

Emerson Park Academy

Annual Report and Financial Statements

Year ended 31 August 2019

Company Limited by Guarantee
Registration Number
07726858 (England and Wales)

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Reference and administrative information

Members	Mr Paul Connew Mr John Luff Mr Martin Tilbury
Directors	Mr John Luff (Chair of Directors) Mrs Victoria O'Connor (Vice Chair of Directors) Mrs Vee Bharaj Mr Terrence Huff Mrs Sarah Meacher Ms Carol Newton Mr Neil Rebeugeot Mr Martin Tilbury Mr Scott McGuinness (Headteacher)
Company secretary	Mr Ian Buckmaster
Senior Leadership Team	
Head Teacher	Scott McGuinness
Deputy Head	Kylie Blaize
Assistant Head	Jennifer Beattie Christine Crawley Michelle Day Mark Hope Joe Maguire Matt Oakins
Business Manager	Catherine Amponsah
Registered address	Wych Elm Road Hornchurch Essex RM11 3AD
Company registration number	07726858 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Natwest Bank Plc 120 – 122 High Street Hornchurch RM12 3UL
Solicitors	Bates, Wells and Braithwaite LLP 2 – 6 Cannon Street London EC4M 6YH

Directors' report Year ended 31 August 2019

The Directors of Emerson Park Academy ('the Academy') present their statutory report together with the financial statements of the charitable company for the year to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 25 to 30 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Emerson Park Academy 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 Directors act as the trustees for the charitable activities of Emerson Park Academy and are also the directors of the charitable company for the purposes of company law.

Details of the Directors who served throughout the year are disclosed on page 3.

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 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.

Directors' indemnities

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Directors

The Directors are trustees of the charitable company for the purposes of charity law. The following Directors were in office at 31 August 2019 and served throughout the period.

Director

Mr John Luff (Chair of Directors)	Member appointed Director
Mrs Victoria O'Connor (Vice Chair of Directors)	Co-opted Director
Mrs Vee Bharaj	Co-opted Director
Mr Terrence Huff	Member appointed Director
Mrs Sarah Meacher	Parent Director
Ms Carol Newton	Parent Director
Mr Neil Rebeugeot	Co-opted Director
Mr Martin Tilbury	Co-opted Director
Mr Scott McGuinness (Headteacher)	Ex-Officio Director

Method of Recruitment and appointment or election of Directors

Emerson Park Academy was incorporated as a private limited company on 2nd August 2011. The three founding members of the Academy Trust are Mr Martin Tilbury, Mr John Luff and Mr Paul Connew. A Board of up to 15 Directors are responsible for the Governance of the Academy. In accordance with the Memorandum and Articles of Association, Members may appoint up to three Directors. Up to six Parent Directors may be appointed following an election process of parents/guardians of existing students. Nominees for Parent Director must have a student currently on roll at the Academy. There are positions for up to three Co-Opted Directors who may be appointed by the Board themselves. There may be up to two Staff Director Appointments who may be nominated and appointed following an election process of the respective staff members. The Head Teacher is also an ex-officio member of the Board.

Policies and procedures adopted for the induction and training of Directors

Newly appointed Directors will attend Induction courses run by the Local Authority Governing Body Support Unit. In addition, a Directors Handbook containing recent minutes, Academy Development Plan, latest Head Teacher's Report, Committees list and recommendations of courses to attend is also made available in the Academy.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

Emerson Park Academy Trust Members

Founding Members:	Mr P Connew	Mr J Luff	Mr M Tilbury
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Board of Directors

Parent Elected Directors	Mrs Carol Newton Mrs Sarah Meacher
Co-Opted Directors	Mrs Victoria O'Connor Mr Martin Tilbury Mrs Vee Bharaj Mr Neil Rebeugeot
Staff Directors	Mr Scott McGuinness Head Teacher (ex-officio)
Member Directors	Appointed Mr John Luff Mr Terence Huff
Company Secretary	Mr Ian Buckmaster

Board of Directors

The Directors are responsible for setting general vision, policy and strategy, adopting an annual improvement plan and budget, monitoring the Academy by use of a self-evaluation process, budgets and reports and making major decisions about the direction of the Academy, substantial capital expenditure and Senior Leadership Team appointments.

Senior Leadership Team

The Senior Leadership Team includes the Head Teacher, Deputy Head Teacher, six Assistant Head Teachers and the School Business Manager. This team manages the Academy at an executive level implementing the vision, strategy and policies laid down by the Directors and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Academy Trust comprise the Directors together with the Senior Leadership Team as listed on page 1. The Directors receive no remuneration in respect of their services as Directors and the arrangements for setting the remuneration of the Senior Leadership Team are as follows:

- ♦ Head Teacher – The Board of Directors assign a five point Individual School Range (ISR) based on the Academy group size. The Head Teacher's objectives are set by the Board of Directors. The Board of Directors will assess the performance of the Head Teacher against the objectives set and determine the appropriate remuneration.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel (continued)

- ◆ Other Leadership Posts – The Board of Directors assign a five point range for all other leadership posts. The range for individual posts (Deputy Head Teacher, Assistant Head Teacher) will be determined according to the duties of the post. The Board of Directors ensure there is no overlap of pay points between the Head Teacher and other leadership posts. Objectives will be set by the Head Teacher and following an annual appraisal, the Head Teacher will make recommendations regarding remuneration to the Board for their approval.

