

# **Emerson Park Academy**

## **Annual Report and Financial Statements**

Year ended 31 August 2022

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

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## Reference and administrative information

<b>Members</b>	Mr Paul Connew Mr John Luff Mr Martin Tilbury
<b>Directors</b>	Mr John Luff (Chair of Directors) Mr Terrence Huff (Vice Chair of Directors – resigned 30 April 2022) Mrs Vee Bharaj Mr Mark Borrell Mr David Crawford Mr Martin Tilbury (resigned 13 July 2022) Mr Ishmaeel Ameen (appointed 23 September 2021) Ms Ruth Clarke (appointed 23 September 2021) Ms Shanze Munir (appointed 23 September 2021) Ms Katarzyna Nowak (appointed 23 September 2021) Mr Scott McGuinness (Headteacher)
<b>Company secretary</b>	Mrs J Luff
<b>Senior Leadership Team</b>	
Head Teacher	Scott McGuinness
Deputy Head	Kylie Blaize
Assistant Head	Nick Giles Christine Crawley Lucy Goodyear Natalie Heatley Mark Hope Joe Maguire
Business Manager	Catherine Amponsah
<b>Registered address</b>	Wych Elm Road Hornchurch Essex RM11 3AD
<b>Company registration number</b>	07726858 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative information

**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 2022

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 2022. 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 31 to 35 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).

### **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 4.

#### **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 2022 and served throughout the period unless otherwise stated.

<b>Director</b>	<b>Appointed / resigned</b>	
Mr John Luff (Chair of Directors)		Member appointed Director
Mr Terrence Huff (Vice Chair of Directors)	Resigned 30 April 2022	Member appointed Director
Mrs Vee Bharaj		Co-opted Director
Mr Mark Borrell		Parent Director
Mr David Crawford		Parent Director
Mr Ishmaeel Ameen	Appointed 23 <sup>rd</sup> Sept 2022	Co-opted Director
Ms Ruth Clarke	Appointed 23 <sup>rd</sup> Sept 2022	Co-opted Director
Ms Shanze Munir	Appointed 23 <sup>rd</sup> Sept 2022	Co-opted Director
Ms Katarzyna Nowak	Appointed 23 <sup>rd</sup> Sept 2022	Co-opted Director
Mr Martin Tilbury	Resigned 13 <sup>th</sup> July 2022	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 2 August 2011. The three founding members of the Academy Trust are Mr Martin Tilbury, Mr John Luff and Mr Paul Connew. A Board of 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. A minimum of two 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. The Local Authority may appoint up to one Director. There are positions for up to three Co-Opted Directors who may be appointed by the Board themselves. Staff Directors may be nominated as long as the total staff Directors do not represent more than one third of the total Directors and they are 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 receive an induction pack containing essential information on the Board constitution and organisation and be expected to attend Induction courses.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Organisational structure**

<u>Emerson Park Academy Trust Members</u>			
Founding Members:	Mr P Connew	Mr J Luff	Mr M Tilbury
<b>Board of Directors</b>			
Parent Elected Directors	Mr Mark Borrell Mr David Crawford		
Co-Opted Directors	Mr Ishmaeel Ameen	Appointed 23rd Sept 2022	
	Ms Ruth Clarke	Appointed 23rd Sept 2022	
	Ms Shanze Munir	Appointed 23rd Sept 2022	
	Ms Katarzyna Nowak	Appointed 23rd Sept 2022	
	Mr Martin Tilbury	Resigned 13th July 2022	
	Mrs Vee Bharaj		
Staff Directors	Mr Scott McGuinness Head Teacher (ex-officio)		
Member Directors	Appointed	Mr John Luff Mr Terence Huff (Resigned 30 <sup>th</sup> April 2022)	
Company Secretary	Mrs J Luff		

*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.

*Subsidiaries*

The trust has no subsidiaries.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **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.
- ◆ 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 London 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 ACTIVITIES** (continued)

### **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.
- ◆ 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***

A large number of activities took place during the academic year that were more restricted in previous years due to the Covid-19 pandemic. Such activities included;

- ◆ Awards assemblies
- ◆ Parents Evenings (virtual and in-person)
- ◆ Sporting fixtures
- ◆ Educational visits
- ◆ Sports Awards Evening
- ◆ Erasmus trips
- ◆ Open Evening (virtual)
- ◆ The Jack Petchey 'Speak' Out Challenge

The Academy Trust provided a full curriculum (face to face) throughout the academic year unlike the previous year that required a large amount of remote learning due to the pandemic.

Despite the difficulties caused by Covid-19 in recent years the school still managed to produce yet another good set of GCSE results in line with previous years (see performance indicators to follow).

Extra funding was made full use of as part of the 'catch up' programme. This money has been utilised in a number of ways throughout the academic year including extra staffing, extra resources, literacy programmes and most significantly, Period 6 catch up lessons. The 'Study Hub' was also open for pupils seeking support with homework.

The school was able to open all facilities for all pupils. This was obviously restricted during the pandemic years. Staff and pupils made full use of the specialist provision.

#### ***The capital contributions from funding***

The Condition Improvement Fund awards received require a contribution from the academy. Most of these projects require a contribution of around 10%. For example the Roof (Phase 2) Project required a school contribution of £63,937 (10% of total cost) . As final payments are made after all defects have been remedied the contribution may end up being invoiced in the next academic year. As a project such as this will be subject to retention of 2.5% (£14,373) paid after a completion certificate is issued (often twelve months after completion of the project).

