

Holbrook Academy
(A Company Limited by Guarantee)



Annual Report and Financial Statements
For the year 1 September 2018 to 31 August 2019

Company Registration Number:
07654882 (England & Wales)

CONTENTS

Reference and Administrative Details	2
Report of the Governors	3-10
Governance Statement	11-14
Statement on Regularity, Propriety and Compliance	15
Statement of Governors Responsibilities	16
Independent Auditor's Report	17-19
Independent Reporting Accountants' Report on Regularity	20-21
Statement of Financial Activities (including Income and Expenditure Account)	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Financial Statements	
- Statement of Accounting Policies	25-27
- Other Notes to the Financial Statements	28-40

REFERENCE AND ADMINISTRATIVE DETAILS

Governors (Members)

- A Marr (Chair of Governors) (Resigned 5 November 2018)
- L Cullen (5 November 2018 - Resigned as Vice Chair of Governors and appointed as Chair of Governors)
- C Graham
- J Hazlewood
- S Letman (Ex Officio) (To 13 April 2019)

Governors (Trustees)

- H Butler (Appointed 1 April 2019)
- H Caston (Appointed as acting Vice Chair of Governors 5 November 2018)
- K Clark (Appointed 1 April 2019)
- A Clarke
- J Crabtree
- L Curtis
- B Jones
- L Jones
- R Lay
- M Le Marrec
- D Marsh (Resigned 30 July 2019)
- N Mayhew (Appointed Ex Officio 15 April 2019)
- M Pawlewski
- M Slattery
- D Thomas (Appointed 18 December 2018)
- B Zeneli (Appointed 18 December 2018)

Company Secretary S Beazley

Senior Leadership Team:

- | | |
|---|---|
| ▪ Headteacher & Accounting Officer | S Letman (To 11 April 2019) |
| ▪ Acting Headteacher & Accounting Officer | N Mayhew (Appointed 15 April 2019) |
| ▪ Deputy Headteacher | N Mayhew (previously N Shelley)
(To 14 April 2019) |
| ▪ Assistant Headteacher | P Hart (Acting Deputy Headteacher from 15 April 2019) |
| ▪ Assistant Headteacher | S Cooke |
| ▪ Assistant Headteacher | G Anstee-Parry |
| ▪ Interim Assistant Headteacher | R Lay (Appointed 10 June 2019) |

Company Name	Company Registration Number	Registered Office
Holbrook Academy	07654882 (England and Wales)	Ipswich Road Holbrook Ipswich Suffolk IP9 2QX

Independent Auditor

Lovewell Blake LLP
Chartered Accountants & Statutory Auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Bankers

HSBC
12 Tavern Street
Ipswich
Suffolk
IP1 3AZ

REPORT OF THE GOVERNORS

INTRODUCTION

The Governors, (who are Governors under the Academies Act 2010, Trustees under the Charities Act 2011 and Directors under the Companies Act 2006), present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 25 - 27 of the attached financial statements, and comply with the Charitable Company's Memorandum and Articles of Association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice 'Financial Reporting Standard 102' as issued in March 2013 ('SORP 2015') and the Academies Accounts Direction 2017-2018.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area south of Ipswich. It has a pupil capacity of 590 and had a roll of 580 in the school census on 3 October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Holbrook Academy, hereafter referred to as the Academy, is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association dated 1 June 2011 are the primary governing documents of Academy.

The Governors act as trustees for the charitable activities of the Academy and are also directors of the Charitable Company for the purposes of company law. Details of the Governors who served throughout the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

The name of the Charitable Company was changed at Companies House to Holbrook Academy with effect from 12 August 2013.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006, every Governor or other officer of the Academy shall be indemnified out of the assets of the Academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy.

Governors' Indemnities (Companies Act 2006 s236)

There were no provisions required for third party indemnity.

REPORT OF THE GOVERNORS (continued)

Method of Recruitment and Appointment or Election of Governors

The management of the Academy is the responsibility of the Governors who are elected and co-opted under the terms of the Academy deed. The Governors are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of the charity legislation.

The term of office for any Governor shall be four years, save that this time limit shall not apply to either the Headteacher or Staff Governors, who shall hold office for so long as he/she continues to be employed as a teacher or member of support staff. Subject to remaining eligible to be a particular type of Governor, any Governor may be reappointed or re-elected. The Governors who were in office at 31 August 2019 and who served during the year are listed on page 2.

Policies and Procedures adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience.

Where necessary induction will include training on educational, legal and financial matters. All new Governors will be given the opportunity of a tour of the Academy, have the chance to meet with staff and students and be provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Governors. As there is expected to be only a small number of new Governors a year, induction will be carried out informally and will be tailored specifically to the individual.

Organisational Structure

The Academy was set up with a management structure to support the Education Brief. The Academy's organisational structure consists of two levels: the Governors and the Senior Leadership Team.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring its financial and operational performance and making strategic decisions about the direction of the Academy, approving major items of expenditure and making senior staff appointments.

The Committee structure comprises the Finance and Personnel Committee and the Quality and Monitoring Committee. Each Committee meets at least once a term. During the course of the 2018-19 academic year the full Governing Body formally met four times.

The Governors have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the Headteacher during the year.

The Senior Leadership Team (SLT) included the Headteacher, Deputy Headteacher, Assistant Headteacher (Outcomes), Assistant Headteacher (Pastoral), Assistant Headteacher (SENCO/Transition) and Assistant Headteacher (Teaching and Learning). The SLT are responsible for day to day operation of the Academy, in particular organising the teaching staff, students and resources.

Arrangements for setting pay and remuneration of key management personnel

Governors review the Appraisal and Pay Policy annually. Pay scales for teachers are based on STRB (School Teachers Pay and Conditions document). Pay scales for support staff are based on Suffolk County Council's Single Status Agreement and local pay and grading arrangements.

Annual pay progression is not automatic. It will only be considered where staff have met the expectations described in the Pay Policy and the Academy's Appraisal Policy and through their appraisal process, and will be subject to the maximums of the employee's relevant pay range/grade/grade mid-point and the governing body's annual decision making processes.