Trade union facility time

Emerson Park Academy does not currently pay any members of staff for trade Union facility time.

Connected Organisations, including related party relationships

Emerson Park Academy currently works in partnership with:

Havering Sports Collective (HSC) – as one of two Sports Specialist Colleges Emerson Park Academy coordinates sports activities, working alongside Coopers' Company & Coborn School, across the borough of Havering for all participating primary and secondary schools.

Emerson Park is a fully active partner within the Havering Educational Partnership (HEP) and the Havering Teacher Training Partnership (HTTP).

OBJECTIVES AND ACTIVITIES

Principal activities

The Academy Trust's objects are specifically restricted to the following:

- (a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy").

Objectives and aims

We aim to support our pupils' educational growth in mind, body and spirit, to build upon their prior learning, develop their potential and prepare them for the future.

We encourage and challenge all of our students to be the best they can be and to make a positive contribution both in school and beyond.

- ◆ We strive to offer the highest standards in teaching and learning, in order to maximise the achievements of all pupils.

OBJECTIVES AND ACTIVITIES (continued)

Objectives and aims (continued)

- ◆ We aim to make learning interesting and enjoyable. Our curriculum aims to offer a broad balance of essential and wider experiences so that each child can find something they can enjoy and in which they can find success.
- ◆ We seek to develop enquiring minds, an appetite for knowledge and the attitudes, values and educational basis necessary for our young people to grow into useful members of society.

We believe that this is best achieved if those involved are happy and working in a friendly, safe and supportive environment which is ordered, calm and purposeful.

Objectives, strategies & activities

Staff selection and training is key to moving the academy towards its stated goal of being 'outstanding'. Emerson Park Academy has been awarded the CPD mark in recognition of excellent Continued Professional Development across all staff and governors.

Emerson Park Academy seeks to enhance learning and accelerate pupil progress by embedding robust targeting and tracking.

The development of innovative strategies and resources (including ICT) is constantly under review.

Public Benefit

The provision of education at Emerson Park Academy is for public benefit. The Directors have complied with their duty to have due regard to the guidance on public benefit, published by the Charity Commission, in exercising their power or duties.

STRATEGIC REPORT

Achievements and performance

Review of activities

Emerson Park Academy is judged to be a 'Good' school – Ofsted 2016.

The results for 2019 show for many headline measures the school results are above the national average (based on most recent available national data). There have been notable examination successes across many GCSE subject areas, particularly English and Mathematics.

	Emerson Park Academy	National average
English and Maths 4 to 9	69%	64%
English and Maths 5 to 9	49%	43%
Maths 4 to 9	77%	60%
English 4 to 9	78%	75%

Science 4 to 9	60%
Humanities 4 to 9	73%
Languages 4 to 9	82%

A*-A	22.5%
A*-B	57.5%

Progress 8	-0.33
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Ebacc Entry Rate	30%
Ebacc Pass Rate	22%

Trips & visits

2019 continued to be a successful time for school trips and visits; with many trips having a particular focus on Year 11 and examination preparation.

PE once again led the ski trip to Canada and, while there were many successes to celebrate from this tour, the format of the trip shall change in the future to make it a more whole-school inclusive visit, rather than exclusive to the PE Faculty.

In April, Modern Foreign Languages also led a fourth successive visit to Nice, in the south of France, for a 4 day Year 11 residential visit, ahead of their final speaking examinations the following month. Parents enjoyed seeing the photos of the trips on our school Twitter feeds and staff and pupils continue to monitor the safe and acceptable usage of this platform to communicate with parents.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Review of activities (continued)

We continue offering opportunities to extend our "More Able" students, with both the "Brilliant Club" and "Scholars" programmes taking students on university visits. STEM had a focus in March, with a trip to the London Transport Museum to participate in challenges with a science and engineering focus.

There is a wealth of trips and visits on offer at Emerson Park and a very wide range of students take part in the visits that we offer. Plenty more are still in the pipeline for the coming academic year, a day trip to France to visit our partner school as part of Global Links, the Duke of Edinburgh expeditions are in progress, as well as cross-curricular visits planned to Colchester Zoo, Havering 6th Form and Stubbers Activity Centre.

Our school continues to enjoy success with the Duke of Edinburgh Bronze Award; there were safe and successful practice and final expeditions in June and July 2019 led by our dedicated staff and plans are already well underway with 2019-20's cohort.

Key performance indicators

The Directors considered the following as Key Performance Indicators in 2018-19.

The table shows how Emerson Park Academy performed in relation to National data.

