

HEDINGHAM SCHOOL AND SIXTH FORM

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Ms J King (resigned 26 November 2019) Mrs S Ford Mr M Scrivens Mr M Lee
Trustees	Mr M Scrivens Mrs S Ford, Chair of Trustees Mr A Harvison, Head Teacher and Accounting Officer Mrs E Brown Mr S Jarvis Mr M Lee Mr D Lee Mrs N Barton Mr D Batch (appointed 26 November 2019) Mr J Carlton (appointed 25 November 2019) Mrs J King (resigned 26 November 2019) Mr J Panayi (resigned 19 April 2020)
Company registered number	08330173
Company name	Hedingham School and Sixth Form
Principal and registered office	Yeldham Road Sible Hedingham Halstead Essex CO9 3QH
Company Secretary	Mrs H Carter
Senior Management Team	Mr A Harvison, Headteacher and Accounting Officer Mr P Finch, Senior Deputy Headteacher Mr D Nash, Assistant Headteacher Mr J Pearson, Assistant Headteacher Mrs K Hillman, Assistant Headteacher Mrs H Carter, Bursar
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

HEDINGHAM SCHOOL AND SIXTH FORM
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Hedingham School and Sixth Form (the Academy, The Trust or the Charitable Company) for the year ended 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy School (the School) for pupils aged 11 to 19 serving a catchment area in North West Essex. It has a pupil capacity of 1,230 and had a roll of 1,119 in the Summer 2020 school census.

Structure, Governance and Management

The Trust is a Company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Hedingham School and Sixth Form.

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 12 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. The Headteacher is an ex officio member of the Governing Body (also referred to as the Board of Trustees). Parent Trustees and the staff Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for 15 Trustees (5 Parents, 2 Staff – Teaching, 1 Staff non-teaching, 6 others plus the Headteacher).

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TRUSTEES' REPORT (CONTINUED)
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Policies and Procedures Adopted for the Induction and Training of Trustees

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme continued professional development led by School staff and links with a number of local training providers.

Trustees will complete a skills audit, based on National Governance Association Template, as a useful way of assessing the skills, knowledge and experience of the Governing Body. The results are used to identify training needs, when recruiting new Trustees, when reviewing the Trustees Self Evaluation Form and for succession planning.

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chair of Trustees and Headteacher or Deputy Headteacher. All Trustees are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

Organisational Structure

The governance of the Academy is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Governing Body, which meets on at least 3 occasions per year and the two main committees (Finance and Premises Committee and Personnel and Curriculum Committee) at least 3 times per year and the Pay and Headteacher's Pay Committees which meet at least once a year, is responsible for the strategic direction of the Trust. The Governing Body reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Headteacher with the School Improvement Partner, and reviews them.

The Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Charitable Company. The Headteacher has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Headteacher manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Headteacher and the Board of Trustees as required for approval. Each Member of the SLT has specific responsibilities to assist the Headteacher to manage certain aspects of the Academy.

Arrangements for setting pay and remuneration of the key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Key Management Personnel at the School have been identified as its Senior Management Team (Headteacher, 1 Deputy Headteacher, 5 Assistant Headteachers and the Bursar). The process for determining the pay and remuneration of the Academy's key management personnel is laid out in the School's pay policy.

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FOR THE YEAR ENDED 31 AUGUST 2020

Progression

Progression within the salary range for all Key Management Personnel, will be subject to the individual demonstrating a sustained high quality of performance having regard to the most recent review carried out under the performance management policy.

Senior Leadership Team

The Headteacher will be responsible for determining the starting salary, and for making pay progression recommendations, following annual performance management, for posts on the leadership pay ranges. Such decisions will be ratified by the Governing Body Pay Committee.

Headteacher

The Headteacher's Pay Committee will approve annual pay progression for the Headteacher having carried out an annual performance review, supported by an independent external advisor. When determining annual pay progression they take account of the outcome and recommendations arising from the annual review.

Trade Union Facility Time

During the year the three employees of the Trust acted as union officials on a 100% full time equivalent contract. The employees spent 152 hours (equating to 6.15%) of their time on union facility. The total cost of facility time is £4820 for the year, this equates to 0.128% of the total pay bill spent on facility time.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Governing Body being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Governing Body may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust co-operated with the following organisations during the academic year in pursuit of its charitable activities:

- Association of Secondary Headteachers in Essex
- Behaviour and Attendance Partnership
- Colne Valley Consortium
- Earls Colne Educational Trust
- Essex County Council Road Safety
- Essex Music Services
- Essex Youth Services
- Families and Schools Together
- Football Foundation
- Jack Petchey Awards Scheme
- Make Happen
- Saffron Alliance – as a strategic partner of this teaching school
- Sible Hedingham Parish Council
- St Peter's Primary School, Sible Hedingham

The Trust does not have a formal sponsor.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and Activities

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 19.