REPORT OF THE GOVERNORS (continued)

Assessment of performance is based on evidence from a range of sources, as described in the Academy's Appraisal Policy. Although the Academy will establish a firm evidence base in relation to the performance of all employees, there is a responsibility on the individual and their appraiser to work together. Employees should gather any evidence that they deem is appropriate in relation to their objectives and other relevant criteria (e.g. the Teachers' Standards and criteria to be paid on Upper Pay Range), so that such evidence can be taken into account at the performance review. Appraisal objectives will become more challenging as staff progress up their pay range/grade.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	1.2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time:

Total cost of facility time	-
Total pay bill	£2,094,445
Percentage of the total pay bill spent on facility time	-

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Connected Organisations

The Academy purchased services from Suffolk County Council, under normal business arrangements.

Related Party Relationships

The Academy purchased careers advice for students from an organisation called Career Directions. The advisor is Mrs Sarah Pawlewski, the wife of one of the governors, Mr M Pawlewski. An exercise was done to check availability and cost of similar services and it was determined that this service was the best in terms of price and quality. The value of the transactions during 2018-19 totalled £1,675 excluding VAT.

The Academy employs a member of staff, Miss Sarah Caldwell who is also the partner of one of the governors, Mr D Marsh (resigned 30 July 2019). She was employed at the Academy from 1 May 2015, before the governor was appointed on 15 June 2015.

REPORT OF THE GOVERNORS (continued)

OBJECTIVES AND ACTIVITIES

Principal Activities

The Academy's objects, as set out in its Articles of Association, are

- 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;
- b) to promote for the benefit of the inhabitants of Holbrook and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Aims and Objectives of the Academy

The Academy objectives are set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a school offering a broad curriculum and to provide community facilities.

In accordance with the Articles of Association, the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum with an emphasis on English and Mathematics.

Objectives, Strategies and Activities

The Academy has a vision to produce young people with exemplary attitudes who will make a positive contribution to the community in which they live and to the wider world in the future. Our aim is that everybody can be somebody. The Academy has the ambition to become the educational hub to serve the local community.

The stated purpose of the Academy is to ensure that children learn for life by providing a distinctive educational experience and helping them to search for the qualities which will help them to stand out from the crowd. The Academy has a commitment to relentlessly focus on pupil achievement and the quality of provision in all areas. This will be achieved by continually improving teaching and learning and providing the best possible opportunities for all children to do the best they can.

A key objective is that examination results will improve so that all students will maximise their full potential.

The Academy's Improvement Plan is reviewed four times a year at meetings of the Governing Body.

Public Benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements and Performance

In 2019, raw attainment in the core subjects of English and maths was, once again, above average. The percentage of the cohort achieving a grade 4 in English was 84% compared to 62% nationally, while in maths 72% of Holbrook students achieved a grade 4 or better, compared with 60% nationally. Progress overall at the Academy is good. Attainment on entry is in line with average, typically around 29 points. Progress is good from year 7 to year 11, and so pupils leave with average levels of attainment, as determined by DfE.

REPORT OF THE GOVERNORS (continued)

Groups of pupils, including those supported through the pupil premium, make good progress, on average, with middle prior attainers making less good progress compared to high and low attainers. Progress of students with a SEN make particularly good progress and this area of the school has proven to be a real strength in recent years.

Over the past 3 years, progress measures have been average to above average. 2019 results have bucked that trend with our first reported negative progress measure.

Current tracking of progress shows that almost all groups are making good progress in most subjects. Analysis of current progress across years suggests that students continue to make good progress across most areas of the curriculum.

Key Financial Performance Indicators

The total number of students on roll in the year ended 31 August 2019 numbered 547.

From 1 September 2011, the Academy has a PAN (Pupil Admissions Number) of 120 in Year 7. The capacity of the school is 590.

Going Concern

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

FINANCIAL REVIEW

Overview

During the year the Academy received total income of £2,955,285 (comprising £86,999 capital grants and £2,868,286 revenue income). Of this sum £2,372,327 was received from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in respect of its General Annual Grant, used for its day to day running costs. Expenditure for the year totalled £3,075,323 (comprising £2,803,636 revenue expenditure, £186,687 capital depreciation and £85,000 pension costs).

The financial position for revenue excluding the restricted pension fund and the restricted fixed asset fund was as follows:

Revenue	Unrestricted Funds £	Restricted General Funds £	Total Revenue £
Income	117,928	2,750,358	2,868,286
Expenditure	117,860	2,685,776	2,803,636
Net surplus for year	68	64,582	64,650

The revenue reserves position is shown as follows:

Revenue	Unrestricted Funds £	Restricted General Funds £	Total Revenue £
Reserves b/fwd as at 1 September 2018	(874)	(41,054)	(41,928)
Net surplus for the year	68	64,582	64,650
Reserves c/fwd to 1 September 2019	(806)	23,528	22,722

REPORT OF THE GOVERNORS (continued)

In total the Academy has positive revenue reserves totalling **£22,722**.

The Governors have a duty as a public body to be transparent about the Academy's finances and are fully cognisant of the Academy's financial risks. As a result, a management plan to address them is already in place and is under constant review.

The Academy applied to the Education and Skills Funding Agency in August 2015 for interim support, as budget forward planning highlighted that due to an historical falling roll, the Academy's GAG funding for the following few years would be far lower than in earlier years and that for the following 4 years the Academy would have to set deficit budgets. The Education Funding Agency agreed phased repayable advance funding of £155,000, £80,000 received in 2015-16 and £75,000 received in 2016-17. The Academy will repay the advance in three instalments £50,000 in 2019-20, £50,000 in 2020-21 and £55,000 in 2021-22.

With close management of expenditure during 2018-19 and additional income including Low Level Growth Funding from Suffolk County Council the Academy managed a final in year surplus of £64,650. The deficit brought forward from 2017-18 of £41,928 shows a surplus carry forward balance into 2019-20 of £22,722.

Pupil numbers continue to rise rapidly and the Academy is on track to repay the advances as planned.

Reserves Policy

The Governing Body reviews the reserve levels of the Academy throughout the year, annually at the year-end and as a part of its medium term budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Governors determine what the level of uncommitted reserves should be. The main aims are to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies, such as urgent maintenance.