	Emerson Park Academy	National average	Variance against national average
Strong pass in English and Maths combined	49.2%	43.3%	+5.9%
Standard pass in English and Maths combined	69.0%	64.0%	+5.0%
Strong pass in English (5+)	61.9%	60.3%	+1.6%
Standard pass in Maths (4+)	78.3%	74.7%	+3.6%
Strong pass in Maths (5+)	59.3%	49.3%	+10.0%
Standard pass in Maths (4+)	77.3%	59.6%	+17.7%
Standard pass in a Humanities subject	73.0%	65%	+8.0%
Standard pass in Languages	81.9%	73%	+8.9%
Standard pass in two sciences	59.7%	55%	+4.7%
Ebacc Average Point Score	4.05%	4.06%	-0.01%
Average Attainment 8	47.5%	46.5%	+1.0%

These headline figures show the Academy to be above National figures in all areas with the exception of Ebacc Average point Score.

STRATEGIC REPORT (continued)

Going concern

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

Financial review

Financial report for the year

The Academy's total income for the year to 31 August 2019 amounted to £8,464,862 (2018 – £7,350,572), including £5,097,524 related to the ESFA revenue grant (2018 – £4,970,420).

The Academy held fund balances of £9,632,832 at 31 August 2019 which includes unrestricted funds of £812,166 of which £340,000 is held as a designated fund.

The results for the period are shown on page 21.

Reserves policy

As part of the transfer to academy status, the Directors are in a position to determine an appropriate level of free reserves (total funds less the amount held in tangible fixed assets, restricted funds and designated funds). The minimum level of free reserves to be held has been set at £350,000, based on approximately one month's payroll costs. The reason for this is to provide sufficient working capital to provide resources to deal with unexpected emergencies such as urgent maintenance and to cover delays between spending and receipts of grants. The School's free reserves at 31 August 2019 were £472,160, which is above the minimum level set within the reserves policy and is considered appropriate in the context of current financial risks (see below) and the major capital works which were ongoing at year end.

The pension reserve, which represents the Academy's share of the Local Government Pension Scheme's (LGPS) assets and liabilities, is in deficit at 1,668,000 (2018 – £991,000) at 31 August 2019. The deficit is not expected to crystallise in the near future and any cash outflows arising from the deficit will occur over a number of years.

Investment policy

The Academy utilises a high interest bearing account for cash balances exceeding £10,000.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors identify, assess and mitigate risk both for the Academy and as a whole and its operations. A Risk Register is in place which is subject to regular review and made available to all staff. Key members of staff and Directors are involved in the preparation of the Risk Register. All members of staff are aware of the risk management policy and the controls in place to limit exposure to risk.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The principal risks the Academy faces are:

- ♦ **Funding** - reduced funding from the DfE for both general expenditure and capital maintenance is resulting in us consuming our 'reserves' in order to set our annual budget. The uncertainty of the impact due to the introduction of the National Funding Formula is also a cause for concern. There are very limited funds to improve the buildings and infrastructure to support the requirements of the changing curriculum. The Academy continues to vigorously pursue grant opportunities to assist in improving the poor condition of many areas of the school. However, the increased dependency on our reserves has resulted in all non-urgent repairs and improvements being curtailed.
- ♦ **Staffing** – with the continuing financial pressure, we are experiencing difficulties recruiting experienced staff, although at present we are fully staffed.
- ♦ **General expenses** – whilst strict controls have been established to minimise controllable expenditure, inflation in addition to significant increase in utility and service costs are reducing funds available to deliver curriculum.
- ♦ **Premises** – the age and condition of many of the teaching areas continues to impact on the delivery of quality teaching and learning. Increasing our PAN (Pupil Admission Number) to 210 per year has had a further impact due to small classrooms and communal areas. We have been requested to consider increasing our PAN to 240 however this will require a significant capital investment to provide additional teaching space and increased communal areas and facilities.
- ♦ **Health & Safety** – the health, safety and security of our students, staff and visitors is of paramount importance with some aspects being addressed through the recent refurbishment of the science laboratories. However, due to the continuing financial constraints, we are unable to address all other issues which have been identified.

FUNDRAISING

The Academy sends an annual levy letter to parents and carers. The aim of this is to gain voluntary contributions. All proceeds from this initiative are used for educational purposes.

The School complies with the fundraising practices outlined within the Charities (Protection and Social Investment) Act 2016. The School conforms to standards of best practice. There have been no fundraising complaints this financial year.

FUTURE ACTIVITIES AND PLANS

In the forthcoming academic year, the school will be undertaking a number of building projects. These include completing the first phase of the electrical re-wiring, complete refurbishment of the front of the school and the new humanities block which were begun in 2018/19, as well as beginning the second phase of the flat roof refurbishment and the second phase of the electrical re-wiring.

Directors' report Year ended 31 August 2019

AUDITORS

In so far as the Directors are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the Directors 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.

Trustees' report, including a strategic report, approved by order of the members of the Board of Directors and signed on its behalf by:



Chair of Directors

Date: 17/12/19

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that the Emerson Park Academy 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 Directors 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 also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' responsibilities. The Board of Directors has formally met ten times during the period. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Number of meetings attended	Out of a possible
Mrs V Bharaj	8	10
Mr T Huff	9	10
Mr J Luff	10	10
Mr S McGuinness	8	10
Mrs S Meacher	6	10
Ms C Newton	6	10
Mrs V O'Connor	7	10
Mr N Rebeugeot	7	10
Mr M Tilbury	6	10

Governance Reviews

The committee structure, membership and Terms of Reference are reviewed at the first meeting of each Academic year.