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

***The capital contributions from funding*** (continued)

This year was unusual in that the Academy also self-funded two major projects from its own resources (a) canopies and associated landscaping work, (b) cladding to old H block. These two schemes required contribution from the academy of over £300,000.

***Future activities and plans***

- ◆ A School Rebuilding Programme bid has been submitted for the construction of a new sports facility and teaching area.
- ◆ CIF (Condition Improvement Fund) bids have been submitted for a new Sports Hall (should the SRP bid be unsuccessful) and replacement fire doors throughout the school.

***Key performance indicators***

The Directors considered the following as Key Performance Indicators in 2021-22.

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

*GCSE Results (Headline Measures over time)*

Headline Measures	National	2018-2019	2020-2021	2021-2022
% Achieving 5 or above in English and Maths	43.3	50.0	51.0	47.3
Average Attainment 8 per pupil	46.5	47.7	49.5	49.10
Average Ebacc Point Score per pupil	4.04	4.05	4.09	4.09

Other measures	2018-2019	2020-2021	2021-2022
English 5+	61.9	68.9	65.0
English 4+	78.3	87.4	83.3
Maths 5+	59.3	56.4	54.7
Maths 4+	77.3	79.2	79.8
Science (2 sciences at 4 and above)	59.7	65.4	64.0
Languages (at 4 and above)	81.9	76.5	79.3
Humanities (at 4 and above)	73.0	72.1	76.4
Attainment 8 score for English	9.86	10.61	10.19
Attainment 8 score for Maths	9.96	9.47	9.68

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**Key performance indicators** (continued)

*GCSE Results (Headline Measures over time) (continued)*

6 year trend	2016-17	2017-18	2018-19	2020-21	2021-22
% Achieving 4+ in English and Maths	72	71	69	76	75
% Achieving 4+ in English	81	84	78	87	83
% Achieving 4+ in Maths	77	76	77	77	80
% Achieving 4+ in Science	62	59	60	65	64
All grades at A* - A	20	16	22	22	22
All grades at A* - B	47	50	55	58	58

*GCSE Results by subject 2021-22*

	4+	5+	7+
Art	79	69	7
Biology	100	100	71
Business	77	63	22
Chemistry	100	97	50
Citizenship	85	73	38
Drama	40	40	20
English Language	82	60	16
English Literature	75	53	11
Food & Nutrition	55	25	3
Geography	77	70	38
History	78	64	30
Mathematics	80	55	21
Music	89	56	22
Photography	93	67	7
Physics	100	100	44
Spanish	69	63	6
Sport Science	89	78	17
Statistics	100	95	42

The GCSE results for Emerson Park Academy show a significant increase in performance.

The Academy received a visit from Ofsted in September 2022, and received a rating of 'Good'.

## **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. In making their assessment, the Directors have considered the current and potential future impact of the Covid-19 pandemic on the operations, activities and finances of the Academy.

### **Financial review**

#### ***Financial report for the year***

The Academy's total income for the year to 31 August 2022 amounted to £9,112,425 (2021 – £7,235,640), including £5,936,568 related to the ESFA revenue grant (2021 – £5,481,516).

The Academy held fund balances of £12,778,204 at 31 August 2022 which includes unrestricted funds of £459,408 of which £140,000 is held as a designated fund.

The results for the period are shown on page 27.

#### ***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 £480,000, 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 2021 were £783,315, 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 figure excludes designated funds of £140,000 and includes restricted general funds of £463,907 and unrestricted general funds of £319,408.

The pension reserve, which represents the Academy's share of the Local Government Pension Scheme's (LGPS) assets and liabilities, is in deficit at £256,000 (2021 – £2,586,000) at 31 August 2022. 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.

The principal risks the Academy faces are:

- ◆ **Funding** - 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** – There remains uncertainty over current year pay-award and associated funding.
- ◆ **Energy Costs** – The academy has a two year fixed contract (effective from 1<sup>st</sup> Oct 2022). The fixed price is significantly above the capped rate that has been introduced by the Government and will protect the Academy from price rises until at least April 2023. There is still uncertainty what (if any) protection will be available for schools beyond April 2023.
- ◆ **General expenses** – whilst strict controls have been established to minimise controllable expenditure, general inflation in addition to significant increase in utility and service costs are reducing funds available to deliver curriculum.
- ◆ **Covid-19** – The pandemic poses a number of risks to the school. Staff attendance is a key factor in ensuring the school runs to budget. The escalating costs of covering a large number of staff would have huge financial consequences. The school risk assessment and adherence to this plays a key role in maintaining staff levels.

### **FUNDRAISING**

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.

**Directors' report** Year ended 31 August 2022

**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.

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



John Luff

Chair of Directors

Date: 20/12/2022

### **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**

As Directors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for 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 nine times during the period, although the schedule of meetings was disrupted as a result of the Covid-19 lockdown, which prevented formal meetings being held between February and June. Attendance during the year at meetings was as follows:

<b>Director</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Mrs V Bharaj	9	14
Mr M Borrell	7	14
Mr D Crawford	10	14
Mr T Huff (resigned 30 April 2022)	10	10
Mr J Luff	13	14
Mr S McGuinness	14	14
Mr I Ameen (appointed 23 September 2021)	13	13
Ms R Clarke (appointed 23 September 2021)	13	13
Ms S Munir (appointed 23 September 2021)	13	13
Ms K Nowak (appointed 23 September 2021)	13	13
Mr M Tilbury (resigned 13 July 2022)	5	10

### **Conflicts of interest**

The academy maintains an up-to-date and complete register of interests for Members, Trustees and budget holders.

