

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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HARROWBARROW SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mr A J Hunt Mr R C Dyter Mr N J Swain
Trustees	Mr A J Hunt, Headteacher and Accounting Officer ^{1,2} Mr D Clare ² Mrs J M Dixon, Vice Chair (resigned 19 October 2017) ² Mrs K Bennett (resigned 1 April 2018) ² Mr J E Bassett ¹ Mr R C Dyter, Chair of Trustees ^{1,2} Mrs J Hughes Mrs K Martin ¹ Miss M Pinfield Mr T Taylor Mrs H Warne ¹ Mrs E Wilkinson (appointed 23 May 2018) ¹ Finance, Personnel & Audit Committee ² Teaching, Learning & Achievement Committee
Company registered number	07770592
Company name	Harrowbarrow School
Principal and Registered office	Harrowbarrow School School Road Harrowbarrow Callington Cornwall PL17 8BQ
Company secretary	Mrs E C Moyle
Accounting officer	Mr A J Hunt
Senior management team	Mr A J Hunt, Headteacher Mrs E C Moyle, Business Manager
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN
Bankers	Lloyds Bank The Parade Liskeard Cornwall PL14 6AW

**HARROWBARROW SCHOOL
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors	Cornwall Council Legal Services County Hall Treyew Road Truro Cornwall TR1 3AY
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**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 4 to 11 in Cornwall. It has a pupil capacity of 119 and had a roll of 116 in the school census on 4 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Harrowbarrow School are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Harrowbarrow School Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is £1,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1st October 2011 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, up to 3 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy, does not exceed one third of the total number of Trustees) and up to 8 other Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Governing Body and the Headteacher believe it is essential that all new governors receive a comprehensive induction package covering a broad range of issues and topics. There is a commitment to ensure new

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

governors are given the necessary support and information to fulfil their role with confidence, leading to more effective governance and governor retention.

The training and induction provided for new Trustees depends upon their existing experience but will include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each half term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are two committees as follows;

Finance, Personnel and Audit Committee - this meets at least once each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

Teaching Learning and Achievement Committee - this meets once each half term and is responsible for monitoring the progress being made against the school's Ofsted Action Plan, monitoring and evaluating the quality of teaching and the progress of all groups of pupils, including those for whom the pupil premium, provides support relative to other schools nationally, monitoring the performance of the school and monitoring and maintaining a strong link between performance management and appraisal and salary progression. The committee is also responsible for supporting the Headteacher and School Staff in fulfilling the changes set out in the Ofsted Action Plan.

The following decisions are reserved to the Board of Governors; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Governors, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The Senior Leadership Team (SLT) consists of the Headteacher, Deputy Headteacher, Y3/Y4 Teacher and the Business Manager. The SLT controls the Academy at an executive level, implementing the policies laid down by the Trustees and reporting back to them. The Headteacher, Academy Business Manager and Finance Committee, are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, although appointment panels for teaching posts always include a Trustee.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with the Whole School Pay Policy.

Connected Organisations, including Related Party Relationships

The Academy collaborates with other local primary schools and the local secondary school on areas of school improvement but it is not a federation or formal partnership.

There are no related parties which either control or significantly influence the decisions and operations of Harrowbarrow School. The school has a Parent Staff Association which is run by volunteers who organise social and fundraising events throughout the year.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of Harrowbarrow School to provide free education and care for pupils of different abilities between the ages of 4 and 11 offering a broad and balanced curriculum.

The aims of the Academy during the year ended 31 August 2018 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop students as more effective learners.
- to enhance the tertiary provision and outcomes.
- to develop the Academy site so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with informal primary and secondary partnerships.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

At Harrowbarrow School we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

The Academy has identified robust and rigorous targets for the improvement of academic achievement, along with a longer term vision for collaboration, partnership and the increased performance of the school.

- To accelerate progress and improve outcomes in both lower and upper KS2, ensuring pupil performance is in line with national averages at the end of Y6.
- To improve the emotional health and wellbeing of staff, ensuring they are able to perform at their very best.
- To improve the emotional health and wellbeing of pupils so they are better prepared for learning and become more resilient in the face of the challenges they meet.
- To ensure the leadership and management of the school effectively and robustly monitor the performance of teachers and hold them to account when standards of teaching are less than good.
- To further develop the informal partnership working with seven other local primary schools; this would continue strengthening the performance of the school through strong school improvement partnership

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

work. This would put the same schools in strong position to submit an application to form a MAT when there is a consensus that the timing is right.

