Trustees and local Governing Body;
- a scheme of delegation and 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 trustees have been prudent in their 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 rose by £67,000 in the period to £109,000 and there is continuing uncertainty in any final salary scheme of this type.

Fundraising

The Trust does not fundraise from the public, nor does it work with commercial participators or professional fundraisers. Parental contributions are invited on a voluntary basis to contribute towards a range of extracurricular trips and activities. Trustees are aware of their responsibilities, and any funds raised are managed responsibly with reasonable care and skill, acting in the best interests of the school.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

The academy trust's key objective for 2018-19 is to continue the development and progress of the academy trust. Pinner High School's Improvement Plan is written on a two-year cycle, and includes:

Effectiveness of Leadership and Management

- Leaders, at all levels, and trustees, to maintain the highest standards by setting the highest expectations for staff and students.
- Ensure trustees 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 and 4 curriculum and plan a Key Stage 5 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.

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 embed an inclusive approach to teaching and learning such that the attainment of SEN students continues to matches that of other students with similar starting points.
- To 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 continues to be above 96%.
- Develop positive learning strategies to meet the emotional and social needs of all, including the most vulnerable students.

Outcomes for Students

- To embed the assessment scales for all students.
- To set challenging personalised targets and intervene appropriately when they are not being met.
- 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.

THE HARROW ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

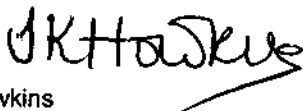
FOR THE YEAR ENDED 31 AUGUST 2018

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 13 December 2018 and signed on its behalf by:



J Howkins
Chair of Trustees

THE HARROW ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that the 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 Board of Trustees has delegated the day-to-day responsibility to the 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 Academy and the Secretary of State for Education. The Headteacher is responsible for reporting to the academy trust any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has met four times in 2017-18. The Governing Body of Pinner High School has met formally seven times during the year. Attendance of the trustees and Governors during the year at meetings of the Board of Trustees and Governing Body was as follows:

Trustees	Meetings attended	Out of possible
J Howkins (Chair of Trustees)	3	4
C Woolf (Accounting Officer)	4	4
A Ahmed	1	4
K Bartle (Resigned 31 December 2017)	2	3
P Gamble	0	4
S Hammond	3	4
C Livesey	2	4
S Maguire	3	4
J Reavley	3	4
E Lumley (Resigned 31 December 2017)	0	2
D Chappell (Appointed 1 April 2018)	1	1
J Varley (Appointed 1 April 2018)	0	1

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 body and the relationship between these.

The governance structure is reviewed annually with the next review date scheduled for 2019.

THE HARROW ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of value for money

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

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered value for money during the year by addressing the following:

Effectiveness through improved educational performance

The academy trust is focused on student achievement by making the best use of available resources including:

- Targeted use of Pupil Premium funding;
- A well-resourced ICT strategy to ensure that new technologies are harnessed to improve learning. The Academy has a 5 year ICT plan to support its growth;
- Excellent and well-resourced extra-curricular activities which take place during the normal school day giving all student access to a wide range of clubs and activities.

Efficiency through financial governance and management

There is robust financial governance and oversight including:

- Financial controls and procedures reviewed regularly including written delegations and clear purchasing procedures;
- Regular budget monitoring including comprehensive monthly management accounts;
- Five year financial planning and cash-flow forecasting;
- Business continuity planning and regular review of the risk register.

Economy through working collaboratively to share best practice and reduce costs

The academy trust actively participates in a wide range of collaborative initiatives including:

- Member of Harrow Collegiate Teaching Schools Alliance;
- Collaborative procurement programme covering a range of services including HR and payroll services, financial software, audit and catering;
- Benchmarking with other Harrow secondary schools.

Further improvements in value for money are anticipated in future years by making greater use of benchmarking data and increasing income through lettings and other income generating activities.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

THE HARROW ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

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

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

Alliotts, the external auditor, are being used to give advice on financial matters and perform a range of checks on the academy trust's financial systems, which included the following areas this period:

- review of financial procedures
- review of income process
- review of payroll process

On a termly basis the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the academy trust. No material failures or weaknesses were identified during the year as result of the extended assurance work.