Members, trustees, governors and staff of the academy are advised that if not sure what to declare, or whether/when any declaration needs to be updated, that they should err on the side of caution. The Chair of the Board of Trustees will provide advice and it is his responsibility to ensure that professional advice (i.e. from the auditors) is sought where necessary.



**Conflicts of interest** (continued)

Interests will be recorded on the governing body's register of interests, which will be maintained by Clerk. The register will be available on request, it is also published on the academy website.

At each meeting, the clerk will ask for any conflicts of interest to be declared relating to the agenda. Interested board members may not vote on matters affecting their own interests. They must absent themselves from the discussion and the decision-making process.

If a person has a conflict of interest, they will not be involved in managing or monitoring a contract in which they have an interest. Monitoring arrangements for such contracts will include provisions for an independent challenge of bills and invoices, and termination of the contract if the relationship is unsatisfactory

All decisions under a conflict of interest will be recorded by Clerk and reported in the minutes of the meeting. The report will record:

- ◆ The nature and extent of the conflict;
- ◆ An outline of the discussion;
- ◆ The actions taken to manage the conflict.

**Governance Reviews**

The committee structure, membership and Terms of Reference are reviewed at the first meeting of each Academic year. The Terms of Reference were agreed as there was nothing to discuss and therefore the Academy has decided to continue operating as they are.

**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:

During the COVID lockdown and throughout the summer term the Academy committed to supporting key suppliers whilst adhering to the principles of PPN 02/20 and PPN 04/20. These arrangements, discussed and agreed on an individual supplier basis, were conducted according to the PPN guidance and value for money notes as issued by central government.

The Academy ensured suppliers did not profit from the situation. Clarification through open book discussions were undertaken to ensure value for money. The Academy did not furlough any staff directly and continued to pay them according to contracts.

**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 2021/22. 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 2022 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 2022 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)

Following the appointment of a new Business Manager as of 1 July 2019, the day-to-day financial procedures and controls have continued as normal; including producing regular financial reports and management accounts as expected in order for the Directors to be able to monitor the ongoing financial performance and financial position of the Academy.

The Directors have considered the need for a specific internal audit function. 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.

From 1 September 2020 Buzzacott LLP are unable to carry out internal assurance work for the Academy. This work is now carried out by the Local Authority (Havering & Newham Councils– Onesource). The work covered governance arrangements, financial management, payroll, income and procurement. The report from the Local Authority provided reasonable assurance that the control framework is adequate to manage the risks in the areas reviewed.

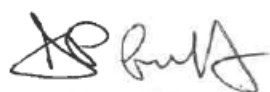
**Review of effectiveness**

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:



John Luff

Chair of Directors



Scott McGuinness

Headteacher and Accounting Officer

Approved on: 20/12/2022

**Statement on regularity, propriety and compliance** 31 August 2022

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 Academy Trust Handbook 2021.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2021.

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.



Scott McGuinness

Accounting Officer

Date: 20/12/22

## Statement of directors' responsibilities 31 August 2022

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing Strategic report, 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 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 2019 and the Academies Accounts Direction 2021 to 2022;
- ◆ 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 20/12/2022  
and signed on its behalf by:



John Luff  
Chair of Directors

Date: 20/12/2022

**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 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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 2019) and the Academies Accounts Direction 2021 to 2022.

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 2022 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2021 to 2022.

**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**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

**Conclusions relating to going concern** (continued)

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our 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 trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic 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 trustees' report including the strategic report.

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

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

### **Responsibilities of trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the 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 trustees 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2021 to 2022, the Academy Trust Handbook 2021, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;



**Auditor's responsibilities for the audit of the financial statements** (continued)

- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

**Auditor's responsibilities for the audit of the financial statements** (continued)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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](http://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.

*Buzzacott LLP*

21 December 2022

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

**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 2021 to 2022, 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 2022 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 Academy Trust Handbook 2021, extant from 1 September 2021, 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 2021 to 2022. 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 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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.

**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 period from 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Buzzacott LLP*

21 December 2022

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities** Year ended 31 August 2022  
(incorporating the income and expenditure account)