- To ensure the school is in a strong position to maintain its Ofsted rating of 'good' at the next inspection.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

- The Academy aims to advance, for the public benefit, education in Harrowbarrow and the surrounding area.
- The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.
- The Academy welcomed the local preschool on to the school site in January 2017. A leasehold agreement was put in place; enabling the preschool to rent a redundant classroom and outdoor area. This has provided them with an opportunity to extend their provision, increasing their numbers and ensuring their financial viability. Consequently, the school has secured the future for its main feeder of early years foundation stage (EYFS pupils) into the school; the school was oversubscribed for EYFS places for September 2018 which helps maintain the academy's budget.

STRATEGIC REPORT

Achievements and Performance

- The number of pupils for 2017/2018 was 118, with 116 for the financial year 2018/19. Four of the seven year groups are full or oversubscribed and the school continues to build upon its strong local reputation.
- The school successfully improved outcomes for pupils at the end of KS1 in July 2018 from the previous academic year. The number of pupils achieving the Age Related Expectation (ARE) in reading, writing and maths was either in line with or above the national average. Those pupils achieving a Greater Depth or Learning were also in line with or above the national average for these subjects. Outcomes in maths rose from 50% to 80% achieving the ARE between 2017 and 2018, reflecting the school improvement work undertaken in this area.
- Y1 phonic outcomes rose from 55% to 89% achieving the threshold in 2018, following the rigorous implementation of an improvement plan in this area.
- Following underperformance at the end of KS2 in 2018, the school has identified the improvements required across the whole of KS2 as a priority area for 2018/19.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. The amount the school can carry forward is unrestricted. In period under review, £15,362 was carried forward representing 3.3% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2017/2018 were 118 2017/18 in comparison to 117 for 2016/2017. The number on role (NOR) in the October 2018 Census was 116.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2017/2018 this was 99%.

Governors also judge how well the academy is performing financially by scrutinising monthly budget reports from the Business Manager. They compare actual expenditure against the forecast expenditure to determine whether

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

budgeting has been forecast accurately or whether cost increases and/or overruns are a likely financial threat to the academy.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2018, total expenditure of £632,673 was covered by recurrent grant funding from the DfE, together with other incoming resources of £576,132. The deficit for the year (excluding restricted fixed asset funds and pension gains) was £20,110.

At 31 August 2018 the net book value of fixed assets was £979,201 and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings valued on 1 April 2011 at £913,420. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 22 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy & Scheme of Delegation which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included: Reserves, VAT, Charging and Remissions.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be at least one months expenditure. The reason for this is 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. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £92,665 of which £40,000 is free reserves.

The Trustees have reviewed the future plans of the Academy and have allocated reserves as follows:-

- £15,000 carry forward from Catering to be set aside to cover costs of replacement kitchen equipment as and when required.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- £3,000 to be set aside for minibus maintenance
- The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy.

Investment Policy

The school will normally use its income during the financial/academic year it is received, with the exception of designated reserves.

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 93% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract pupils in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has considered its risk management process throughout the year and will implement improvements in the process and ensure staff awareness. A risk register has been drawn up, reviewed and updated on a regular basis.

The Governors have considered the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. A formal Risk Management Plan and Risk Register are in place and are reviewed on a regular basis.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Whilst the school's NOR remains constant, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance Committee meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 22 to the financial statements, represents a significant potential liability. However as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDRAISING

The Academy Board delegate fundraising responsibility to the Academy's Parent, Staff Association, which is affiliated to Parentkind, an organisation that provide advice and insurance for PSA activity. The headteacher sits of the board of the PSA to advise on fundraising activity within the school. This is the only form of fundraising undertaken by the Academy as there is no outsourcing to commercial participators or professional fundraisers.