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 Trust 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 13 December 2018 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 2018

As accounting officer of The Harrow Academies Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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.



C Woolf
Accounting Officer

13 December 2018

THE HARROW ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who also act as directors of the Harrow Academies Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual 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:

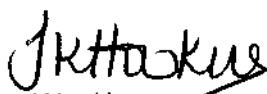
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the 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 on 13 December 2018 and signed on its behalf by:


J Howkins
Chair of Trustees

THE HARROW ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of The Harrow Academies Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 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 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE HARROW ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated 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 the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

THE HARROW ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. 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 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

13/12/18

Chartered Accountants
Statutory Auditor

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

THE HARROW ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 20 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 ESFA 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 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 Harrow Academies Trust and ESFA, 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 13 December 2017 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 trust's 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 trustees;
- review of specific terms of grant funding within the funding agreement;
- review of related party transactions for connections with the Headteacher or trustees;
- 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Alliotts

Dated: 13/12/18

THE HARROW ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted funds:		Total 2018	Total 2017
	Notes	£	General	Fixed asset	£	£
Income and endowments from:						
Donations and capital grants	3	-	570,986	29,100	600,086	1,283,233
Charitable activities:						
- Funding for educational operations	4	69,103	2,141,119	-	2,210,222	1,250,964
Other trading activities	5	3,934	70,298	-	74,232	47,821
Investments	6	280	-	-	280	886
Total		73,317	2,782,403	29,100	2,884,820	2,582,904
Expenditure on:						
Charitable activities:						
- Educational operations	8	69,541	2,757,221	317,154	3,143,916	2,238,160
Total	7	69,541	2,757,221	317,154	3,143,916	2,238,160
Net income/(expenditure)						
		3,776	25,182	(288,054)	(259,096)	344,744
Transfers between funds	16	-	(34,781)	34,781	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	18	-	23,000	-	23,000	9,000
Net movement in funds		3,776	13,401	(253,273)	(236,096)	353,744
Reconciliation of funds						
Total funds brought forward		7,564	209,200	16,383,748	16,600,512	16,246,768
Total funds carried forward		11,340	222,601	16,130,475	16,364,416	16,600,512

THE HARROW ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

Comparative year information Year ended 31 August 2017	Notes	Unrestricted Funds £	General £	Restricted funds: Fixed asset £	Total 2017 £
Income and endowments from:					
Donations and capital grants	3	890	697,796	584,547	1,283,233
Charitable activities:					
- Funding for educational operations	4	44,841	1,206,123	-	1,250,964
Other trading activities	5	1,968	45,853	-	47,821
Investments	6	886	-	-	886
Total		48,585	1,949,772	584,547	2,582,904
Expenditure on:					
Charitable activities:					
- Educational operations	8	41,767	1,911,428	284,965	2,238,160
Total	7	41,767	1,911,428	284,965	2,238,160
Net income		6,818	38,344	299,582	344,744
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	9,000	-	9,000
Net movement in funds		6,818	47,344	299,582	353,744
Reconciliation of funds					
Total funds brought forward		746	161,856	16,084,166	16,246,768
Total funds carried forward		7,564	209,200	16,383,748	16,600,512

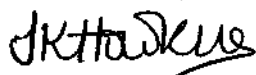
THE HARROW ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	12		37,962		51,199
Tangible assets	13		16,092,513		16,327,576
			<u>16,130,475</u>		<u>16,378,775</u>
Current assets					
Debtors	14	257,347		175,258	
Cash at bank and in hand		550,099		394,565	
		<u>807,446</u>		<u>569,823</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(464,505)		(306,086)	
Net current assets			<u>342,941</u>		<u>263,737</u>
Net assets excluding pension liability			<u>16,473,416</u>		<u>16,642,512</u>
Defined benefit pension scheme liability	18		(109,000)		(42,000)
Net assets			<u>16,364,416</u>		<u>16,600,512</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			16,130,475		16,383,748
- Restricted income funds			331,601		251,200
- Pension reserve			(109,000)		(42,000)
Total restricted funds			<u>16,353,076</u>		<u>16,592,948</u>
Unrestricted income funds	16		<u>11,340</u>		<u>7,564</u>
Total funds			<u>16,364,416</u>		<u>16,600,512</u>