	Notes	Restricted funds			2022 Total funds £	2021 Total funds £
		Unrestricted funds £	General funds £	Fixed assets fund £		
<b>Income from:</b>						
Donations and capital grants	1	1,282	—	2,221,880	<b>2,223,162</b>	567,057
Charitable activities:						
. Funding for the Academy's educational operations	4	—	6,790,131	—	<b>6,790,131</b>	6,557,598
Other trading activities	2	98,523	—	—	<b>98,523</b>	110,819
Investments		609	—	—	<b>609</b>	166
<b>Total income</b>		<b>100,414</b>	<b>6,790,131</b>	<b>2,221,880</b>	<b>9,112,425</b>	<b>7,235,640</b>
<b>Expenditure on:</b>						
Charitable activities						
. Academy's educational operations	5	43,427	7,097,285	884,681	<b>8,025,393</b>	7,570,548
<b>Total expenditure</b>		<b>43,427</b>	<b>7,097,285</b>	<b>884,681</b>	<b>8,025,393</b>	<b>7,570,548</b>
<b>Net income (expenditure) before transfers</b>		<b>56,987</b>	<b>(307,154)</b>	<b>1,337,199</b>	<b>1,087,032</b>	<b>(334,908)</b>
Transfers between funds	14	(325,898)	—	325,898	—	—
<b>Net income (expenditure)</b>		<b>(268,911)</b>	<b>(307,154)</b>	<b>1,663,097</b>	<b>1,087,032</b>	<b>(334,908)</b>
<b>Other recognised gains</b>						
Actuarial gains (losses) on defined benefit pension scheme	19	—	2,590,000	—	<b>2,590,000</b>	(473,000)
<b>Net movement in funds</b>		<b>(268,911)</b>	<b>2,282,846</b>	<b>1,663,097</b>	<b>3,677,032</b>	<b>(807,908)</b>
<b>Reconciliation of funds</b>						
Fund balances brought forward at 1 September 2021		728,319	(2,074,939)	10,447,792	<b>9,101,172</b>	9,909,080
<b>Fund balances carried forward at 31 August 2022</b>		<b>459,408</b>	<b>207,907</b>	<b>12,110,889</b>	<b>12,778,204</b>	<b>9,101,172</b>

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

## Balance sheet 31 August 2022

	Notes	2022 £	2022 £	2021 £	2021 £
<b>Fixed assets</b>					
Tangible fixed assets	11		<b>12,110,889</b>		10,315,499
<b>Current assets</b>					
Debtors	12	<b>739,571</b>		579,630	
Cash at bank and in hand		<b>1,056,569</b>		<u>1,175,439</u>	
		<b>1,796,140</b>		<u>1,755,069</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	13	<b>(872,825)</b>		<u>(383,396)</u>	
<b>Net current assets</b>			<b>923,315</b>		<u>1,371,673</u>
<b>Net assets excluding pension scheme liability</b>					
			<b>13,034,204</b>		<u>11,687,172</u>
Defined benefit pension scheme liability	19		<b>(256,000)</b>		<u>(2,586,000)</u>
<b>Total net assets</b>			<b>12,778,204</b>		<u>9,101,172</u>
<b>Funds of the academy trust</b>					
<b>Restricted funds</b>					
Fixed assets fund	14		<b>12,110,889</b>		10,447,792
Restricted income fund	14		<b>463,907</b>		511,061
Pension reserve	14		<b>(256,000)</b>		<u>(2,586,000)</u>
<b>Total restricted funds</b>			<b>12,318,796</b>		<u>8,372,853</u>
<b>Unrestricted income funds</b>					
General fund	14		<b>319,408</b>		98,083
Designated funds	14		<b>140,000</b>		<u>630,236</u>
<b>Total funds</b>			<b>12,778,204</b>		<u>9,101,172</u>

The financial statements on pages 27 to 51 were approved by the Directors, and authorised for issue on 20/12/2022 and are signed on their behalf by:



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

## Statement of cash flows 31 August 2022

		2022 £	2021 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	A	337,430	(154,163)
<b>Cash flows from investing activities</b>			
	B	(456,300)	16,667
<b>Change in cash and cash equivalents in the year</b>		<u>(118,870)</u>	<u>(137,496)</u>
<b>Cash and cash equivalents at 1 September 2021</b>		1,175,439	1,312,935
<b>Cash and cash equivalents at 31 August 2022</b>	C	<u>1,056,569</u>	<u>1,175,439</u>

### A Reconciliation of net (expenditure) income to net cash provided by (used in) operating activities

		2022 £	2021 £
<b>Net income/(expenditure) income for the year (as per the statement of financial activities)</b>		1,087,032	(334,908)
<b>Adjusted for:</b>			
Depreciation charges (note 11)		884,681	944,305
Capital grants from DfE and other capital income		(2,223,162)	(566,073)
Interest receivable (note 3)		(609)	(166)
Defined benefit pension scheme cost less contributions payable (note 19)		216,000	156,000
Defined benefit pension scheme finance cost (note 19)		44,000	34,000
Increase in debtors		(159,941)	(248,013)
Increase/(decrease) in creditors		489,429	(139,308)
<b>Net cash provided by/(used in) provided by operating activities</b>		<u>337,430</u>	<u>(154,163)</u>

### B Cash flows from investing activities

		2022 £	2021 £
Dividends, interest and rents from investments		609	166
Purchase of tangible fixed assets		(2,680,071)	(549,572)
Capital grants from DfE/ESFA		2,223,162	566,073
<b>Net cash provided by (used in) investing activities</b>		<u>(456,300)</u>	<u>16,667</u>

### C Analysis of cash and cash equivalents

		2022 £	2021 £
Cash at bank and in hand		1,056,569	1,175,439
<b>Total cash and cash equivalents</b>		<u>1,056,569</u>	<u>1,175,439</u>

**Statement of cash flows** 31 August 2022

**D Analysis of changes in net debt**

	At 1 September 2021 £'000	Cash flows £'000	At 31 August 2022 £'000
Cash	1,175,439	118,870	<b>1,056,569</b>
<b>Total</b>	<b>1,175,439</b>	<b>118,870</b>	<b>1,056,569</b>



### **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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in Sterling and rounded to the nearest pound.