PLANS FOR FUTURE PERIODS

As part of the Academy's annual cycle of self-evaluation and school improvement the following actions have been identified:

Longer term objectives for the academy include the following:

- To maintain the school's current Ofsted rating of 'good' through rigorous and sustained school improvement.
- To continue to evolve new partnership working by being in a position to establish a new local MAT, assisting the school in further raising pupil attainment and improve value for money for the Academy business.
- To undertake a financial feasibility study into the possibility of incorporating the onsite preschool into the academy. As part of this the preschool will need to submit a business plan and historical accounts for scrutiny by the Trust Board.
- To develop a whole school approach to positive mental health through all the Academy activity with staff, pupils and parents.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

TRUSTEES INDEMNITIES

There were no third party indemnity provisions during the year or at the date of approval of the Trustees' report.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018**

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 5 Dec 18 and signed on the board's behalf by:

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

Mr R C Dyter
Chair of Trustees

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Harrowbarrow School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Harrowbarrow School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

- Following the resignation of the previous vice-chair, Mr David Clare was appointed to this role in October 2017. Mrs Elizabeth Wilkinson was appointed to a parent governor role following the resignation of Mrs Karen Bennett in April 2018.
- The Trustees agree the annual school improvement priorities with the Headteacher, based upon analysis of the school's performance, then rigorously monitor and challenge the school through the annual school improvement cycle to ensure outcomes are strong. The Trustees scrutinise the business of the school to ensure value for money is secured, whilst maintaining acceptable service standards, and the accounting and financial planning ensure the sustainability and viability of the school in the future.
- The board undertakes an annual review of their own performance and uses this analysis to target areas for improvement and inform succession planning within the Academy. The Trustees currently recognise the financial challenges faced by the education sector and have acted to ensure savings within the Academy are made to ensure it is as prepared for this as it can be.
- The Trustees receive half termly data about the academic and financial performance of the school. This data comes from external sources, such as the DfE and Local Authority, as well as from the School Leadership team and the Academy Business Manager. In addition, the appointed auditors provide benchmarking information to help the board compare the performance of the Academy against other similar academies. The board finds this data acceptable because much of it comes from external sources, which enables the board to cross reference it against internal sources for reliability.

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr A J Hunt, Headteacher and Accounting Officer	6	6
Mr D Clare	3	6
Mrs J M Dixon, Vice Chair	0	1
Mrs K Bennett	4	4
Mr J E Bassett	3	6
Mr R C Dyter, Chair of Trustees	5	6
Mrs J Hughes	5	6
Mrs K Martin	4	6
Miss M Pinfield	6	6
Mr T Taylor	5	6
Mrs H Warne	1	6
Mrs E Wilkinson	1	1

GOVERNANCE STATEMENT (continued)

During the year there were 2 resignations, Mrs J Dixon & Mrs K Bennett. As at 31 August 2018 there were 2 vacancies on the board of governors. The vacancies are yet to be filled and the board has had to review its succession planning in light of these resignations to ensure future continuity. The board continues to challenge and support the leadership of the school to ensure standards are maintained or improved upon.

Governance reviews

The governors review their performance annually and draft a governor action plan to address areas for improvement.

Areas addressed in the year 2017/2018 include:

- Succession planning of key roles.
- Further access to training opportunities provided by the Clerk.
- Collaboration with governors in other schools to share best practise and plan future partnership opportunities.
- Existing Governors moving into new roles have had an induction with the Headteacher to ensure they understand the requirements of the role. Access to relevant training has also been offered to them.
- All governors receive regular newsletters from the NGA and some governors have now started to access training through the NGA.
- The governors review their action plan annually.

The Finance, Personnel and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

Meet at least once each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving Financial Assurance Reports from the Finance Analyst and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A J Hunt, Headteacher and Accounting Officer	4	4
Mr R C Dyter, Chair of Trustees	4	4
Mr J Bassett	4	4
Mrs K Martin	2	4
Mrs H Warne	2	4

The **Teaching, Learning & Achievement Committee** is a sub-committee of the main Board of Trustees. Its purpose is to:

- To monitor the progress being made against the school's Ofsted Action Plan;
- To monitor and evaluate the quality of teaching and the progress of all groups of pupils, including those for whom the pupil premium, provides support relative to other schools nationally;
- To monitor the performance of the school;
- To monitor and maintain a strong link between performance management and appraisal and salary progression;
- To support the Headteacher and School Staff in fulfilling the changes set out in the Ofsted action Plan.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr A J Hunt, Headteacher and Accounting Officer	5	5
Mrs J Dixon	0	1
Mrs K Bennett	3	3
Mr D Clare	5	5
Mr R Dyter	2	2

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Tendering for capital improvement works, to secure best value, such as the electrical works undertaken over the summer;
- Reviewing service provider support at the end of contracts to ensure value for money is a consideration before entering into new agreements;
- Careful management of staffing costs, in a challenging financial climate, whilst ensuring educational standards aren't compromised;
- Having oversight of all income and expenditure to ensure the school is functioning within its financial means.