Hedingham School seeks to create a challenging and stimulating learning environment that encourages high expectations for all learners. Students are prepared for life in the 21st century through a safe, caring and supportive environment. We strive to foster positive relationships with students and staff, offering mutual respect for all members of the community.

Our School Motto is: 'Ready Respect Safe'

This Vision is driven through our school curriculum. Our aim is to ensure that the curriculum delivers the following principles:

- To provide the knowledge and skills required to be successful learners
- To create resilient and independent learners who are able to meet the challenges of the 21st century
- To prepare learners for the next step in their education
- To broaden their horizons through a rich and varied enrichment programme
- To encourage learners to be active citizens who contribute positively to the community

Public Benefit

The Trustees believe that by working towards the objects and aims of the School as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left the School.

This has been an extremely challenging year due in main to the COVID19 Pandemic. The School remained fully open until the national lockdown in March. On line tuition was available for all and the School remained open for Key Worker and vulnerable students throughout the lockdown period. During this period the safety, wellbeing and education of student was a priority. Students were fully supported throughout the countrywide difficulties that arose with the external examination results. Trustees would like to acknowledge the outstanding work of all involved.

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TRUSTEES' REPORT (CONTINUED)
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Key Performance Indicators

The Trustees serving on the Finance and Premises Committee and the SLT receive monthly financial information to enable them to monitor the financial performance of the Trust compared to aims, strategies and financial budgets.

Governors unanimously agreed the Key Performance Indicators as below:

- Achieve the attainment targets set for all students within the context of Covid-19 Lockdown
- To achieve the Key Priorities Identified within the School Development Plan

Five Year Budget Plan

Included in the Budget Plan is a five year forecast representing anticipated pupil numbers and known changes in staffing. The plan demonstrates the Trust's continued financial viability over time. The plan will be kept under review and careful financial planning monitoring will continue to ensure a balanced budget can be set in the future.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2020 the Trust received £6,310,271 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,663,994 on general running costs, £16,251 on items specific to the COVID pandemic (£13,563 of which was reclaimed from the Government) and spent £85,243 to support capital maintenance and improvement projects on the School site. There is an in-year surplus of £16,903 on restricted funds and £5,622 on unrestricted funds. The carry forward at 31 August 2020 is £134,995 restricted funding (excluding pension reserve and restricted fixed asset funds) and £139,310 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £3,952,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees will monitor estimated year-end carry forward figures via the monthly reports from the Bursar. The budget plan will identify how any carry forward will be allocated in the budget plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose eg. sink fund for artificial pitch. The Trustees earmark restricted and unrestricted reserves where they feel it is appropriate.

The carry forward at 31 August 2020 is £134,995 restricted funding (excluding pension reserve and restricted fixed asset funds) and £139,310 unrestricted funding.

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FOR THE YEAR ENDED 31 AUGUST 2020

Reserves

The budget plan 2019/20 has been prepared based on current and known staffing changes which indicates that a balanced budget can be set with a small unallocated funds.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £456,189. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the Finance and Premises Committee Business Manager reports and attempt to hold a minimum of £94,000 to cover short term cash flow variances.

Investment Policy

An investment policy was reviewed and approved by the Governing Body on 22nd March 2017 as part of the Trust's financial regulations.

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure, are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk.

The Academy has no investments at the present time.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees by the Finance and Premises Committee. The principal risks facing the Trust are outlined below; those facing the School at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As an academy school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- Presence of other organisations with similar objects and little scope for differentiation. This risk is mitigated by having an effective marketing strategy and forward financial planning. Maximising students numbers has been a priority since incorporation.
- Change of funding policy and introduction of new education priorities by Government – This risk is mitigated as policy is monitored by the Senior Management Team and core strategy is checked for compliance. Sound forward financial planning supports this.
- Risk that budget will be in a deficit position that cannot be met by reserves. This risk is mitigated by effective budget planning and forecasting against staffing model and pupil numbers.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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Fundraising

The Trust only held small fundraising events during the year in addition to minor events to raise funds for donating to charities. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

The Trustees intend to enhance and expand facilities in pursuance of the School's commitment to ensure that all students achieve their potential. It is recognised that students with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these.

The Trust continues to seek opportunities to engage with local schools with the ultimate aim of building a family of schools of exceptional quality.