### **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. In making their assessment, the Directors have taken into account the impact of the inflationary cost pressures and the anticipated government funding to support.

### **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.

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 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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 2022

**1 Donations and capital grants**

	Unrestricted funds £	Restricted fixed assets funds £	<b>2022 Total funds £</b>	2021 Total funds £
Capital grants	—	2,221,880	<b>2,221,880</b>	566,073
Donations	1,282	—	<b>1,282</b>	984
	<b>1,282</b>	<b>2,221,880</b>	<b>2,223,162</b>	<b>567,057</b>

	Unrestricted funds £	Restricted fixed assets funds £	2021 Total funds £
<i>Capital grants</i>	—	566,073	566,073
<i>Donations</i>	984	—	984
	<b>984</b>	<b>566,073</b>	<b>567,057</b>

**2 Other trading activities**

	Unrestricted funds £	Restricted funds £	<b>2022 Total funds £</b>	2021 Total funds £
Hire of facilities/lettings income	51,465	—	<b>51,465</b>	27,286
Trip income	28,208	—	<b>28,208</b>	17,639
Miscellaneous income	18,850	—	<b>18,850</b>	65,894
	<b>98,523</b>	<b>—</b>	<b>98,523</b>	<b>110,819</b>

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Hire of facilities/lettings income</i>	27,286	—	27,286
<i>Trip income</i>	17,639	—	17,639
<i>Miscellaneous income</i>	65,894	—	65,894
	<b>110,819</b>	<b>—</b>	<b>110,819</b>

**3 Income from investments**

	Unrestricted funds £	Restricted funds £	<b>2022 Total funds £</b>	2021 Total funds £
Interest receivable	609	—	<b>609</b>	166

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>Interest receivable</i>	166	—	166

**Notes to the Financial Statements** Year ended 31 August 2022

**4 Funding for the Academy's educational operations**

	Unrestricted funds £	Restricted funds £	<b>2022 Total funds £</b>	2021 Total funds £
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	—	5,936,568	<b>5,936,568</b>	5,481,516
Other DfE / ESFA grants				
. FSM	—	—	—	13,950
. Pupil Premium	—	206,428	<b>206,428</b>	196,104
. Others	—	45,244	<b>45,244</b>	368,972
	—	6,188,240	<b>6,188,240</b>	6,060,542
<b>Other Government grants</b>				
Local authority grants	—	147,294	<b>147,294</b>	213,535
	—	147,294	<b>147,294</b>	213,535
Other income from the academy trust's educational operations	—	263,526	<b>263,526</b>	126,761
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Catch-up premium	—	29,725	<b>29,725</b>	82,230
Other DfE/ESFA COVID-19 funding	—	161,346	<b>161,346</b>	74,440
	—	191,071	<b>191,071</b>	156,760
<b>2022 Total funds</b>	—	6,790,131	<b>6,790,131</b>	6,557,598

The trust received £82,320 in 2020/21 of funding for catch-up premium which was fully spent by 31 August 2021.

Notes to the Financial Statements Year ended 31 August 2022

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

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<i>DfE / ESFA grants</i>			
General Annual Grant (GAG)	—	5,481,516	5,481,516
<i>Other DfE / ESFA grants</i>			
. FSM	—	13,950	13,950
. Pupil Premium	—	196,104	196,104
. Others	—	368,972	368,972
	—	6,060,542	6,060,542
<i>Other Government grants</i>			
Local authority grants	—	213,535	213,535
	—	213,535	213,535
Other income from the academy trust's educational operations	126,761	—	126,761
<i>COVID-19 additional funding (DfE/ESFA)</i>			
Catch-up premium	—	82,320	82,230
Other DfE/ESFA COVID-19 funding	—	74,440	74,440
	—	156,760	156,760
<b>2021 Total funds</b>	<b>126,761</b>	<b>6,430,837</b>	<b>6,557,598</b>

5 Expenditure

	Staff costs £	Non pay expenditure		2022 Total funds £	2021 Total funds £
		Premises £	Other costs £		
Academy's educational operations					
. Direct costs	4,242,132	884,681	473,376	5,600,189	5,503,176
. Allocated support costs (note 6)	1,222,951	559,991	642,262	2,425,204	2,067,372
	5,465,083	1,444,672	1,115,638	8,025,393	7,570,548
		Non pay expenditure			
	Staff costs £	Premises £	Other costs £	2021 Total funds £	
Academy's educational operations					
. Direct costs		4,073,785	944,305	485,086	5,503,176
. Allocated support costs (note 6)		1,169,843	457,285	440,244	2,067,372
		5,243,628	1,401,590	925,330	7,570,548



**Notes to the Financial Statements** Year ended 31 August 2022

**5 Expenditure (continued)**

	<b>2022</b>	2021
<b>Net expenditure for the period includes:</b>	<b>£</b>	<b>£</b>
Operating lease rentals	<b>31,773</b>	59,370
Depreciation	<b>884,681</b>	944,305
Fees payable to auditor for:		
. Statutory audit	<b>9,800</b>	9,250
. Other audit services	<b>2,125</b>	2,400
. Other non-audit services	<b>4,425</b>	3,750

**6 Support costs**

	<b>2022</b>	2021
	<b>Total</b>	Total
	<b>funds</b>	funds
	<b>£</b>	<b>£</b>
<b>Direct costs</b> – educational operations	<b>5,600,189</b>	5,503,176
<b>Support costs</b> – educational operations	<b>2,425,204</b>	2,067,372
	<b>8,025,393</b>	7,570,548