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 Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harrowbarrow School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

appoint an internal auditor. However, the Trustees have appointed Dawn Robinson, a member of Cornwall Council's LFS team, to carry out the Financial Assurance checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included: Payroll, purchasing and banking. On a termly basis, the Finance Analyst reports to the Finance, Personnel & Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

On a quarterly basis, the reviewer reports to the Board of Trustees through the Finance, Personnel & Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

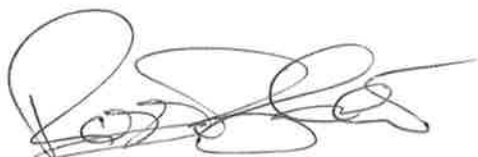
REVIEW OF EFFECTIVENESS

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

- the Financial Assurance reports;
- the management report provided by the external auditors;
- the work of the FPA committee who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Personnel & Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5/12/18 and signed on their behalf, by:



**Mr R C Dyter
Chair of Trustees**



Mr A J Hunt

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Harrowbarrow School Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2017.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Mr A J Hunt

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



Mr R C Dyter
Chair of Trustees

Date: 5/12/19

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARROWBARROW SCHOOL**

OPINION

We have audited the financial statements of Harrowbarrow School (the 'Academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARROWBARROW SCHOOL**

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.

OPINION 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy 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'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 or to cease operations, or have no realistic alternative but to do so.

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARROWBARROW SCHOOL**

AUDITORS' 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 Auditors' 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 Auditors' report.

USE OF OUR REPORT

This report is made solely to the Academy'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's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

Nathan Coughlin FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

Date:

14 December 2018

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HARROWBARROW SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harrowbarrow School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF HARROWBARROW SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Harrowbarrow School's funding agreement with the Secretary of State for Education dated 1 October 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HARROWBARROW SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Bishop Fleming LLP

Nathan Coughlin FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

Date:

14 December 2018.

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	514	2,407	5,328	8,249	38,739
Charitable activities	5	13,612	546,510	-	560,122	529,517
Other trading activities	3	7,695	-	-	7,695	8,698
Investments	4	66	-	-	66	80
TOTAL INCOME		21,887	548,917	5,328	576,132	577,034
EXPENDITURE ON:						
Charitable activities		10,743	579,026	42,904	632,673	596,138
TOTAL EXPENDITURE	6	10,743	579,026	42,904	632,673	596,138
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	11,144	(30,109)	(37,576)	(56,541)	(19,104)
		-	(1,145)	1,145	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		11,144	(31,254)	(36,431)	(56,541)	(19,104)
Actuarial gains on defined benefit pension schemes	22	-	57,000	-	57,000	63,000
NET MOVEMENT IN FUNDS		11,144	25,746	(36,431)	459	43,896
RECONCILIATION OF FUNDS:						
Total funds brought forward		81,521	(130,734)	1,005,136	955,923	912,027
TOTAL FUNDS CARRIED FORWARD		92,665	(104,988)	968,705	956,382	955,923

The notes on pages 25 to 45 form part of these financial statements.