As at 31 August 2019 the Academy Trust had no free reserves with unrestricted current liabilities exceeding current assets by £806 (2018: (£874)), calculated as unrestricted net assets as shown in note 17. The total restricted funds (excluding the pension reserve) at 31 August 2019 is a surplus of £23,528 (2018: (£41,054)).

Fixed Assets / Capital

The Academy held £7,055,594 restricted fixed asset funds as at 31 August 2019. The fixed asset fund reflects both the funding received for capital investment purposes and the net book value of assets. It should be noted that the Academy's land and buildings are on a 125 year lease from Suffolk County Council.

Pension Fund (Local Government Pension Scheme)

Under Accounting Standard FRS 102 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our non-teaching staff to a specific restricted reserve. As at 31 August 2019, the deficit on this reserve amounted to £997,000. It should be noted however that this does not present the Academy with a current liquidity problem. Increased contributions to the pension scheme are being made in order to reduce the deficit.

Investment Policy

During the period of these financial statements the Academy operated two bank accounts, one which was an interest bearing deposit account for surplus funds. In balancing risk against return the Academy policy is geared towards carefully managing the cash flow and maximising returns where possible but at very low risk.

REPORT OF THE GOVERNORS (continued)

Risk Management

During the course of 2018-19, the Academy considered its risk management arrangements. The Strategic Risk Register is a working document that is continually updated by a governor on the Finance and Personnel committee in conjunction with other governors and staff members. The Strategic Risk Register seeks to both identify the likelihood of a risk occurring, its impact and actions that are being taken to mitigate the risk.

The Academy operates systems of internal financial control and checks which are examined periodically by the Academy's auditor and by internal and independent professional reviews. Schools Choice Ltd completed an independent professional review on 24th May 2019 and a further visit is scheduled for Summer Term 2020.

Principal Risks and Uncertainties

The Academy has a new Strategic Risk Register which is regularly reviewed. The top financial risks which have been identified and are being managed, include:

- limited strategies or innovations for reducing teaching costs.
- uncertainty about ESFA funding in future and inflationary pressures
- little investment monies are available so need to consider external income stream opportunities in order to support its strategic investment plans.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the trustees.

PLANS FOR FUTURE PERIODS

The **Academy Improvement Plan (AIP)** sets out areas identified for improvement. It is informed by:

- Key issues identified in the school's most recent Ofsted report (February 2019);
- The progress and outcomes of students;
- Internal reviews and monitoring;
- Governor monitoring;
- External support and reviews (e.g. School Advisor, LA Standards and Excellence Officer, HT Peer to Peer Review Programme, PiXL Champion).

The AIP responds to:

- Changes to the intake and the families the school serves;
- Changes to statutory requirements (e.g. to the National Curriculum or Ofsted's inspection frameworks);
- Changes affecting education, the local context, access to services etc.

The AIP enables the evaluation of the impact of the school's improvement strategies and forms the "mechanism" through which the governing body holds school leaders to account.

The AIP is a "living document", used routinely by members of staff as a point of reference and to inform practice, planning and decision making. The AIP is responsive to ongoing monitoring and evaluation. The targets set out in the AIP may be considered operational or short term.

The **Strategic Plan** provides the broader context and backdrop within which the Academy Improvement Plan operates. Its focus is long term improvement, sustainability and growth and aims to set the direction for the Academy over the next 5 years and beyond. The Strategic Plan establishes clear mission statements and a vision for the future. A team of governors work closely with senior staff in establishing aims and objectives for long term, sustained improvement.

REPORT OF THE GOVERNORS (continued)

Auditor

In so far as the Governors are aware:

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

Governors' report, incorporating strategic report, approved by order of the members of the Governing Body, as the company directors, on 10 December 2019 and signed on its behalf by:

Louise Cullen
Chair of Governors

A handwritten signature in black ink, appearing to read 'Louise', written over a horizontal line.

Holbrook Academy

GOVERNANCE STATEMENT

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Holbrook 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 Governing Body 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 assigned to it in the Funding Agreement between Holbrook Academy and the Secretary of State for Education. The Headteacher is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The governing body has formally met four times during the year. Attendance during the year at meetings of the governing body was as follows:-

Governor	Meetings attended	Out of a possible
H Butler	1	1
H Caston	1	4
K Clark	0	1
A Clarke	2	4
J Crabtree	3	4
L Cullen	3	4
L Curtis	2	4
C Graham	1	4
J Hazlewood	2	4
B Jones	2	4
L Jones	3	4
R Lay	1	4
M Le Marrec	2	4
S Letman (Ex Officio)	3	3
D Marsh	3	4
N Mayhew (Ex Officio)	1	1
M Pawlewski	3	4
M Slattery	2	4
D Thomas	2	3
B Zeneli	2	3

The Full Governing Body has met less than six times during the year but has received a detailed income and expenditure report showing any variations to the budget, a report explaining any variations and a cashflow report every month. This has ensured effective financial management throughout the year.

Finance and Personnel Committee

The Finance and Personnel Committee meets at least termly and is a sub-committee of the Full Governing Body. The Committee oversees the monitoring of the budget and forward financial planning of the Academy. During the year it has closely monitored current and predicted future year's cash flow projections to ensure that the Academy is on target to repay our advance to the ESFA. The Committee reviewed benchmarking data to make sure that the Academy is spending in line with other similar Academies. The Committee also made sure the Academy has effective management structures in place and updated policies to ensure the well-being and development of staff.

GOVERNANCE STATEMENT (continued)

Governance Review

Governors undertake a review of their work and effectiveness on a yearly basis and incorporate areas of improvement in their development plan and training plan.