The accounts on pages 19 to 41 were approved by the trustees and authorised for issue on 13 December 2018 and are signed on their behalf by:



J Howkins
Chair of Trustees

Company Number 09026369

THE HARROW ACADEMIES TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by operating activities	19		41,750		3,268,591
Cash flows from investing activities					
Dividends, interest and rents from investments		280		886	
Capital grants from DfE Group		182,358		694,442	
Purchase of intangible fixed assets		-		(2,000)	
Purchase of tangible fixed assets		(68,854)		(577,574)	
Net cash provided by investing activities			113,784		115,754
Cash flows from financing activities					
Repayment of other loan		-		(3,080,000)	
Net cash used in financing activities			-		(3,080,000)
Net increase in cash and cash equivalents in the reporting period			155,534		304,345
Cash and cash equivalents at beginning of the year			394,565		90,220
Cash and cash equivalents at end of the year			550,099		394,565

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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 2016 to 2017 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, 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

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 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.

The trust is benefiting from the ESFA's Free School Building Programme for the construction of Pinner High School. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls through ownership the site where the development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

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.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 expenditure is net of 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.

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

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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 Leased assets

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

1.9 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.10 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.

1.11 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 projected unit method. The 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 are 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 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.

1.12 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 and Skills Funding Agency.

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 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 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 18, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	205,051	205,051	744,913
Other donations	-	395,035	395,035	538,320
	-	600,086	600,086	1,283,233

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	1,786,159	1,786,159	1,104,396
Other DfE group grants	-	226,256	226,256	41,331
	-	2,012,415	2,012,415	1,145,727
Other government grants				
Local authority grants	-	109,393	109,393	43,403
Other funding				
Other incoming resources	69,103	19,311	88,414	61,834
Total funding	69,103	2,141,119	2,210,222	1,250,964

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	1,960	-	1,960	-
Catering income	322	-	322	-
Other income	1,652	70,298	71,950	47,821
	<u>3,934</u>	<u>70,298</u>	<u>74,232</u>	<u>47,821</u>

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	280	-	280	886
	<u>280</u>	<u>-</u>	<u>280</u>	<u>886</u>

7 Expenditure

	Staff costs £	Non Pay Premises £	Expenditure Other £	Total 2018 £	Total 2017 £
Academy's educational operations					
- Direct costs	1,235,834	-	133,177	1,369,011	790,358
- Allocated support costs	465,566	1,121,098	188,241	1,774,905	1,447,802
	<u>1,701,400</u>	<u>1,121,098</u>	<u>321,418</u>	<u>3,143,916</u>	<u>2,238,160</u>

Net income/(expenditure) for the year includes:

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	5,250	5,200
- Other services	3,790	3,750
Operating lease rentals	1,678	-
Depreciation of tangible fixed assets	303,917	272,228
Amortisation of intangible fixed assets	13,237	12,737
Net interest on defined benefit pension liability	2,000	-
	<u>328,872</u>	<u>303,915</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	-	1,369,011	1,369,011	790,358
Support costs				
Educational operations	69,541	1,705,364	1,774,905	1,447,802
	<u>69,541</u>	<u>3,074,375</u>	<u>3,143,916</u>	<u>2,238,160</u>
			2018	2017
			£	£
Analysis of support costs				
Support staff costs			465,566	236,890
Depreciation and amortisation			317,154	284,965
Technology costs			21,912	4,995
Premises costs			803,944	793,107
Other support costs			147,320	98,362
Governance costs			19,009	29,483
			<u>1,774,905</u>	<u>1,447,802</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	1,236,679	681,874
Social security costs	115,822	62,109
Pension costs	292,543	160,780
Staff costs	<u>1,645,044</u>	<u>904,763</u>
Agency staff costs	38,822	25,278
Staff restructuring costs	5,000	-
Staff development and other staff costs	12,534	8,834
Total staff expenditure	<u>1,701,400</u>	<u>938,875</u>
Staff restructuring costs comprise:		
Severance payments	<u>5,000</u>	<u>-</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff

(Continued)

Staff numbers

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

	2018 Number	2017 Number
Teachers	17	10
Administration and support	23	7
Management	4	4
	<u>44</u>	<u>21</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018 Number	2017 Number
Teachers	15	11
Administration and support	18	7
Management	4	2
	<u>37</u>	<u>20</u>

Higher paid staff

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

	2018 Number	2017 Number
£80,001 - £90,000	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust 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 trust was £264,705 (2017: £245,850).

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

C Woolf (Headteacher):

Remuneration	£85,000 - £90,000 (2017: £80,000 - £85,000)
Employer's pension contributions	£10,000 - £15,000 (2017: £10,000 - £15,000)

During the year, school related purchases totalling £894 (2017: £1,222) were reimbursed or paid directly to one trustee (2017: one trustee).

Other related party transactions involving the trustees are set out within the related parties note.

11 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.

12 Intangible fixed assets

	Computer software licences £
Cost	
At 1 September 2017 and at 31 August 2018	63,936
Amortisation	
At 1 September 2017	12,737
Charge for year	13,237
At 31 August 2018	25,974
Carrying amount	
At 31 August 2018	37,962
At 31 August 2017	51,199

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2017	15,899,823	185,399	514,582	16,599,804
Additions	-	68,854	-	68,854
At 31 August 2018	15,899,823	254,253	514,582	16,668,658
Depreciation				
At 1 September 2017	146,560	27,152	98,516	272,228
Charge for the year	147,255	53,746	102,916	303,917
At 31 August 2018	293,815	80,898	201,432	576,145
Net book value				
At 31 August 2018	15,606,008	173,355	313,150	16,092,513
At 31 August 2017	15,753,263	158,247	416,066	16,327,576

14 Debtors

	2018 £	2017 £
Trade debtors	21,024	-
VAT recoverable	25,794	14,402
Other debtors	-	1,022
Prepayments and accrued income	210,529	159,834
	257,347	175,258

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

	2018 £	2017 £
Other debtors	90,000	90,000

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	86,074	82,287
Other taxation and social security	32,981	34,872
Other creditors	39,994	15,129
Accruals and deferred income	305,456	173,798
	464,505	306,086

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	251,200	1,786,159	(1,670,977)	(34,781)	331,601
Other DfE / ESFA grants	-	402,207	(402,207)	-	-
Other government grants	-	109,393	(109,393)	-	-
Other restricted funds	-	484,644	(484,644)	-	-
Pension reserve	(42,000)	-	(90,000)	23,000	(109,000)
	<u>209,200</u>	<u>2,782,403</u>	<u>(2,757,221)</u>	<u>(11,781)</u>	<u>222,601</u>
Restricted fixed asset funds					
DfE group capital grants	16,383,748	29,100	(317,154)	-	16,095,694
Capital expenditure from GAG	-	-	-	34,781	34,781
	<u>16,383,748</u>	<u>29,100</u>	<u>(317,154)</u>	<u>34,781</u>	<u>16,130,475</u>
Total restricted funds	<u>16,592,948</u>	<u>2,811,503</u>	<u>(3,074,375)</u>	<u>23,000</u>	<u>16,353,076</u>
Unrestricted funds					
General funds	<u>7,564</u>	<u>73,317</u>	<u>(69,541)</u>	<u>-</u>	<u>11,340</u>
Total funds	<u>16,600,512</u>	<u>2,884,820</u>	<u>(3,143,916)</u>	<u>23,000</u>	<u>16,364,416</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

General Annual Grant: This fund is for the purpose of running the academy trust in accordance with the Funding Agreement with the Secretary of State and along guidelines as set out in the Academies Financial Handbook.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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

Other DfE/ESFA grants: This fund has also arisen from funding received from the Department for Education and the Education and Skills Funding Agency for the furtherance of the academy trust's activities that are not funded through the General Annual Grant.