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07770592

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		979,201		1,018,502
CURRENT ASSETS					
Debtors	14	21,235		22,871	
Cash at bank and in hand		119,340		110,616	
		140,575		133,487	
CREDITORS: amounts falling due within one year	15	(37,394)		(40,066)	
NET CURRENT ASSETS			103,181		93,421
TOTAL ASSETS LESS CURRENT LIABILITIES			1,082,382		1,111,923
Defined benefit pension scheme liability	22		(126,000)		(156,000)
NET ASSETS			956,382		955,923
FUNDS OF THE ACADEMY					
Restricted funds:					
General funds	17	21,012		25,266	
Fixed asset funds	17	968,705		1,005,136	
Restricted funds excluding pension liability		989,717		1,030,402	
Pension reserve		(126,000)		(156,000)	
Total restricted funds			863,717		874,402
Unrestricted funds	17		92,665		81,521
TOTAL FUNDS			956,382		955,923

The financial statements on pages 22 to 45 were approved by the Trustees, and authorised for issue, on 5/12/18 and are signed on their behalf, by:



Mr R C Dyter
Chair of Trustees

The notes on pages 25 to 45 form part of these financial statements.

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>13,705</u>	<u>31,423</u>
Cash flows from investing activities:			
Interest received		66	80
Purchase of tangible fixed assets		<u>(5,047)</u>	<u>(31,519)</u>
Net cash used in investing activities		<u>(4,981)</u>	<u>(31,439)</u>
Change in cash and cash equivalents in the year		8,724	(16)
Cash and cash equivalents brought forward		<u>110,616</u>	<u>110,632</u>
Cash and cash equivalents carried forward	20	<u>119,340</u>	<u>110,616</u>

The notes on pages 25 to 45 form part of these financial statements.

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy, 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 GOING CONCERN

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

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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

1.4 EXPENDITURE

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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

1. ACCOUNTING POLICIES (continued)

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised 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 directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	4%, 0.8% or 1.66% Straight line
Furniture and fixtures	-	20% Straight line
Motor vehicles	-	20% Reducing balance
Computer equipment	-	33.3% Straight line

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

1.6 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.7 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.8 LIABILITIES AND PROVISIONS

Liabilities and provisions 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 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 are measured at the best estimate of the amounts required to settle the obligation.

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

1. ACCOUNTING POLICIES (continued)

1.9 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. 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 instruments.

1.10 TAXATION

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

1.11 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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 net income / expenditure 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.

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

1. ACCOUNTING POLICIES (continued)

1.12 FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.13 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments 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 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

1.14 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	514	2,407	-	2,921	33,490
Capital Grants	-	-	5,328	5,328	5,249
	<u>514</u>	<u>2,407</u>	<u>5,328</u>	<u>8,249</u>	<u>38,739</u>
Total 2017	<u>580</u>	<u>3,570</u>	<u>34,589</u>	<u>38,739</u>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	2,294	-	2,294	1,684
Fees received	5,401	-	5,401	7,014
	<u>7,695</u>	<u>-</u>	<u>7,695</u>	<u>8,698</u>
Total 2017	<u>8,698</u>	<u>-</u>	<u>8,698</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	66	-	66	80
	<u>66</u>	<u>-</u>	<u>66</u>	
Total 2017	<u>80</u>	<u>-</u>	<u>80</u>	

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	459,290	459,290	443,611
Other DfE Group grants	-	74,045	74,045	62,706
	-	533,335	533,335	506,317
Other Government grants				
Other government grants non capital	-	-	-	184
	-	-	-	184
Other funding				
Internal Catering Income	10,440	-	10,440	11,005
Sales to students	1,297	-	1,297	539
Income for hosting trainee teachers	1,875	-	1,875	2,603
Other	-	13,175	13,175	8,869
	13,612	13,175	26,787	23,016
	13,612	546,510	560,122	529,517
Total 2017	14,147	515,370	529,517	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	380,183	39,913	25,168	445,264	424,499
Support costs	83,652	25,334	78,423	187,409	171,639
	463,835	65,247	103,591	632,673	596,138
Total 2017	447,127	59,855	89,156	596,138	

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

7. DIRECT COSTS

	Total 2018 £	Total 2017 £
Pension finance costs	2,000	2,000
Educational supplies	12,269	11,499
Staff development	5,148	2,196
Other costs	13,057	13,263
Technology costs	2,350	1,683
Wages and salaries	287,092	280,045
National insurance	23,097	22,684
Pension cost	60,338	54,640
Depreciation	39,913	36,489
	445,264	424,499
	<hr/>	<hr/>
Total 2017	424,499	
	<hr/>	