Review of Value for Money

As accounting officer, the Headteacher has responsibility for ensuring that the academy trust delivers good value for money 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 each academic year, and reports to board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy trust has delivered improved value for money during the year by:

- Reviewing the curriculum offer for all students and making changes to ensure value for money. This included reducing the number of classes in Year 8 in non practical subjects, delivering internal educational support rather than outsourcing to costly providers and developing the tutoring model to improve attendance, behaviour and contribute to progression work.
- Offering a good education to increased student numbers including an extra 72 students not funded by the Education and Skills Funding Agency general annual grant during 2018/2019. The Academy has grown rapidly in recent years and lag funding has meant that resources available have had to meet additional need. This was a huge challenge that took exceptionally careful management of staffing and resources.
- Maintaining high standards of a 'good' education by focusing on targets set by external and self evaluation systems and by matching staffing and resources to improvement priorities. Ofsted Feb 2019 recognises the progress made and the Academy has retained its 'Good' rating. The Academy has higher student numbers than before and is the school of choice for many out of catchment families.
- The areas of future focus: Continue to appeal to out of catchment families, develop the curriculum offer to meet the needs of different cohorts

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 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 in place for Holbrook Academy for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements, has been developed and strengthened during the course of this year.

- (i) Policies and procedures continued to be reviewed and implemented.
- (ii) Financial delegations were approved by the Governing Body.
- (iii) The Governing Body continued to use Schools Choice Ltd an independent organisation within Suffolk County Council to conduct independent Responsible Officer type checks on financial controls.
- (iv) The development of data processes for tracking student progress and initiating intervention strategies continued.
- (v) Monitoring arrangements for assessing the quality of teaching and learning continued, including detailed faculty reviews by governors and internal staff.

GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been or are being implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

During the course of the year the systems for identifying, evaluating and managing the Academy's significant risks were developed and strengthened. The Risk register is a working document that is regularly reviewed and updated.

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:

- (i) Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body.
- (ii) Regular reviews by the finance and personnel committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure programmes
- (iii) Setting targets to measure financial and other performance
- (iv) Clearly defined purchasing (asset purchase or capital investment) guidelines
- (v) Delegation of authority and segregation of duties
- (vi) Identification and management of risks The Governors are cognisant of the Academy's key risks and have implemented management action accordingly most recently after the unexpected change in leadership.

The Governors continued to procure the services of Lovewell Blake to act as the Academy's external auditor.

The Governing Body had considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

As set out in clause (iii) on page 12, the Governing Body continued to use Schools Choice Ltd, an independent organisation within Suffolk County Council, to perform Responsible Officer style checks for the year in question. This role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. Schools Choice carried out checks on the following areas selected by the Finance & Personnel Committee during 2018-19:- Payroll, Petty Cash, Income Control, Monitoring and Review, Inventory & Security and Data Security, and reported their findings to the Governing Body during the year. There were no material control issues identified by Schools Choice Ltd, the overall rating was judged 'Outstanding'. The reports were circulated and discussed by the Finance & Personnel Committee and Full Governing Body. An action plan was issued and all recommendations have been implemented. A Governor, with a background in the insurance sector, independently reviewed the Academy's Insurance cover as part of the risk register and confirmed the current cover was adequate.

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

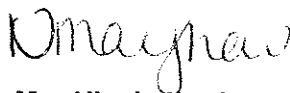
As Accounting Officer the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by;

- the work of the external auditor,
- the work of the independent review of financial controls by Schools Choice Ltd,
- an update of the Academy's financial policy and procedures,
- the work of the Finance & Personnel Committee which has responsibility for the monitoring of the internal control framework, and
- the strong financial skill set of the Finance & Personnel Committee.

Approved by order of the members of the Governing Body on 10 December 2019 and signed on its behalf by:



Louise Cullen
Chair of Governors



Mrs Nicola Mayhew
Acting Headteacher and Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Holbrook Academy I have considered my responsibility to notify the Academy trust governing body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy trust, under the funding agreement in place between the Academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the Academy trust's funding agreement and the Academies Financial Handbook 2018.

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 governing body and the Education and Skills Funding Agency.

Signed N Mayhew.....

Mrs Nicola Mayhew
Accounting Officer

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

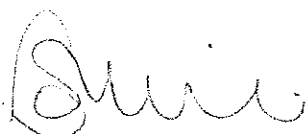
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of priority 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 Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 10 December 2019 and signed on its behalf by:



Louise Cullen
Chair of Governors

Holbrook Academy

Independent Auditor's Report to the members of Holbrook Academy

Opinion

We have audited the financial statements of Holbrook Academy (the 'academy trust') for the year ended 31 August 2019 which comprise of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Holbrook Academy

Independent Auditor's Report to the members of Holbrook Academy (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Holbrook Academy

Independent Auditor's Report to the members of Holbrook Academy (continued)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

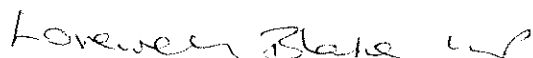
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



MARK PROCTOR FCA DChA (Senior Statutory Auditor)
LOVEWELL BLAKE LLP, Statutory Auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

17/12/2019

Holbrook Academy

Independent Reporting Accountant's Assurance Report on Regularity to Holbrook Academy and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 31 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Holbrook Academy during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Holbrook Academy's funding agreement with the Secretary of State for Education dated 1 July 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

Delegated authorities:

Carrying out the suggested procedures detailed in the Academies Accounts Direction 2018/19 Annex B section 4.4 – 4.10 in order to obtain evidence that the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding write-offs, property

Holbrook Academy

Independent Reporting Accountant's Assurance Report on Regularity to Holbrook Academy and the Education & Skills Funding Agency (continued)

transactions, leases, novel and contentious payments, special payments to staff, borrowings, and if the terms of a FNTI have been complied with;

Transactions with connected parties:

Carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B section 4.12 in order to obtain evidence that the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding declarations of interest and contracts with connected parties, including governors, and employees providing external consultancy;

Governance:

Carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B Section 4.14 in considering whether the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding its governance arrangements;

Internal controls:

Identifying the policies, reviewing their effectiveness and testing the operation of controls, through carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B Section 4.16 in order to consider whether the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding its internal controls;

Procurement:


Identifying the policies, reviewing their effectiveness and testing their operation, through carrying out the suggested procedures in the Academies Accounts Direction 2018/19 Annex B Section 4.18 in order to obtain evidence that the academy trust has followed its own internal processes and complied with the Academies Financial Handbook 2018 regarding its procurement procedures; and

Income:

Considering the conditions associated with specialist grant income and whether it has been spent as the purposes intended.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


MARK PROCTOR FCA DChA (Reporting Accountant)
LOVEWELL BLAKE LLP
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

17/12/2019

Holbrook Academy

Statement of Financial Activities for the year ended 31 August 2019 (Including Income and Expenditure Account)

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Fund	Total 2019	Restated Total 2018
		£	£	£	£	£
Income from:						
Donations and capital grants	3	3,004	6,601	86,999	96,604	32,904
Charitable activities						
Funding for the academy's educational operations	4	-	2,684,277	-	2,684,277	2,352,086
Other income	5	99,273	49,963	-	149,236	169,561
Other trading activities	6	15,200	9,517	-	24,717	27,116
Investment income	7	451	-	-	451	138
Total income		117,928	2,750,358	86,999	2,955,285	2,581,805
Expenditure on:						
Raising funds	8	17,802	2,559	-	20,361	13,598
Charitable activities:						
Academy educational operations	8	100,058	2,768,217	186,687	3,054,962	2,634,010
Total expenditure	8	117,860	2,770,776	186,687	3,075,323	2,647,608
Net (expenditure)/income before transfers		68	(20,418)	(99,688)	(120,038)	(65,803)
Transfers between funds	17	-	-	-	-	-
Net (expenditure)/income		68	(20,418)	(99,688)	(120,038)	(65,803)
Other recognised (losses) and gains:						
Actuarial (losses)/gains on defined benefit pension scheme	17,25	-	(366,000)	-	(366,000)	194,000
Net movement in funds		68	(386,418)	(99,688)	(486,038)	128,197
Reconciliation of funds						
Total funds brought forward as previously stated	17	(874)	(587,054)	6,975,947	6,388,019	6,439,157
Prior year adjustment	27	-	-	179,335	179,335	-
Total funds brought forward restated	17	(874)	(587,054)	7,155,282	6,567,354	6,439,157
Total funds carried forward	17	(806)	(973,472)	7,055,594	6,081,316	6,567,354

All of the Academy's activities derive from continuing activities during the above two financial years.

An analysis by fund of the comparatives figures for 2018 is shown in note 2.

Holbrook Academy

Balance Sheet as at 31 August 2019

Company No: 07654882

	Notes	2019 £	Restated 2018 £
Fixed assets			
Tangible assets	12	7,058,594	7,165,896
Current assets			
Stocks	13	2,947	6,365
Debtors	14	54,324	45,787
Cash at bank and in hand		250,028	173,787
		307,299	225,939
Current liabilities			
Creditors: amounts falling due within one year	15	(175,827)	(114,031)
Net current assets		131,472	111,908
Total assets less current liabilities		7,190,066	7,277,804
Creditors: amounts falling due after more than one year	16	(111,750)	(164,450)
Net assets excluding pension liability		7,078,316	7,113,354
Defined benefit pension scheme liability	25	(997,000)	(546,000)
Total net assets		6,081,316	6,567,354
Funds of the Academy			
Restricted funds			
- Fixed asset fund	17	7,055,594	7,155,282
- General funds	17	23,528	(41,054)
- Pension reserve	17	(997,000)	(546,000)
Total restricted funds		6,082,122	6,568,228
Unrestricted funds	17	(806)	(874)
TOTAL FUNDS		6,081,316	6,567,354

The financial statements on pages 22 to 40 were approved by the Governors, and authorised for issue on and are signed on their behalf by:



Louise Cullen
Chair of Governors

Holbrook Academy

Statement of Cash Flows for the year ended 31 August 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	20	70,876	(30,796)
Cash flows from financing activities	21	(2,700)	(2,700)
Cash flows from investing activities	22	8,065	2,841
Change in cash and cash equivalents in the year	23	<u>76,241</u>	<u>(30,655)</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2018		173,787	204,442
Cash and cash equivalents at 31 August 2019		<u>250,028</u>	<u>173,787</u>

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019

1 Statement of Accounting policies

General information

Holbrook Academy is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements. The nature of the academy trusts operations and principal activities are set out in the Governors' Report on pages 3 to 10.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

Going Concern

The governors 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 governors make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

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

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019

1 Accounting policies (continued)

Expenditure (continued)

Raising funds

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

Charitable activities

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

All resources expended are inclusive of irrecoverable 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold land	125 years
Leasehold buildings	2%
Plant and machinery	5 to 20%
Furniture and equipment	10%
Computer equipment and software	33%

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.

Stock

Stock consists of goods for resale and is valued at the lower of cost and net realisable value.

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on 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 14. Prepayments are not financial instruments.

Financial Instruments (continued)

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. 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 trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employees. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

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.

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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

2 Statement of Financial Activities for the year ended 31 August 2018 - Restated

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Fund £	Restated Total 2018 £
Income from:				
Donations and capital grants	1,841	5,700	25,363	32,904
Charitable activities				
Funding for the academy's educational operations	-	2,352,086	-	2,352,086
Other income	87,752	81,809	-	169,561
Other trading activities	16,562	10,554	-	27,116
Investment income	138	-	-	138
Total income	106,293	2,450,149	25,363	2,581,805
Expenditure on:				
Raising funds	11,832	1,766	-	13,598
Charitable activities:				
Academy educational operations	87,984	2,523,574	22,452	2,634,010
Total expenditure	99,816	2,525,340	22,452	2,647,608
Net (expenditure)/income before transfers	6,477	(75,191)	2,911	(65,803)
Transfer between funds	-	-	-	-
Net (expenditure)/income	6,477	(75,191)	2,911	(65,803)
Other recognised gains and losses:				
Actuarial gains on defined benefit pension scheme	-	194,000	-	194,000
Net movement in funds	6,477	118,809	2,911	128,197
Total funds brought forward	(7,351)	(705,863)	7,152,371	6,439,157
Total funds carried forward	(874)	(587,054)	7,155,282	6,567,354

3 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Capital grants	-	86,999	86,999	25,363
Donations	3,004	6,601	9,605	7,541
	3,004	93,600	96,604	32,904

Capital grants of £86,999 (2018: £25,363) were received from the ESFA and Suffolk County Council.