Review of value for Money

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

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

Review of value for Money (continued)

The Academy has begun a number of major capital projects during the year, and as noted in the Future Activities and Plans section of the Directors' report, the Academy is planning to undertake further capital projects in 2019/20. The Academy has sought a number of competitive tenders for all significant capital projects it has undertaken to ensure that it obtains good value for money from its suppliers, and will continue to do so for future projects.

The introduction of the cashless operation has seen improvements in efficiency by eliminating the handling of large sums of cash.

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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- ◆ regular reviews by the Directors 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 risk and control framework (continued)

The Academy's Business Manager has been on long-term leave for the year. During that period the day-to-day financial procedures and controls have continued as normal, however regular financial reports and management accounts have not been produced, which has restricted the ability of the Directors to monitor the ongoing financial performance and financial position of the Academy. A new Business Manager was appointed on 1st July 2019.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Directors have appointed Buzzacott LLP, the external auditor, to perform a range of compliance checks on the Academy's financial systems and procedures. The external auditor reports to the Directors annually on the operation of the system of control and on the discharge of the Board of Directors' financial responsibilities.

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 work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

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



Chair of Directors

Headteacher and Accounting Officer

Approved on:

10/12/19

Statement on regularity, propriety and compliance 31 August 2019

As Accounting Officer of Emerson Park Academy, I have considered my responsibility to notify the Academy's Board of Directors and the Education Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Directors 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 2018.

Other than the issues highlighted on page 14, resulting from the long-term absence of the Business Manager, 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 directors and ESFA.

Accounting Officer



Date:

17/12/19

Statement of directors' responsibilities 31 August 2019

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Academy and of its income and expenditure for that period. In preparing these financial statements, the Directors 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 2018 to 2019;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

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

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

The Directors are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 Directors on 17/12/19 and signed on its behalf by:


Chair of Directors

Date: 17/12/19

Independent auditor's report to the members of Emerson Park Academy

Opinion

We have audited the financial statements of Emerson Park Academy (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, 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), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

Conclusions relating to going concern (continued)

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

Other information (covers the reference and administrative details, the report of the directors and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the directors' report, which includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or

Matters on which we are required to report by exception (continued)

- ◆ certain disclosures of directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

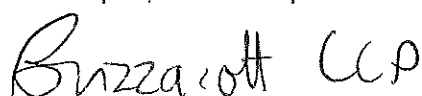
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

18 December 2019

Independent reporting accountant's assurance report on regularity to Emerson Park Academy and the Education Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Emerson Park Academy during the year ended 31 August 2019 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 Emerson Park Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Emerson Park Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Emerson Park Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Emerson Park Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Emerson Park Academy's funding agreement with the Secretary of State for Education and the Academies Financial Handbook 2018, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 31 August 2019 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 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's report on regularity 31 August 2019

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them other than the matter raised in the Governance Statement on page 14.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2019

Statement of financial activities Year ended 31 August 2019
(incorporating the income and expenditure account)

	Notes	Restricted funds			2019 Total funds £	2018 Total funds £
		Unrestricted funds £	General funds £	Fixed assets fund £		
Income from:						
Donations and capital grants	1	5,503	—	2,294,215	2,299,718	1,321,120
Charitable activities:						
· Funding for the Academy's educational operations	4	—	5,570,572	—	5,570,572	5,294,384
Other trading activities	2	587,589	—	—	587,589	733,994
Investments	3	6,983	—	—	6,983	1,074
Total income		600,075	5,570,572	2,294,215	8,464,862	7,350,572
Expenditure on:						
Charitable activities						
· Academy's educational operations	5	334,440	5,722,332	531,341	6,588,113	6,529,180
Total expenditure		334,440	5,722,332	531,341	6,588,113	6,529,180
Net income (expenditure) before transfers		265,635	(151,760)	1,762,874	1,876,749	821,392
Transfers between funds	14	(12,760)	12,760	—	—	—
Net income (expenditure)		252,875	(139,000)	1,762,874	1,876,749	821,392
Other recognised gains						
Actuarial (losses) gains on defined benefit pension scheme	19	—	(538,000)	—	(538,000)	319,000
Net movement in funds		252,875	(677,000)	1,762,874	1,338,749	1,140,392
Reconciliation of funds						
Fund balances brought forward at 1 September 2018		559,285	(991,000)	8,725,798	8,294,083	7,153,691
Fund balances carried forward at 31 August 2019		812,160	(1,668,000)	10,488,672	9,632,832	8,294,083