8. SUPPORT COSTS

	Total 2018 £	Total 2017 £
Pension finance costs	2,000	2,000
Other costs	4,801	3,728
Recruitment and support	272	238
Maintenance of premises and equipment	9,280	6,985
Cleaning	1,630	1,156
Rent and rates	4,387	4,122
Energy costs	7,417	7,457
Insurance	3,891	3,245
Security and transport	4,804	1,844
Catering	11,099	9,190
Technology costs	9,930	9,828
Office overheads	4,451	4,327
Legal and professional	9,424	6,963
Bank interest and charges	64	64
Governance	16,216	16,679
Wages and salaries	65,527	65,526
National insurance	3,638	3,627
Pension cost	24,143	20,605
Depreciation	4,435	4,055
	187,409	171,639
	<hr/>	<hr/>
Total 2017	171,639	
	<hr/>	

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the Academy	44,348	40,544
Auditors' remuneration - audit	4,775	4,800
Auditors' remuneration - other services	1,350	1,790
Operating lease rentals	510	661
	<hr/> <hr/>	<hr/> <hr/>

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	352,619	345,571
Social security costs	26,735	26,311
Pension costs	84,481	75,245
	<u>463,835</u>	<u>447,127</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	7	7
Educational Support	11	11
Administration and Clerical	4	4
Management	1	1
	<u>23</u>	<u>23</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	6	6
Education Support	4	6
Administration and Clerical	1	1
Management	1	1
	<u>12</u>	<u>14</u>

No employee received remuneration amounting to more than £60,000 in either year.

c. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £109,871 (2017: £109,153).

HARROWBARROW SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

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

11. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £Nil).

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: Mr A J Hunt, Headteacher: Remuneration £56,000 - £60,000 (2017: £56,000 - £60,000) and employer pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000). Mrs M Pinfield: Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000) and employer pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000). Mr T Taylor: Remuneration £30,000 - £35,000 (2017: £25,000 - £30,000) and employer pension contributions £6,000 - £10,000 (2017: £0 - £5,000).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £50 (2017: £48).

13. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
COST					
At 1 September 2017	1,138,145	82,275	29,340	10,907	1,260,667
Additions	-	2,945	-	2,102	5,047
At 31 August 2018	1,138,145	85,220	29,340	13,009	1,265,714
DEPRECIATION					
At 1 September 2017	164,219	65,348	1,956	10,642	242,165
Charge for the year	32,916	5,645	5,477	310	44,348
At 31 August 2018	197,135	70,993	7,433	10,952	286,513
NET BOOK VALUE					
At 31 August 2018	941,010	14,227	21,907	2,057	979,201
At 31 August 2017	973,926	16,927	27,384	265	1,018,502

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

14. DEBTORS

	2018 £	2017 £
VAT recoverable	2,320	1,717
Prepayments and accrued income	18,915	21,154
	<u>21,235</u>	<u>22,871</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	-	3,593
Other taxation and social security	15,320	14,394
Accruals and deferred income	22,074	22,079
	<u>37,394</u>	<u>40,066</u>

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	17,237	19,053
Resources deferred during the year	16,656	17,237
Amounts released from previous years	(17,237)	(19,053)
Deferred income at 31 August 2018	<u>16,656</u>	<u>17,237</u>

At the balance sheet date the Academy was holding funds received in advance of £4,560 for an educational trip being held in the autumn term 2018. In addition, there were government grants received in advance for the 2018/19 academic year of £12,096.

16. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>128,881</u>	<u>121,428</u>
Financial liabilities measured at amortised cost	<u>20,738</u>	<u>22,829</u>

Financial assets measured at amortised cost comprise cash, accrued income, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise accruals, other creditors and trade creditors.