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

4 Funding for Academy Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA Grants				
General Annual Grant (GAG)	-	2,372,327	2,372,327	2,204,704
Other DfE/ESFA grants	-	156,817	156,817	111,438
	-	2,529,144	2,529,144	2,316,142
Other Government Grants				
Local authority grants	-	152,033	152,033	35,944
Other grants	-	3,100	3,100	-
	-	2,684,277	2,684,277	2,352,086

5 Other income from educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Academy Trips	-	49,963	49,963	81,809
Catering Income	99,273	-	99,273	87,752
	99,273	49,963	149,236	169,561

6 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Income from services provided	9,190	688	9,878	13,762
Items sold	3,477	2,559	6,036	3,586
Hire of facilities	1,959	-	1,959	2,866
Fundraising	574	6,270	6,844	6,902
	15,200	9,517	24,717	27,116

7 Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Bank interest	451	-	451	138

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

8 Expenditure

	Staff costs £	Non Pay Premises £	Expenditure Other costs £	Total 2019 £	Restated Total 2018 £
Expenditure on raising funds	-	14,497	5,864	20,361	13,598
Academy's educational operations:					
Direct costs	1,840,040	186,687	189,359	2,216,086	1,845,184
Allocated Support costs	433,856	124,777	280,243	838,876	788,826
Total expenditure	2,267,896	325,961	481,466	3,075,323	2,647,608
Net (expenditure)/income for the year includes:				2019 £	2018 £
Operating lease rentals				4,290	7,189
Depreciation				186,687	22,452
Fees payable to auditor for:					
Audit				4,800	5,050
other services				3,870	3,450
Analysis of support costs				Total 2019 £	Total 2018 £
Support staff costs				433,856	418,654
Premises costs				124,777	111,091
Other support costs				271,437	249,748
Governance costs				8,806	9,333
Total support costs				838,876	788,826
Analysis of governance costs				Total 2019 £	Total 2018 £
Auditor's remuneration	Unrestricted Funds £	Restricted Funds £			
- Audit of financial statements	-	4,800		4,800	5,050
- Other services	-	3,870		3,870	3,450
Legal and professional fees	-	136		136	833
	=	8,806		8,806	9,333

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

9 Staff

	2019	2018
a. Staff costs		
	£	£
Staff costs during the period were:		
Wages and salaries	1,675,447	1,554,072
Social security costs	147,961	134,099
Operating costs of defined pension schemes	388,692	365,929
	<u>2,212,100</u>	<u>2,054,100</u>
Supply staff costs	55,796	6,711
Staff restructuring costs	6,000	-
	<u>2,273,896</u>	<u>2,060,811</u>

b. Staff numbers	2019	2018
The average number of persons employed by the academy during the year was as follows:		
<i>Charitable Activities</i>		
Teachers	27	25
Administration and support	37	37
Management	5	5
	<u>69</u>	<u>67</u>

c. Higher paid staff

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

	2019	2018
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£90,001 - £100,000	-	1

d. Key management personnel

The key management personnel of the academy trust comprises the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension costs and employer national insurance contributions) received by key management personnel for their services to the academy trust was £418,313 (2018: £382,497).

e. Staff restructuring costs

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,000 to one member of staff.

10 Related Party Transactions – Trustees' Remuneration and expenses

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

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

	Remuneration		Employer's pension contributions	
	2019	2018	2019	2018
J Crabtree	£20,000-£25,000	£20,000-£25,000	£5,000-£10,000	£5,000-£10,000
A Clarke	£35,000-£40,000	£30,000-£35,000	£5,000-£10,000	£5,000-£10,000
R Lay	£40,000-£45,000	£40,000-£45,000	£5,000-£10,000	£5,000-£10,000
M Le Marrec	£20,000-£25,000	£20,000-£25,000	£5,000-£10,000	£5,000-£10,000

During the year ended 31 August 2019, expenses totalling £313 were reimbursed to 2 governors (2018: £152 to 3 governors).

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

11 Governors and officers insurance

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

12 Tangible fixed assets

	Long leasehold land and buildings £	Plant and machinery £	Furniture and equipment £	Computer equipment and software £	Total £
Cost:					
At 1 September 2018	7,706,682	409,631	29,642	171,375	8,317,330
Additions	-	-	41,780	37,605	79,385
At 31 August 2019	<u>7,706,682</u>	<u>409,631</u>	<u>71,422</u>	<u>208,980</u>	<u>8,396,715</u>
Depreciation:					
At 1 September 2018 Restated	865,127	111,138	14,912	160,257	1,151,434
Charge for period	141,310	28,300	4,040	13,037	186,687
At 31 August 2019	<u>1,006,437</u>	<u>139,438</u>	<u>18,952</u>	<u>173,294</u>	<u>1,338,121</u>
Net written down value					
At 31 August 2019	<u>6,700,245</u>	<u>270,193</u>	<u>52,470</u>	<u>35,686</u>	<u>7,058,594</u>
At 31 August 2018 Restated	<u>6,841,555</u>	<u>298,493</u>	<u>14,730</u>	<u>11,118</u>	<u>7,165,896</u>

13 Stock

	2019 £	2018 £
Consumables	1,408	5,247
Items for re-sale	1,539	1,118
	<u>2,947</u>	<u>6,365</u>

14 Debtors

	2019 £	2018 £
Prepayments and accrued income	45,550	44,250
VAT recoverable	8,774	1,537
	<u>54,324</u>	<u>45,787</u>

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,446	1,885
Taxation and social security	37,129	35,941
Other creditors	88,219	37,093
Accruals and deferred income	47,033	39,112
	<u>175,827</u>	<u>114,031</u>

Included in other creditors are a repayable funding advance from the ESFA of £50,000 (2018: £Nil) and an interest free loan from Salix of £2,700 (2018: £2,700).

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

15 Creditors: amounts falling due within one year (continued)

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	9,772	7,423
Resources deferred in year	10,646	9,772
Amounts released from previous year	(9,772)	(7,423)
Deferred income at 31 August 2019	10,646	9,772

Deferred income relates to grant and educational trip income received in advance.