	<b>2022</b>	2021
	<b>Total</b>	Total
	<b>funds</b>	funds
	<b>£</b>	<b>£</b>
Support staff costs	<b>1,222,951</b>	1,169,843
Technology costs	<b>103,784</b>	31,031
Catering costs	<b>308,878</b>	186,461
Premises costs	<b>559,991</b>	457,285
Legal costs – other	<b>—</b>	2,310
Other support costs	<b>203,780</b>	188,801
Governance costs	<b>25,820</b>	31,641
<b>Total support costs</b>	<b>2,425,204</b>	2,067,372

## Notes to the Financial Statements Year ended 31 August 2022

### 7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

	Notes	Restricted funds			2021 Total funds £
		Unrestricted funds £	General funds £	Fixed assets fund £	
<b>Income from:</b>					
Donations and capital grants	1	984	—	566,073	<b>567,057</b>
Charitable activities:					
. Funding for the Academy's educational operations	4	126,761	6,430,837	—	<b>6,557,598</b>
Other trading activities	2	110,819	—	—	<b>110,819</b>
Investments	3	166	—	—	<b>166</b>
<b>Total income</b>		<b>238,730</b>	<b>6,430,837</b>	<b>566,073</b>	<b>7,235,640</b>
<b>Expenditure on:</b>					
Charitable activities					
. Academy's educational operations	5	208,235	6,418,008	944,305	<b>7,570,548</b>
<b>Total expenditure</b>		<b>208,235</b>	<b>6,418,008</b>	<b>944,305</b>	<b>7,570,548</b>
<b>Net income (expenditure) before transfers</b>		<b>30,495</b>	<b>12,829</b>	<b>(378,232)</b>	<b>(334,908)</b>
Transfers between funds	14	(43,502)	(12,278)	55,780	—
<b>Net income (expenditure)</b>		<b>(13,007)</b>	<b>551</b>	<b>(322,452)</b>	<b>(334,908)</b>
<b>Other recognised gains</b>					
Actuarial losses on defined benefit pension scheme	19	—	(473,000)	—	<b>(473,000)</b>
<b>Net movement in funds</b>		<b>(13,007)</b>	<b>(472,449)</b>	<b>(322,452)</b>	<b>(807,908)</b>
<b>Reconciliation of funds</b>					
Fund balances brought forward at 1 September 2020		741,326	(1,602,490)	10,770,244	<b>9,909,080</b>
<b>Fund balances carried forward at 31 August 2021</b>		<b>728,319</b>	<b>(2,074,939)</b>	<b>10,447,792</b>	<b>9,101,172</b>

## 8 Staff

### (a) Staff costs

Staff costs during the period were:

	<b>2022 Total funds £</b>	2021 Total funds £
Wages and salaries	<b>3,820,514</b>	3,735,541
Social security costs	<b>409,405</b>	393,126
Operating costs of defined benefit pension schemes (including FRS 102 (28) adjustment of £216,000 (2021: £156,000))	<b>983,203</b>	943,647
	<b>5,213,122</b>	5,072,314
Supply teacher costs	<b>248,961</b>	171,314
Staff restructuring costs	<b>3,000</b>	—
	<b>5,465,083</b>	5,243,628

### (b) Severance payments

The academy trust paid 1 severance payment in the year, disclosed in the following band:

	<b>2022 No.</b>
£0 - £25,000	<b>1</b>

### (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.

<b>Charitable activities</b>	<b>2022 No.</b>	2021 No.
Teachers	<b>58</b>	61
Administration and support	<b>37</b>	36
Management	<b>9</b>	9
	<b>104</b>	106

### (d) Higher paid staff

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

	<b>2022 No.</b>	2021 No.
£60,001 - £70,000	<b>6</b>	7
£70,001 - £80,000	<b>1</b>	1
£100,001 - £110,000	<b>1</b>	1

During the year ended 31 August 2022 pension contributions for these staff amounted to £109,832 (2021: £107,606).

**8 Staff** (continued)

**(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 £754,759 (2021: £775,220).

**9 Related party transactions – Directors’ remuneration and expenses**

The Headmaster only receives remuneration in respect of services they provide undertaking the role of Headmaster and not in respect of their services as Director. 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:

	2022 £	2021 £
Scott McGuinness, Headmaster and trustee		
. Remuneration	<b>100,000 – 105,000</b>	100,000 – 105,000
. Employer’s pension contributions	<b>0 – 5,000</b>	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

	Assets under construction £	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
<b>Cost/valuation</b>						
At 1 September 2021	512,294	12,983,458	1,609,855	219,521	52,045	<b>15,377,173</b>
Transfers	(512,294)	512,294	—	—	—	<b>—</b>
Additions	—	2,680,071	—	—	—	<b>2,680,071</b>
At 31 August 2022	—	16,175,823	1,609,855	219,521	52,045	<b>18,057,244</b>
<b>Depreciation</b>						
At 1 September 2021	—	3,524,934	1,265,174	219,521	52,045	<b>5,061,674</b>
Charge in year	—	540,000	344,681	—	—	<b>884,681</b>
At 31 August 2022	—	4,064,934	1,609,855	219,521	52,045	<b>5,946,355</b>
<b>Net book value</b>						
At 31 August 2022	—	<b>12,110,889</b>	—	—	—	<b>12,110,889</b>
At 31 August 2021	512,294	9,458,524	344,681	—	—	10,315,499