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

17. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
DESIGNATED FUNDS						
Minibus maintenance	-	-	-	3,000	-	3,000
Unrestricted fixed assets	18,297	-	(1,443)	-	-	16,854
Catering funds	14,268	-	-	732	-	15,000
	<u>32,565</u>	<u>-</u>	<u>(1,443)</u>	<u>3,732</u>	<u>-</u>	<u>34,854</u>
GENERAL FUNDS						
General funds	48,956	21,887	(9,300)	(3,732)	-	57,811
Total Unrestricted funds	<u>81,521</u>	<u>21,887</u>	<u>(10,743)</u>	<u>-</u>	<u>-</u>	<u>92,665</u>
RESTRICTED FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General Annual Grant (GAG)	25,266	459,290	(470,994)	1,800	-	15,362
Pupil Premium	-	37,445	(37,445)	-	-	-
UFSM	-	19,010	(19,010)	-	-	-
PE and sports grant	-	17,590	(11,568)	(2,200)	-	3,822
Donations	-	2,407	(1,662)	(745)	-	-
Other curriculum income	-	7,983	(7,983)	-	-	-
ERASMUS Plus	-	5,192	(3,364)	-	-	1,828
Pension reserve	(156,000)	-	(27,000)	-	57,000	(126,000)
	<u>(130,734)</u>	<u>548,917</u>	<u>(579,026)</u>	<u>(1,145)</u>	<u>57,000</u>	<u>(104,988)</u>

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

17. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
Fixed assets transferred on conversion	807,904	-	(16,714)	-	-	791,190
Devolved Formula Capital	16,879	5,328	(1,876)	(1,800)	-	18,531
Fixed assets purchased from GAG and other restricted funds	3,022	-	(1,536)	-	-	1,486
Academy capital maintenance grant	34,856	-	(10,745)	-	-	24,111
CIF funding	107,892	-	(4,691)	-	-	103,201
Other capital income	34,583	-	(7,342)	2,945	-	30,186
	1,005,136	5,328	(42,904)	1,145	-	968,705
Total restricted funds	874,402	554,245	(621,930)	-	57,000	863,717
Total of funds	955,923	576,132	(632,673)	-	57,000	956,382

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

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy Trust, including education and support costs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy Trust to address the current underlying inequalities between those children and their wealthier peers.

UFSM - Money received to provide free school meals for pupils.

PE Grant – This represents funding received from the ESFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

ERASMUS Plus - This represents funding received for a project under the European Community Action Scheme for the Mobility of University Students funding.

Pension reserve – This represents the Academy Trust's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

Fixed assets transferred on conversion – This represent the buildings and equipment donated to the School from the Local Authority on conversion to an Academy.

Devolved formula capital - This represents funding from the ESFA to cover the maintenance and purchase of the Academy Trust's assets.

CIF funding - These funds were received from ESFA to be used for building a new temporary classroom building.

Minibus maintenance - this represents a separate designated fund set aside for future maintenance costs.

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

17. STATEMENT OF FUNDS (continued)

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

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
DESIGNATED FUNDS						
Unrestricted fixed assets	19,740	-	(1,443)	-	-	18,297
Catering funds	9,238	-	-	5,030	-	14,268
	<u>28,978</u>	<u>-</u>	<u>(1,443)</u>	<u>5,030</u>	<u>-</u>	<u>32,565</u>
General funds	<u>44,716</u>	<u>23,505</u>	<u>(14,235)</u>	<u>(5,030)</u>	<u>-</u>	<u>48,956</u>
RESTRICTED FUNDS						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	28,545	443,611	(446,890)	-	-	25,266
Pupil Premium	-	35,668	(35,668)	-	-	-
UIFSM	-	18,573	(18,573)	-	-	-
PE and sports grant	-	8,465	(7,805)	(660)	-	-
Donations	-	3,570	(2,370)	(1,200)	-	-
Other curriculum income	-	8,869	(8,869)	-	-	-
Other LA funding	-	184	(184)	-	-	-
Pension reserve	(198,000)	-	(21,000)	-	63,000	(156,000)
	<u>(169,455)</u>	<u>518,940</u>	<u>(541,359)</u>	<u>(1,860)</u>	<u>63,000</u>	<u>(130,734)</u>