16 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	111,750	164,450

Included in other creditors are a repayable funding advance from the ESFA of £105,000 (2018: £155,000) and an interest free loan from Salix of £6,750 (2018: £9,450) which are repayable as follows:

	2019 £	2018 £
Amounts due within one year (included in other creditors in note 15)	52,700	2,700
Amounts due between one and five years	111,750	164,450
Amounts due after five years	-	-

17 Funds

	Restated Balance at 1 September 2018 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant	(45,877)	2,448,394	(2,382,563)	-	19,954
Other DfE/ESFA Grant	-	156,817	(156,817)	-	-
Other Restricted Funds	4,823	145,147	(146,396)	-	3,574
	<u>(41,054)</u>	<u>2,750,358</u>	<u>(2,685,776)</u>	<u>-</u>	<u>23,528</u>
Restricted pension fund					
Pension reserve	(546,000)	-	(85,000)	(366,000)	(997,000)
Restricted Fixed Assets					
Transferred on conversion	6,069,807	-	(137,254)	-	5,932,553
DfE/ESFA capital grants	1,079,250	86,999	(43,438)	-	1,122,811
Capital expenditure from GAG	5,907	-	(5,907)	-	-
Capital expenditure from other funds	318	-	(88)	-	230
	<u>7,155,282</u>	<u>86,999</u>	<u>(186,687)</u>	<u>-</u>	<u>7,055,594</u>
Total Restricted Funds	6,568,228	2,837,357	(2,957,463)	(366,000)	6,082,122
Unrestricted funds					
Unrestricted funds	(874)	117,928	(117,860)	-	(806)
Total Funds	6,567,354	2,955,285	(3,075,322)	(366,000)	6,081,316

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

17 Funds (continued)

31 August 2018 - Restated

	Balance at 1 September 2017	Income	Restated Expenditure	Gains, Losses and Transfers	Restated Balance at 31 August 2018
	£	£	£	£	£
Restricted general funds					
General Annual Grant	(55,211)	2,204,704	(2,195,370)	-	(45,877)
Other DfE/ESFA Grant	-	111,438	(111,438)	-	-
Other Restricted Funds	3,348	134,007	(132,532)	-	4,823
	<u>(51,863)</u>	<u>2,450,149</u>	<u>(2,439,340)</u>	<u>-</u>	<u>(41,054)</u>
Restricted pension fund					
Pension reserve	(654,000)	-	(86,000)	194,000	(546,000)
Restricted Fixed Assets					
Transferred on conversion	6,027,725	-	42,081	-	6,069,806
DfE/ESFA capital grants	1,110,293	25,363	(56,405)	-	1,079,251
Capital expenditure from GAG	13,947	-	(8,040)	-	5,907
Capital expenditure from other funds	406	-	(88)	-	318
	<u>7,152,371</u>	<u>25,363</u>	<u>(22,452)</u>	<u>-</u>	<u>7,155,282</u>
Total Restricted Funds	<u>6,446,508</u>	<u>2,475,512</u>	<u>(2,547,792)</u>	<u>194,000</u>	<u>6,568,228</u>
Unrestricted funds					
Unrestricted funds	(7,351)	106,293	(99,816)	-	(874)
Total Funds	<u>6,439,157</u>	<u>2,581,805</u>	<u>(2,647,608)</u>	<u>194,000</u>	<u>6,567,354</u>

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

Restricted general funds relate to GAG and other DfE/ESFA grants. The restricted income fund is for the purpose of specific expenditure within the Academy's declared objectives. DfE/ESFA grants relate to government funding for the provision of education by the Academy. Funding is repayable if the Academy does not meet all funding requirements.

The pension reserve relates to the deficit on the local government pension fund. Any increase in pension contributions suggested by the Scheme Actuary should be able to be met from the academy's budgeted annual income.

Fixed asset funds are the value of fixed assets acquired from unrestricted funds since conversion.

Funds in deficit

The academy trust is carrying a net deficit of £806 on unrestricted funds (excluding pension reserve) (2018: £41,054 restricted and £874 unrestricted) because there was a historical falling roll leading to the Academy's GAG funding for the next few years to be far lower than in earlier years. The academy trust is taking the following action to return these funds to surplus:

- Loan repayments have been agreed with the ESFA. The first repayment is due in 2019-20 then two further payments over the following two consecutive years.
- A recovery plan has been agreed with the ESFA
- The school is currently rated as Good by Ofsted and the Academy is aiming for Outstanding at the next inspection which has led to a significant increase in students on roll over the past couple of years.

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

18 Analysis of net assets between funds

	Unrestricted funds	Restricted General funds	Restricted Fixed asset funds	Total Funds 2019 £
Funds balances at 31 August are represent by				
Tangible fixed assets	-	-	7,058,594	7,058,594
Current assets	(806)	301,655	6,450	307,299
Current liabilities	-	(173,127)	(2,700)	(175,827)
Non-current liabilities	-	(105,000)	(6,750)	(111,750)
Pension scheme liabilities	-	(997,000)	-	(997,000)
Total net assets	(806)	(973,472)	7,055,594	6,081,316
	Unrestricted funds	Restricted General funds	Restated Restricted Fixed asset funds	Restated Total Funds 2018 £
Funds balances at 31 August are represent by				
Tangible fixed assets	-	-	7,165,896	7,165,896
Current assets	4,323	212,741	8,875	225,939
Current liabilities	(5,197)	(98,795)	(10,039)	(114,031)
Non-current liabilities	-	(155,000)	(9,450)	(164,450)
Pension scheme liabilities	-	(546,000)	-	(546,000)
Total net assets	(874)	(587,054)	7,155,282	6,567,354

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

19 Financial commitments

	2019 £	2018 £
Operating leases		
At 31 August 2018 the Academy had annual commitments under non-cancellable operating leases as follows:		
Expiring within one year	2,145	3,990
Expiring within two to five years inclusive	1,340	3,486
Expiring in over five years	-	-
	<u>3,485</u>	<u>7,476</u>