Other government grants: This fund has also arisen from funding received for the furtherance of the academy trust's activities that are not funded through the General Annual Grant.

Other restricted fund: This restricted fund has arisen from other income that the academy trust has received. The monies have to be used for the benefit of the academy trust but there are no restrictions on when these monies can be spent.

Pension reserve: This liability has arisen from the Local Government Pension Scheme, which was inherited by the academy trust on conversion. See note 18 for further details on this liability.

Restricted fixed asset funds: These funds have arisen from fixed assets inherited upon conversion and from the subsequent purchases of new assets for use by the academy trust. All assets held are specifically for the use of the academy trust.

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

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	-	1,104,396	(853,196)	-	251,200
Start up grants	166,856	-	(166,856)	-	-
Other DfE / ESFA grants	-	201,697	(201,697)	-	-
Other government grants	-	43,403	(43,403)	-	-
Other restricted funds	-	600,276	(600,276)	-	-
Pension reserve	(5,000)	-	(46,000)	9,000	(42,000)
	<u>161,856</u>	<u>1,949,772</u>	<u>(1,911,428)</u>	<u>9,000</u>	<u>209,200</u>
Restricted fixed asset funds					
DfE group capital grants	<u>16,084,166</u>	<u>584,547</u>	<u>(284,965)</u>	<u>-</u>	<u>16,383,748</u>
Total restricted funds	<u>16,246,022</u>	<u>2,534,319</u>	<u>(2,196,393)</u>	<u>9,000</u>	<u>16,592,948</u>
Unrestricted funds					
General funds	<u>746</u>	<u>48,585</u>	<u>(41,767)</u>	<u>-</u>	<u>7,564</u>
Total funds	<u>16,246,768</u>	<u>2,582,904</u>	<u>(2,238,160)</u>	<u>9,000</u>	<u>16,600,512</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	-	2,890,555	(2,524,173)	(34,781)	331,601
Start up grants	166,856	-	(166,856)	-	-
Other DfE / ESFA grants	-	603,904	(603,904)	-	-
Other government grants	-	152,796	(152,796)	-	-
Other restricted funds	-	1,084,920	(1,084,920)	-	-
Pension reserve	(5,000)	-	(136,000)	32,000	(109,000)
	<u>161,856</u>	<u>4,732,175</u>	<u>(4,668,649)</u>	<u>(2,781)</u>	<u>222,601</u>
Restricted fixed asset funds					
DfE group capital grants	16,084,166	613,647	(602,119)	-	16,095,694
Capital expenditure from GAG	-	-	-	34,781	34,781
	<u>16,084,166</u>	<u>613,647</u>	<u>(602,119)</u>	<u>34,781</u>	<u>16,130,475</u>
Total restricted funds	<u>16,246,022</u>	<u>5,345,822</u>	<u>(5,270,768)</u>	<u>32,000</u>	<u>16,353,076</u>
Unrestricted funds					
General funds	746	121,902	(111,308)	-	11,340
	<u>746</u>	<u>121,902</u>	<u>(111,308)</u>	<u>-</u>	<u>11,340</u>
Total funds	<u>16,246,768</u>	<u>5,467,724</u>	<u>(5,382,076)</u>	<u>32,000</u>	<u>16,364,416</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	37,962	37,962
Tangible fixed assets	-	-	16,092,513	16,092,513
Current assets	11,340	796,106	-	807,446
Creditors falling due within one year	-	(464,505)	-	(464,505)
Defined benefit pension liability	-	(109,000)	-	(109,000)
Total net assets	<u>11,340</u>	<u>222,601</u>	<u>16,130,475</u>	<u>16,364,416</u>

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2017 are represented by:				
Intangible fixed assets	-	-	51,199	51,199
Tangible fixed assets	-	-	16,327,576	16,327,576
Current assets	7,564	557,286	4,973	569,823
Creditors falling due within one year	-	(306,086)	-	(306,086)
Defined benefit pension liability	-	(42,000)	-	(42,000)
Total net assets	7,564	209,200	16,383,748	16,600,512

18 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 2016.