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

17. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Fixed assets transferred on conversion	824,618	-	(16,714)	-	-	807,904
Devolved Formula Capital	13,446	5,249	(1,816)	-	-	16,879
Fixed assets purchased from GAG and other restricted funds	4,883	-	(1,861)	-	-	3,022
Academy capital maintenance grant	45,601	-	(10,745)	-	-	34,856
CIF funding	112,583	-	(4,691)	-	-	107,892
Other capital income	6,657	29,340	(3,274)	1,860	-	34,583
	<u>1,007,788</u>	<u>34,589</u>	<u>(39,101)</u>	<u>1,860</u>	<u>-</u>	<u>1,005,136</u>
Total restricted funds	<u>838,333</u>	<u>553,529</u>	<u>(580,460)</u>	<u>-</u>	<u>63,000</u>	<u>874,402</u>
Total of funds	<u>912,027</u>	<u>577,034</u>	<u>(596,138)</u>	<u>-</u>	<u>63,000</u>	<u>955,923</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	16,854	-	962,347	979,201
Current assets	75,811	58,406	6,358	140,575
Creditors due within one year	-	(37,394)	-	(37,394)
Pension scheme liability	-	(126,000)	-	(126,000)
	<u>92,665</u>	<u>(104,988)</u>	<u>968,705</u>	<u>956,382</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	18,297	-	1,000,205	1,018,502
Current assets	63,224	65,332	4,931	133,487
Creditors due within one year	-	(40,066)	-	(40,066)
Provisions for liabilities and charges	-	(156,000)	-	(156,000)
	<u>81,521</u>	<u>(130,734)</u>	<u>1,005,136</u>	<u>955,923</u>

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

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(56,541)	(19,104)
Adjustment for:		
Depreciation charges	44,348	40,544
Dividends, interest and rents from investments	(66)	(80)
Decrease/(increase) in debtors	1,636	(8,969)
Decrease in creditors	(2,672)	(1,968)
Defined benefit pension scheme cost less contributions payable	23,000	17,000
Defined benefit pension scheme finance cost	4,000	4,000
Net cash provided by operating activities	13,705	31,423

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	119,340	110,616
	119,340	110,616

21. CAPITAL COMMITMENTS

At 31 August 2018 the Academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	2,102	-

22. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cornwall County Council. Both are multi-employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

22. PENSION COMMITMENTS (continued)

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 April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £38,966 (2017: £36,821).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £29,000 (2017: £27,000), of which employer's contributions totalled £23,000 (2017: £21,000) and employees' contributions totalled £6,000 (2017: £6,000). The agreed contribution rates for future years are 21.1% for employers and 5.5 to 12.5% for employees.

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

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22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.40 %	2.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.5	24.5
Retiring in 20 years		
Males	24.0	24.0
Females	26.4	26.4

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	149,450	126,900
Cash and other liquid assets	3,050	8,100
Corporate bonds	131,150	116,100
Cash	-	-
Property	21,350	18,900
Total market value of assets	<u>305,000</u>	<u>270,000</u>

The actual return on scheme assets was £15,000 (2017: £5,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(46,000)	(38,000)
Past service cost	(2,004)	(1,962)
Interest income	7,000	5,000
Interest cost	(11,000)	(9,000)
Total	<u>(52,004)</u>	<u>(43,962)</u>

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

22. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	426,000	431,000
Current service cost	46,000	38,000
Interest cost	11,000	9,000
Employee contributions	6,000	6,000
Actuarial gains	(49,000)	(58,000)
Benefits paid	(1,000)	-
	<u>439,000</u>	<u>426,000</u>
Closing defined benefit obligation	<u>439,000</u>	<u>426,000</u>

Movements in the fair value of the Academy's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	270,000	233,000
Interest income	7,000	5,000
Return on assets	8,000	5,000
Employer contributions	23,000	21,000
Employee contributions	6,000	6,000
Benefits paid	(1,000)	-
	<u>313,000</u>	<u>270,000</u>
Closing fair value of scheme assets	<u>313,000</u>	<u>270,000</u>

23. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	510	510
Between 1 and 5 years	382	892
	<u>892</u>	<u>1,402</u>
Total	<u>892</u>	<u>1,402</u>

24. MEMBERS' LIABILITY

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

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GENERAL INFORMATION

Harrowbarrow School is a company limited by guarantee, incorporated in England and Wales. The registered office is Harrowbarrow School, School Road, Harrowbarrow, Callington, Cornwall, PL17 8BQ.

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy'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 at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the year:

Harrowbarrow & Metherell Pre-School - an organisation in which Mr R Dyter, Mrs K Bennett and Mrs H Warne (Trustees of the Academy) are trustees:

The Academy received income from the Pre-School totalling £3,153 (2017: £1,947) in respect of rent and consumables. There were no amounts outstanding at the year end (2017: £Nil).