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

	2022 £	2021 £
VAT recoverable	<b>62,612</b>	92,412
Prepayments and accrued income	<b>676,959</b>	487,218
	<b>739,571</b>	579,630

## 13 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	<b>90,182</b>	65,861
Taxation and social security	<b>206,433</b>	107,741
Accruals and deferred income	<b>576,210</b>	209,794
	<b>872,825</b>	383,396
<b>Deferred income</b>		
Deferred income at 1 September 2021	<b>32,165</b>	41,358
Released during the year	<b>(32,165)</b>	(41,358)
Resources deferred in the year	<b>43,151</b>	32,165
Deferred income at 31 August 2022	<b>43,151</b>	32,165

Notes to the Financial Statements Year ended 31 August 2022

**14 Funds**

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	511,061	5,936,568	(5,983,722)	—	<b>463,907</b>
Pupil Premium	—	206,428	(206,428)	—	—
Catch-up premium	—	29,725	(29,725)	—	—
Other DfE/ESFA COVID-19 funding	—	161,346	(161,346)	—	—
Other grants	—	456,064	(456,064)	—	—
Pension reserve	(2,586,000)	—	(260,000)	2,590,000	<b>(256,000)</b>
	<u>(2,074,939)</u>	<u>6,790,131</u>	<u>(7,097,285)</u>	<u>2,590,000</u>	<u><b>207,907</b></u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	4,805,000	—	—	—	<b>4,805,000</b>
DfE/ESFA capital grants	5,319,759	2,221,880	(807,295)	—	<b>6,734,344</b>
Capital expenditure from GAG	323,033	—	(77,386)	325,898	<b>571,545</b>
	<u>10,447,792</u>	<u>2,221,880</u>	<u>(884,681)</u>	<u>325,898</u>	<u><b>12,110,889</b></u>
<b>Total restricted funds</b>	<u>8,372,853</u>	<u>9,012,011</u>	<u>(7,981,966)</u>	<u>2,915,898</u>	<u><b>12,318,796</b></u>
<b>Unrestricted funds</b>					
General funds	98,083	100,414	(43,427)	164,338	<b>319,408</b>
Designated funds	630,236	—	—	(490,236)	<b>140,000</b>
<b>Total unrestricted funds</b>	<u>728,319</u>	<u>100,414</u>	<u>(43,427)</u>	<u>(325,898)</u>	<u><b>459,408</b></u>
<b>Total funds</b>	<u>9,101,172</u>	<u>9,112,425</u>	<u>(8,025,393)</u>	<u>2,590,000</u>	<u><b>12,778,204</b></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. The Academy Trust was not subject to any limit on the carry forward of GAG funds.

*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 designated funds*

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:

- ◆ £70,000 set aside by the directors for works relating to water distribution system; and
- ◆ £70,000 set aside by the directors in relation to a potential contribution to Sports Centre capital project.

Notes to the Financial Statements Year ended 31 August 2022

14 Funds (continued)

**Comparative information**

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
<i>Restricted general funds</i>					
General Annual Grant (GAG)	320,510	5,481,516	(5,278,687)	(12,278)	511,061
Free School Meal	—	13,950	(13,950)	—	—
Pupil Premium	—	196,104	(196,104)	—	—
Local authority and Catch-up	—	213,535	(213,535)	—	—
Catch-up premium	—	82,320	(82,320)	—	—
Other DfE/ESFA COVID-19 funding	—	74,440	(74,440)	—	—
Other grants	—	368,972	(368,972)	—	—
Pension reserve	(1,923,000)	—	(190,000)	(473,000)	(2,586,000)
	<u>(1,602,490)</u>	<u>6,430,837</u>	<u>(6,418,008)</u>	<u>(485,278)</u>	<u>(2,074,939)</u>
<i>Restricted fixed asset funds</i>					
Transfer on conversion	5,115,000	—	(310,000)	—	4,805,000
DfE/ESFA capital grants	5,276,789	566,073	(541,605)	18,502	5,319,759
Capital expenditure from GAG	—	—	(12,278)	12,278	—
Capital expenditure from designated funds	378,455	—	(80,422)	25,000	323,033
	<u>10,770,244</u>	<u>566,073</u>	<u>(944,305)</u>	<u>55,780</u>	<u>10,447,792</u>
<b>Total restricted funds</b>	<b>9,167,754</b>	<b>6,996,910</b>	<b>(7,362,313)</b>	<b>(429,498)</b>	<b>8,372,853</b>
<i>Unrestricted funds</i>					
General funds	141,326	238,730	(208,235)	(73,738)	98,083
Designated funds	600,000	—	—	30,236	630,236
<b>Total unrestricted funds</b>	<b>741,326</b>	<b>238,730</b>	<b>(208,235)</b>	<b>(43,502)</b>	<b>728,319</b>
<b>Total funds</b>	<b>9,909,080</b>	<b>7,235,640</b>	<b>(7,570,548)</b>	<b>(473,000)</b>	<b>9,101,172</b>