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

Balance sheet 31 August 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible fixed assets	11		9,915,968		7,893,177
Current assets					
Debtors	12	149,796		365,351	
Cash at bank and in hand		1,721,851		1,633,030	
		<u>1,871,647</u>		<u>1,998,381</u>	
Liabilities					
Creditors: amounts falling due within one year	13	(486,783)		(606,475)	
Net current assets			<u>1,384,864</u>		<u>1,391,906</u>
Net assets excluding pension scheme liability			<u>11,300,832</u>		<u>9,285,083</u>
Defined benefit pension scheme liability	19	(1,668,000)		(991,000)	
Total net assets			<u>9,632,832</u>		<u>8,294,083</u>
Funds of the academy trust					
Restricted funds					
General	14		—		—
Fixed assets fund	14		10,488,672		8,725,798
Pension reserve	14		(1,668,000)		(991,000)
Total restricted funds			<u>8,820,672</u>		<u>7,734,798</u>
Unrestricted income funds					
General fund	14		472,160		219,285
Designated funds	14		340,000		340,000
Total funds			<u>9,632,832</u>		<u>8,294,083</u>

The financial statements on pages 22 to 45 were approved by the Directors, and authorised for issue on 17/12/19 and are signed on their behalf by:



Chair of Directors
Emerson Park Academy
Company Limited by Guarantee
Registration Number: 07726858 (England and Wales)

Statement of cash flows 31 August 2019

		2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	A	151,704	163,216
Cash flows from investing activities	B	(62,883)	787,983
Change in cash and cash equivalents in the year		88,821	951,199
Cash and cash equivalents at 1 September 2018		1,633,030	681,831
Cash and cash equivalents at 31 August 2019	C	1,721,851	1,633,030

A Reconciliation of net income to net cash provided by operating activities

	2019 £	2018 £
Net income for the year (as per the statement of financial activities)	1,876,749	821,392
Adjusted for:		
Depreciation charges (note 11)	531,341	447,326
Capital grants from DfE and other capital income	(2,294,215)	(1,316,848)
Interest receivable (note 3)	(6,983)	(1,074)
Defined benefit pension scheme cost less contributions payable (note 19)	110,000	127,000
Defined benefit pension scheme finance cost (note 19)	29,000	31,000
Decrease (increase) in debtors	215,555	(150,671)
(Decrease) increase in creditors	(309,743)	205,091
Net cash provided by operating activities	151,704	163,216

B Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	6,983	1,074
Purchase of intangible fixed assets	—	(529,939)
Purchase of tangible fixed assets	(2,364,081)	—
Capital grants from DfE/ESFA	2,294,215	1,316,848
Net cash (used in) provided by investing activities	(62,883)	787,983

C Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,721,851	1,633,030
Total cash and cash equivalents	1,721,851	1,633,030

Statement of accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Emerson Park Academy meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

Grants

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

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

Income (continued)

Grants (continued)

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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other income

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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.

All expenditure is stated net of recoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible Fixed Assets (continued)

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 economic life, as follows:

Leasehold buildings	4% per annum
Leasehold additions	4% per annum
Furniture and equipment	33% per annum
Computer equipment	33% per annum
Motor vehicles	20% per annum

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

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

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial instruments (continued)

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Pensions benefits (continued)

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 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.

Fund Accounting

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

Designated funds comprise those resources which may be used towards meeting the charitable objectives of the academy trust, but which have been set aside out of the general funds and designated for specific purposes by the Directors.

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

Restricted general funds comprise restricted funds received with restrictions imposed by the funder or donor and include grants from the Education Skills Funding Agency and the Local Authority, the London Borough of Havering.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and areas of judgement (continued)

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. This estimate also constitutes the key critical area of judgement by virtue of its significant effect on the financial statements.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements Year ended 31 August 2019

1 Donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	2019 Total funds £
Capital grants	—	2,294,215	2,294,215
Donations	5,503	—	5,503
	<u>5,503</u>	<u>2,294,215</u>	<u>2,299,718</u>

	Unrestricted funds £	Restricted fixed assets funds £	2018 Total funds £
Capital grants	—	1,316,848	1,316,848
Donations	4,272	—	4,272
	<u>4,272</u>	<u>1,316,848</u>	<u>1,321,120</u>

2 Other trading activities

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Hire of facilities/lettings income	66,685	—	66,685
Trip income	203,149	—	203,149
Catering income	305,010	—	305,010
Miscellaneous income	12,745	—	12,745
	<u>587,589</u>	<u>—</u>	<u>587,589</u>

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Hire of facilities/lettings income	80,659	—	80,659
Trip income	269,800	—	269,800
Catering income	284,646	—	284,646
Miscellaneous income	98,889	—	98,889
	<u>733,994</u>	<u>—</u>	<u>733,994</u>

3 Income from investments

	Unrestricted funds £	Restricted funds £	2019 Total funds £
Interest receivable	6,983	—	6,983

	Unrestricted funds £	Restricted funds £	2018 Total funds £
Interest receivable	1,074	—	1,074

4 Funding for the Academy's educational operations

	Unrestricted funds £	Restricted funds £	2019 Total funds £
DfE / ESFA grants			
General Annual Grant (GAG)	—	5,097,524	5,097,524
Other DfE / ESFA grants	—	264,765	264,765
	—	5,362,289	5,362,289
Other Government grants			
Local authority grants	—	208,283	208,283
	—	208,283	208,283
	—	5,570,572	5,570,572