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

	2019 £	Restated 2018 £
Net (expenditure) / income for the year	(120,038)	(65,803)
Depreciation	186,687	22,452
Capital grants from DfE and other capital income	(86,999)	(25,363)
Interest receivable	(451)	(138)
Defined benefit pension scheme cost less contributions payable	68,000	69,000
Defined benefit pension scheme finance cost	17,000	17,000
(Increase)/decrease in stocks	3,418	(1,078)
(Increase)/decrease in debtors	(8,537)	22,467
Increase/(decrease) in creditors	11,796	(69,333)
Net cash (used in) / provided by operating activities	<u>70,876</u>	<u>(30,796)</u>

21 Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(2,700)	(2,700)
Net cash (used in) financing activities	<u>(2,700)</u>	<u>(2,700)</u>

22 Cash flows from investing activities

	2019 £	2018 £
Interest received	451	138
Capital grants from DfE/ESFA	86,999	25,363
Purchase of tangible assets	(79,385)	(22,660)
Net cash provided by investing activities	<u>8,065</u>	<u>2,841</u>

23 Analysis of charges in net funds

	At 1 September 2018 £	Cashflows £	At 31 August 2019 £
Cash at bank and in hand	173,787	76,241	250,028

24 Members' Liability

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

25 Pensions and similar obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are multi-employer defined-benefit schemes. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £35,420 (2018: £34,394) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on September 2019 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employer pension costs paid to TPS in the period amounted to £170,038 (2018: £155,227).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £166,000 (2018: £153,000), of which employer's contributions totalled £134,000 (2018: £125,000) and employees' contributions totalled £32,000 (2018: £28,000).

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (*Continued*)

25 Pension and similar obligations (*continued*)

The agreed contribution rates for future years for employers are: 2018-19: 25.8% and 2019-20: 25.1% and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,700	5.50%
£13,701 - £21,400	5.80%
£21,401 - £34,700	6.50%
£34,701 - £43,900	6.80%
£43,901 - £61,300	8.50%
£61,301 - £86,800	9.90%
£86,801-£102,200	10.50%
£102,201-£153,500	11.40%
Above £153,500	12.50%

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

Principal Actuarial Assumptions

	At 31 August 2019 % p.a.	At 31 August 2018 % p.a.
Pension increase rate	2.30	2.40
Salary increase rate	2.60	2.70
Discount rate	1.80	2.80
Inflation assumption (CPI)	2.30	2.30
Commutation of pensions to lump sums	25% & 63%	25% & 63%

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

Change in assumptions at 31 August 2019	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	12%	356
0.5% increase in Salary increase rate	1%	19
0.5% increase in Pension increase rate	11%	332

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

	At 31 August 2019 Years	At 31 August 2018 Years
<i>Retiring today</i>		
Male	21.3	21.9
Female	23.5	24.4
<i>Retiring in 20 years</i>		
Male	22.3	23.9
Female	24.9	26.4

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

25 Pension and similar obligations (continued)

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

	Value at 31 August 2019 £000	Value at 31 August 2018 £000
Equities	982	1,078
Bonds	530	469
Property	432	174
Cash	20	17
Total market value of assets	1,964	1,738

The actual return on scheme assets was £93,000 (2018: £80,000)

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost	194	194
Past service cost	8	-
Interest cost	67	57
Interest income	(50)	(40)
Total amount recognised in the statement of financial activities	219	211

Changes in the present value of defined benefit obligations:

	2019 £000	2018 £000
At 1 September	2,284	2,191
Current service cost	194	194
Past service cost	8	-
Interest cost	67	57
Employee contributions	32	28
Actuarial loss/(gain)	409	(154)
Estimated benefits paid	(33)	(32)
At 31 August	2,961	2,284

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

	2019 £000	2018 £000
At 1 September	1,738	1,537
Expected return on assets	50	40
Actuarial gain	43	40
Employer contributions	134	125
Employee contributions	32	28
Estimated benefits paid	(33)	(32)
At 31 August	1,964	1,738

Holbrook Academy

Notes forming part of the financial statements for the year ended 31 August 2019 (Continued)

26 Related Party Transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place during the year:

Expenditure Related Party Transactions

- the Academy purchased careers advice for students from an organisation called Career Directions. The advisor is Mrs Sarah Pawlewski, the wife of one of the governors, Mr M Pawlewski. An exercise was done to check availability and cost of similar services and it was determined that this service was the best in terms of price and quality. The value of the transactions during 2018-19 totalled £1,675 excluding VAT (2017-18: £280).
- Miss Sarah Caldwell, partner of Mr D Marsh, a governor until 30 July 2019, is employed by the academy trust. Miss Caldwell's appointment was made in open competition and was completed prior to Mr Marsh being appointed as a governor on 15 June 2016. Miss Caldwell is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a governor.
- the Academy purchased photography and programmes relating to the school theatre production from Come Hither Design, a company controlled by Mr D Thomas who is also one of the governors. An exercise was done to check availability and cost of similar services and it was determined that this service was the best in terms of price and quality. The value of the transactions during 2018-19 totalled £335 excluding VAT.

In entering into the above transactions the academy has complied with the requirements of the ESFA's Academies Financial Handbook.

27 Prior year errors

Prior year adjustments have been made to the financial statements relating to the accounting period ending 31 August 2018, which relate to errors as a result of a change in accounting policy.

These financial statements have been restated to correct the following:

	As previously reported £	Prior year adjustment £	Restated £
Statement of Financial Activities			
<u>Expenditure</u>			
Charitable activities: Depreciation	201,787	179,335	22,452
Balance Sheet			
Tangible fixed assets – depreciation	1,330,769	179,335	1,151,434
Restricted fund asset fund:	6,975,947	179,335	7,155,282

It is considered impractical to retrospectively apply the adjustment to each of the periods affected, therefore the whole adjustment has been recognised in the prior year.

28 Financial Instruments

<i>Financial assets</i>	2019	2018
	£	£
Debt instruments measured at amortised cost:		
Stock (note 13)	2,947	6,365
Accrued income (note 14)	22,464	17,361
	25,411	23,726
<i>Financial liabilities</i>	2019	2018
	£	£
Measured at amortised cost:		
Trade creditors (note 15)	3,446	1,885
Other creditors (note 15 & 16)	199,968	201,543
Accruals (note 15)	36,387	29,340
	239,801	232,768