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	<b>Total 2022 £</b>	Total 2021 £
<b>Fund balances at 31 August 2022 are represented by:</b>					
Tangible fixed assets	—	—	12,110,889	<b>12,110,889</b>	10,315,499
Current assets	459,408	1,336,732	—	<b>1,796,140</b>	1,755,069
Current liabilities	—	(872,825)	—	<b>(872,825)</b>	(383,396)
Pension scheme liability	—	(256,000)	—	<b>(256,000)</b>	(2,586,000)
<b>Total net assets</b>	<b>459,408</b>	<b>207,907</b>	<b>12,110,889</b>	<b>12,778,204</b>	<b>9,101,172</b>



**15 Analysis of net assets between funds (continued)**

	<i>Unrestricted funds</i>	<i>Restricted general funds</i>	<i>Restricted fixed asset funds</i>	<i>Total 2021</i>
	£	£	£	£
<i>Fund balances at 31 August 2021 are represented by:</i>				
<i>Tangible fixed assets</i>	—	—	10,315,499	10,315,499
<i>Current assets</i>	728,319	894,457	132,293	1,755,069
<i>Current liabilities</i>	—	(383,396)	—	(383,396)
<i>Pension scheme liability</i>	—	(2,586,000)	—	(2,586,000)
<b><i>Total net assets</i></b>	<b>728,319</b>	<b>(2,074,939)</b>	<b>10,447,792</b>	<b>9,101,172</b>

**16 Capital commitments**

	<b>2022</b>	2021
	£	£
Contracted for but not provided in the financial statements	—	32,940

**17 Commitments under operating leases**

***Operating leases***

At 31 August 2022, the total of the Academy's future minimum lease payments under non-cancellable operating leases was as follows:

	<b>2022</b>	2021
	£	£
Amounts due within one year	<b>46,925</b>	51,556
Amounts due between one and five years	<b>170,027</b>	43,976
	<b>216,952</b>	107,392

**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 2019.

**19 Pension and similar obligations** (continued)

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

***Teachers' Pension Scheme***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £627,800 (2021: £623,998).

**19 Pension and similar obligations** (continued)

**Valuation of the Teachers' Pension Scheme** (continued)

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme 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 (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 2022 was £188,000 (2021: £204,000) of which employer's contributions totalled £150,000 (2021: £162,000) and employees' contributions totalled £38,000 (2021: £42,000). 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.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2022</b>	At 31 August 2021
Rate of increase in salaries	<b>4%</b>	4%
Rate of increase for pensions in payment / inflation	<b>3%</b>	3%
Discount rate for scheme liabilities	<b>4%</b>	2%
Inflation assumption (CPI)	<b>3%</b>	3%

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

	<b>At 31 August 2022 Years</b>	At 31 August 2021 Years
<i>Retiring today</i>		
Males	<b>21.6</b>	21.8
Females	<b>24.0</b>	24.1
<i>Retiring in 20 years</i>		
Males	<b>22.6</b>	22.9
Females	<b>25.7</b>	25.9

19 Pension and similar obligations (continued)

**Local Government Pension Scheme (LGPS) (continued)**

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

	At 31 August 2022 £	At 31 August 2021 £
Discount rate (0.5% decrease)	435,000	730,000
Salary increase rate (0.5% increase)	30,000	50,000
Pension increase rate (0.5% increase)	410,000	670,000

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

	Fair value at 31 August 2022 £	Fair value at 31 August 2021 £
Equities	1,536,580	1,988,480
Corporate bonds	996,030	1,070,720
Property	996,030	573,600
Cash and other liquid assets	130,360	191,200
<b>Total market value of assets</b>	<b>3,659,000</b>	<b>3,824,000</b>
Total present value of obligations	<b>(3,915,000)</b>	<b>(6,410,000)</b>
<b>Net obligations</b>	<b>(256,000)</b>	<b>(2,586,000)</b>

The actual return on scheme assets was £(349,000) (2021: £523,000).

<b>Amounts recognised in statement of financial activities</b>	2022 £	2021 £
Current service cost	366,000	318,000
Interest income	(64,000)	(54,000)
Interest cost	108,000	88,000
<b>Total amount recognised in the SOFA</b>	<b>410,000</b>	<b>352,000</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	2022 £	2021 £
At 1 September 2021	6,410,000	5,022,000
Current service cost	366,000	318,000
Interest cost	108,000	88,000
Employee contributions	38,000	42,000
Actuarial (loss)/ gain	(2,939,000)	996,000
Benefits paid	(68,000)	(56,000)
<b>At 31 August 2022</b>	<b>3,915,000</b>	<b>6,410,000</b>

**19 Pension and similar obligations** (continued)

**Local Government Pension Scheme (LGPS)** (continued)

Changes in the fair value of the Academy's share of scheme assets:	2022 £	2021 £
At 1 September 2021	<b>3,824,000</b>	3,099,000
Interest income	<b>64,000</b>	54,000
Actuarial loss/(gain)	<b>(349,000)</b>	523,000
Employer contributions	<b>150,000</b>	162,000
Employee contributions	<b>38,000</b>	42,000
Benefits paid	<b>(68,000)</b>	(56,000)
<b>At 31 August 2022</b>	<b>3,659,000</b>	3,824,000

**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.

In the year ended 31 August 2022, £6,000 (2021: £4,500) was paid to Luff Consultants for clerking and company secretary services. John Luff, a Trustee, is a Director of the company.

In entering into the transaction, the Academy has complied with the requirements of the Academy Trust Handbook. The element above £2,500 has been provided 'at no more than cost' and Luff Consultants has provided a statement of assurance confirming this.

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