	Unrestricted funds £	Restricted funds £	2018 Total funds £
DfE / ESFA grants			
General Annual Grant (GAG)	—	4,970,420	4,970,420
Other DfE / ESFA grants	—	270,853	270,853
	—	5,241,273	5,241,273
Other Government grants			
Local authority grants	—	53,111	53,111
	—	53,111	53,111
	—	5,294,384	5,294,384

5 Expenditure

	Staff costs £	Non pay expenditure		2019 Total funds £
		Premises £	Other costs £	
Academy's educational operations				
. Direct costs	3,467,822	531,341	443,297	4,442,460
. Allocated support costs (note 6)	1,115,486	302,851	727,316	2,145,653
	4,583,308	834,192	1,170,613	6,588,113

	Staff costs £	Non pay expenditure		2018 Total funds £
		Premises £	Other costs £	
Academy's educational operations				
. Direct costs	3,822,364	447,326	546,701	4,816,391
. Allocated support costs (note 6)	681,001	317,968	713,820	1,712,789
	4,503,365	765,294	1,260,521	6,529,180

Notes to the Financial Statements Year ended 31 August 2019

5 Expenditure (continued)

Net expenditure for the period includes:	2019 £	2018 £
Operating lease rentals	25,712	26,612
Depreciation	531,341	429,497
Fees payable to auditor for:		
. Statutory audit	8,600	8,400
. Other audit services	1,900	1,850
. Other non-audit services	3,950	3,850

6 Support costs

	2019 Total funds £	2018 Total funds £
Support staff costs	1,115,486	681,001
Technology costs	334,440	310,735
Premises costs	302,851	317,968
Other support costs	363,884	383,781
Governance costs	28,992	19,304
Total support costs	2,145,653	1,712,789

Notes to the Financial Statements Year ended 31 August 2019

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2018 between restricted and unrestricted funds:

		Restricted funds			
		Unrestricted funds	General funds	Fixed assets fund	2018 Total funds
	Notes	£	£	£	£
Income from:					
Donations and capital grants	1	4,272	—	1,316,848	1,321,120
Charitable activities:					
. Funding for the Academy's educational operations	2	—	5,294,384	—	5,294,384
Other trading activities	3	733,994	—	—	733,994
Investments	4	1,074	—	—	1,074
Total income		739,340	5,294,384	1,316,848	7,350,572
Expenditure on:					
Charitable activities					
. Academy's educational operations	5	721,260	5,360,594	447,326	6,529,180
Total expenditure		721,260	5,360,594	447,326	6,529,180
Net income (expenditure) before transfers					
		18,080	(66,210)	869,522	821,392
Transfers between funds	14	—	(91,790)	91,790	—
Net income (expenditure)		18,080	(158,000)	961,312	821,392
Other recognised gains					
Actuarial gains on defined benefit pension scheme	19	—	319,000	—	319,000
Net movement in funds		18,080	161,000	961,312	1,140,392
Reconciliation of funds					
Fund balances brought forward at 1 September 2017		541,205	(1,152,000)	7,764,486	7,153,691
Fund balances carried forward at 31 August 2018		559,285	(991,000)	8,725,798	8,294,083

8 Staff

(a) Staff costs

Staff costs during the period were:

	2019 Total funds £	2018 Total funds £
Wages and salaries	3,372,996	3,222,170
Social security costs	351,646	331,339
Operating costs of defined benefit pension schemes (including FRS 102 (28) adjustment of £110,000 (2018: £127,000))	653,469	661,947
	4,378,111	4,215,456
Supply teacher costs	164,192	253,324
Staff restructuring costs	41,005	34,585
	4,583,308	4,503,365

	2019 £	2018 £
Staff restructuring costs comprise		
Non-statutory severance payments	41,005	—
Redundancy payments	—	34,585
	41,005	34,585

(b) Non-statutory staff severance payments

Non-statutory severance payments were made to two individuals during the year ended 31 August 2019 (2018 – none). These amounted to £30,000 and £11,005 respectively.

(c) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the period expressed as average headcount was as follows.

	2019 No.	2018 No.
Charitable activities		
Teachers	57	50
Administration and support	40	39
Management	9	9
	106	98

8 Staff (continued)

(d) Higher paid staff

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

	2019 No	2018 No
£60,001 - £70,000	2	2
£70,001 - £80,000	1	—
£80,001 - £90,000	—	1
£90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 pension contributions for these staff amounted to £29,487 (2018 - £43,221).

(e) Key management personnel

The key management personnel of the academy trust comprise the Directors and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £720,731 (2018: £791,000).

9 Related party transactions – Directors' remuneration and expenses

Principal and staff Directors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments from the Academy in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

	2019 £	2018 £
Scott McGuinness, Headmaster and trustee		
. Remuneration	95,000 – 100,000	90,000 – 95,000
. Employer's pension contributions	0 – 5,000	10,000 – 15,000
Kevin Westwood, Staff Trustee		
. Remuneration	n/a	20,000 – 30,000
. Employer's pension contributions	n/a	0 – 5,000

Other related party transactions involving the Directors are set out in note 20.