Contributions amounting to £32,981 (2017: £15,307) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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

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 2018

18 Pension 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)
- 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 is currently underway based on April 2016 data, 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 £129,661 (2017: £77,566).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 19.3% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2018 £	2017 £
Employer's contributions	73,000	37,000
Employees' contributions	22,000	11,000
Total contributions	95,000	48,000
Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.7	2.7
Rate of increase for pensions in payment/inflation	2.4	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.4	2.4

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

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

	2018 Years	2017 Years
Retiring today		
- Males	22.2	22.2
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.0	24.4
- Females	26.4	26.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £	2017 £
Discount rate + 0.1%	(7,000)	(3,000)
Discount rate - 0.1%	7,000	3,000
Mortality assumption + 1 year	11,000	4,000
Mortality assumption - 1 year	(11,000)	(4,000)
CPI rate + 0.1%	7,000	3,000
CPI rate - 0.1%	(7,000)	(3,000)

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

	2018 Fair value £	2017 Fair value £
Equities	125,000	45,000
Bonds	19,000	7,000
Cash	2,000	2,000
Property	13,000	5,000
Total market value of assets	159,000	59,000

The actual return on scheme assets was £5,000 (2017: £7,000).

Amount recognised in the Statement of Financial Activities

	2018 £	2017 £
Current service cost	161,000	83,000
Interest income	(3,000)	(1,000)
Interest cost	5,000	1,000
Total operating charge	163,000	83,000

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations

	2018 £	2017 £
At 1 September 2017	101,000	9,000
Current service cost	161,000	83,000
Interest cost	5,000	1,000
Employee contributions	22,000	11,000
Actuarial gain	(21,000)	(3,000)
At 31 August 2018	268,000	101,000

Changes in the fair value of the academy trust's share of scheme assets

	2018 £	2017 £
At 1 September 2017	59,000	4,000
Interest income	3,000	1,000
Actuarial gain	2,000	6,000
Employer contributions	73,000	37,000
Employee contributions	22,000	11,000
At 31 August 2018	159,000	59,000

19 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(259,096)	344,744
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(205,051)	(744,913)
Investment income receivable	(280)	(886)
Defined benefit pension costs less contributions payable	88,000	46,000
Defined benefit pension net finance cost	2,000	-
Depreciation of tangible fixed assets	303,917	272,228
Amortisation of intangible fixed assets	13,237	12,737
(Increase)/decrease in debtors	(59,396)	3,733,622
Increase/(decrease) in creditors	158,419	(394,941)
Net cash provided by operating activities	41,750	3,268,591

THE HARROW ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Contingent liabilities

There is an agreement between the Trust and the ESFA in regards to the running costs of Pinner High's site. Currently some of these costs are borne by the ESFA. However the agreement states that at some point a reasonable and affordable contribution towards these costs will be agreed that the Trust will have to pay the ESFA. At 31st August 2018 no agreement or discussions have started to determine what this contribution should be, so although the Trust is aware a contingent liability exists, currently no figure can be prescribed against this.

21 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	3,356	-
Amounts due in two and five years	13,425	-
	<u>16,781</u>	<u>-</u>

22 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.

During the year the academy trust paid Bentley Wood Trust a £2,000 (2017: £2,000) annual subscription for an entity called Harrow Collegiate Teaching Schools Alliance.

During the year the academy trust paid Canons High School a £513 (2017: £nil) catering fee.

During the year, Hatch End High School purchased health and safety training on the trust's behalf totalling £272 (2017: £nil).

Bentley Wood Trust, Canons High School and Hatch End High School are all members of The Harrow Academies Trust.

In entering into these transactions, the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

23 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.