10 Directors' and Officers' insurance

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

11 Tangible fixed assets

	Leasehold land and buildings £	Assets under construct- ion £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
Cost/valuation						
At 1 September 2018	9,556,380	433,702	380,787	219,521	52,045	10,642,435
Transfers	—	(417,713)	417,713	—	—	—
Additions	—	1,780,055	774,077	—	—	2,554,132
At 31 August 2019	9,556,380	1,796,044	1,572,577	219,521	52,045	13,196,567
Depreciation						
At 1 September 2018	2,244,674	—	284,720	179,326	40,538	2,749,258
Charge in year	381,059	—	130,345	19,388	549	531,341
At 31 August 2019	2,625,733	—	415,065	198,714	41,087	3,280,599
Net book value						
At 31 August 2019	6,930,647	1,796,044	1,157,512	20,807	10,958	9,915,968
At 31 August 2018	7,311,706	433,702	96,067	40,195	11,507	7,893,177

The land on which the Academy is sited is leased from The London Borough of Havering at a peppercorn rent over the term of 125 years from 1 September 2011. A valuation took place on 18 November 2011 by Hilbery Chaplin Chartered Surveyors using the depreciated replacement cost method. The building has been included in the financial statements at this value. The land that the Academy is built on is designated for educational purposes only and therefore has no open market value. It has therefore not been included in the financial statements.

12 Debtors

	2019 £	2018 £
VAT recoverable	25,493	147,407
Prepayments and accrued income	124,303	217,944
	149,796	365,351

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	75,088	280,254
Taxation and social security	96,233	84,904
Accruals and deferred income	315,462	241,317
	486,783	606,475
Deferred income		
Deferred income at 1 September 2018	219,429	97,258
Released during the year	(219,429)	(97,258)
Resources deferred in the year	61,755	219,429
Deferred income at 31 August 2019	61,755	219,429

Notes to the Financial Statements Year ended 31 August 2019

14 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	—	5,097,524	(5,110,284)	12,760	—
Pupil Premium	—	169,201	(169,201)	—	—
Other grants	—	95,564	(95,564)	—	—
Local authority grants	—	208,283	(208,283)	—	—
Pension reserve	(991,000)	—	(139,000)	(538,000)	(1,668,000)
	<u>(991,000)</u>	<u>5,570,572</u>	<u>(5,722,332)</u>	<u>(525,240)</u>	<u>(1,668,000)</u>
Restricted fixed asset funds					
Transfer on conversion	5,735,000	—	(310,000)	—	5,425,000
DfE/ESFA capital grants	2,613,798	2,294,215	(166,126)	—	4,741,887
Capital expenditure from GAG	377,000	—	(55,215)	—	321,785
	<u>8,725,798</u>	<u>2,294,215</u>	<u>(531,341)</u>	<u>—</u>	<u>10,488,672</u>
Total restricted funds	<u>7,734,798</u>	<u>7,864,787</u>	<u>(6,253,673)</u>	<u>(525,240)</u>	<u>8,820,672</u>
Unrestricted funds					
General funds	219,285	600,075	(334,440)	(12,760)	472,160
Designated funds	340,000	—	—	—	340,000
Total unrestricted funds	<u>559,285</u>	<u>600,075</u>	<u>(334,440)</u>	<u>(12,760)</u>	<u>812,160</u>
Total funds	<u>8,294,083</u>	<u>8,464,862</u>	<u>(6,588,113)</u>	<u>(538,000)</u>	<u>9,632,832</u>

Restricted general funds

General Annual Grant (GAG)

This fund comprises the general annual grant received under the funding agreement with the Secretary of State, which is restricted for use in funding the academy trust's educational operations.

Pupil premium

This fund represents funds granted by the Education Skills Funding Agency which are specifically restricted to support pupils from low income families who are eligible for free school meals or have parents in the armed forces.

Other grants

This fund represents all other grants from the ESFA which are restricted to funding the academy trust's educational activities.

14 Funds (continued)

Restricted general funds (continued)

Local authority grants

These funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Havering.

Pension reserve

The LGPS deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy trust status. All pension scheme movements are recognised through this fund.

Restricted fixed asset funds

DfE/ESFA capital grants

This fund represents resources which are to be applied for specific capital purposes imposed by the Department for Education or Education Skills Funding Agency.

Capital expenditure from GAG

This fund represents the net book value of tangible fixed assets purchased from non-capital grants.

Academy assets transferred from Local Authority on conversion

This fund represents the net book value of tangible fixed assets inherited from the London Borough of Havering on conversion to academy status.

General funds

General funds

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

Designated funds

The designated funds represent:

- ◆ £140,000 set aside by the directors for the replacement of the surface of the 3G sports pitch;
- ◆ £150,000 set aside by the directors to contribute to planned Condition Improvement Fund bids; and
- ◆ £50,000 set aside by the directors to upgrade IT infrastructure.

Notes to the Financial Statements Year ended 31 August 2019

14 Funds (continued)

Comparative information

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	—	4,970,420	(4,878,630)	(91,790)	—
Pupil Premium	—	179,965	(179,965)	—	—
Other grants	—	90,888	(90,888)	—	—
Local authority grants	—	53,111	(53,111)	—	—
Pension reserve	(1,152,000)	—	(158,000)	319,000	(991,000)
	<u>(1,152,000)</u>	<u>5,294,384</u>	<u>(5,360,594)</u>	<u>227,210</u>	<u>(991,000)</u>
Restricted fixed asset funds					
Transfer on conversion	6,045,000	—	(310,000)	—	5,735,000
DfE/ESFA capital grants	1,349,323	1,316,848	(52,373)	—	2,613,798
Capital expenditure from GAG	370,163	—	(84,953)	91,790	377,000
	<u>7,764,486</u>	<u>1,316,848</u>	<u>(447,326)</u>	<u>91,790</u>	<u>8,725,798</u>
Total restricted funds	<u>6,612,486</u>	<u>6,611,232</u>	<u>(5,807,920)</u>	<u>319,000</u>	<u>7,734,798</u>
Unrestricted funds					
General funds	201,205	739,340	(721,260)	—	219,285
Designated funds	340,000	—	—	—	340,000
Total unrestricted funds	<u>541,205</u>	<u>739,340</u>	<u>(721,260)</u>	<u>—</u>	<u>559,285</u>
Total funds	<u>7,153,691</u>	<u>7,350,572</u>	<u>(6,529,180)</u>	<u>319,000</u>	<u>8,294,083</u>

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2019 £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	9,915,968	9,915,968
Current assets	812,160	250,654	808,833	1,871,647
Current liabilities	—	(250,654)	(236,129)	(486,783)
Pension scheme liability	—	(1,668,000)	—	(1,668,000)
Total net assets	<u>812,160</u>	<u>(1,668,000)</u>	<u>10,488,672</u>	<u>9,632,832</u>

15 Analysis of net assets between funds (continued)

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2018 £
<i>Fund balances at 31 August 2018 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	7,893,177	7,983,177
<i>Current assets</i>	559,285	652,553	878,699	1,998,381
<i>Current liabilities</i>	—	(652,553)	(46,078)	(606,475)
<i>Pension scheme liability</i>	—	(991,000)	—	(991,000)
<i>Total net assets</i>	559,285	(991,000)	8,725,798	8,294,083

16 Capital commitments

	2019 £	2018 £
Contracted for but not provided in the financial statements	1,665,798	832,621

17 Commitments under operating leases

Operating leases

At 31 August 2019, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	2019 £	2018 £
Amounts due within one year	25,712	25,712
Amounts due between one and five years	86,450	93,114
Amounts due after five years	50,253	69,300
	162,415	188,126

18 Members' liability

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

19 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 the London Borough of Havering. Both are multi-employer defined benefit schemes.

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

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

19 Pension and similar obligations (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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 under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Academy has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Academy has set out above the information available on the plan and the implications for the Academy in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £357,000 (2018: £375,000).

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £203,000 of which employer's contributions totalled £148,000 and employees' contributions totalled £38,000. The agreed contribution rates for future years are 23.68% 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	2.6%	2.7%
Rate of increase for pensions in payment / inflation	2.3%	2.4%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.3%	2.4%

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

	At 31 August 2019 Years	At 31 August 2018 Years
<i>Retiring today</i>		
Males	21.1	22.0
Females	23.3	24.2
<i>Retiring in 20 years</i>		
Males	22.2	23.9
Females	24.8	26.3

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

	At 31 August 2019 £	At 31 August 2018 £
Discount rate (0.5% decrease)	581,000	447,000
Salary increase rate (0.5% increase)	83,000	73,000
Pension increase rate (0.5% increase)	486,000	369,000

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equities	1,581,840	1,403,480
Corporate bonds	943,020	755,720
Property	212,940	215,920
Cash and other liquid assets	304,200	323,880
Total market value of assets	3,042,000	2,699,000
Total present value of obligations	(4,710,000)	(3,690,000)
Net obligations	(1,668,000)	(991,000)

The actual return on scheme assets was £206,000 (2018: £117,000).

Amounts recognised in statement of financial activities	2019 £	2018 £
Current service cost	241,000	287,000
Past service cost	17,000	—
Interest income	(77,000)	(62,000)
Interest cost	106,000	93,000
Total amount recognised in the SOFA	287,000	318,000

Changes in the present value of defined benefit obligations were as follows:	2019 £	2018 £
At 1 September 2018	3,690,000	3,566,000
Current service cost	241,000	287,000
Past service cost	17,000	—
Interest cost	106,000	93,000
Employee contributions	38,000	43,000
Actuarial (loss) gain	667,000	(264,000)
Benefits paid	(49,000)	(35,000)
At 31 August 2019	4,710,000	3,690,000

Changes in the fair value of the Academy's share of scheme assets:	2019 £	2018 £
At 1 September 2018	2,699,000	2,414,000
Interest income	77,000	62,000
Actuarial gain	129,000	55,000
Employer contributions	148,000	160,000
Employee contributions	38,000	43,000
Benefits paid	(49,000)	(35,000)
At 31 August 2019	3,042,000	2,699,000

20 Related party transactions

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

No related party transactions took place during the period of account other than the Directors' remuneration disclosed in note 9.