Funds Held as Custodian Trustee on Behalf of Others

The Trust hold funds for the Colne Valley Consortium which includes this School and a group of local Primary Schools from the School's Catchment Area. These funds are used to provide CPD and Partnership Work for the Staff in these schools to the benefit of the students. Any funds being held at year end are carried forward into the following year. This year £12,662 was carried forward.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 30 November 2020 and signed on its behalf by:

Mrs S Ford
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Hedingham School and Sixth Form 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 carry out an annual skills audit based on National Governors' Association Template, as a useful way of assessing the skills, knowledge and experience of the Governing Body. The results are used to identify training needs, when recruiting new Trustees, when reviewing the Trustees Self Evaluation Form and for succession planning.

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 Hedingham School and Sixth Form 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

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 5 times during the year. Although the Board met fewer than 6 times in the year, the Trustees are content that the use of sub-committees maintains appropriate oversight of financial control.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Scrivens	5	5
Mrs S Ford, Chair of Trustees	5	5
Mr A Harvison, Head Teacher and Accounting Officer	3	5
Mrs E Brown	3	5
Mr S Jarvis	5	5
Mr M Lee	5	5
Mr D Lee	3	5
Mrs N Barton	5	5
Mr D Batch	5	5
Mr J Carlton	3	5
Mrs J King	0	0
Mr J Panayi	2	3

There have been some changes to Board of Trustees and a new Chair of Governors and Headteacher have been appointed. Mrs Sarah Ford was appointed Chair of Governors in Autumn 2019, taking over from Mr Miles Scrivens. Mr Panayi, Headteacher at the School since 2005 retired at Easter 2020 and Mr Harvison, previously Deputy Headteacher took up the role of Headteacher from the start of the summer term. Both the appointees were very experienced and their longstanding connections with the School enabled the transition to run smoothly.

This has been an extremely challenging year due in main to the COVID19 Pandemic. Trustees are delighted with the response of the Staff and Students of Hedingham School in these difficult times. The School remained fully open until the national lockdown in March. On line tuition was available for all students from day one and the School remained open for Key Worker and vulnerable students throughout the lockdown period every day including school and bank holidays. Year 10 and 12 students were welcomed back from 1st June and the School fully re-opened on 3rd September. During this period the safety, wellbeing and education of student was a priority. The Staff ensured students were fully supported throughout the countrywide difficulties that arose with the external examination results. Trustees would like to acknowledge the outstanding work of all involved.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Committees

The Finance and Premises Committee is a sub-committee of the main Board of Trustees. The Committee meets termly and it's main areas of responsibility are:

- budget setting;
- budget monitoring;
- premises – maintenance and improvement;
- health and safety;
- risk management.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Ford	4	4
Mr A Harvison	4	4
Mr S Jarvis	4	4
Mr D Lee	3	4
Mr M Lee	4	4
Mr J Panayi	2	3
Mr M Scrivens	4	4
Ms J King	0	0

The Audit Committee is also a sub-committee of the main Board of Trustees. It is responsible for keeping under review the strategic objectives of the School and to be responsible for advising the Governing Body through the Finance & Premises Committee in matters relating to the accounting function. They have in particular, a responsibility for internal and external audit. The Committee received three internal audit reports and the Report of the external Auditor arising from 11 days of audit visits. There were few management letter points which reflects the high level of financial compliance the School delivers. Trustees were pleased to note all management letter points were swiftly addressed and recommendations fully implemented.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Lee	3	3
Mr J Panayi	1	1
Mr M Scrivens	3	3
Mr A Harvison	2	2
Ms J King	0	0

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy 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'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 has delivered improved value for money during the year by:

- Ensuring all student outcomes were in line with expected grades by using a fair and rigorous process in line with exam board requirements.
- Ensuring all students had access to online learning and IT equipment during the lockdown period.
- Following a tender process for grounds maintenance and reducing costs in this area.

Value for Money COVID 19

Benefit to the Trust – The school has purchased two temporary portable trailer toilet blocks to support social zones for two year groups. The cost of purchasing was the equivalent of 12 weeks rental of similar units and with the residual resale value at the end their use for this purpose this represented best value for money to meet this need.

Benefit to the Wider Community – The school has continued to meet the cost of the School Catering Contract and Agency Supply Teachers contracted for the summer term.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Hedingham School and Sixth Form for the year 1 September 2019 to 31 August 2020 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 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's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 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'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 and Premises 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;

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- clearly defined purchasing (asset purchase or capital investment) guidelines; and
- identification and management of risks.

The Board of Trustees has decided to employ Juniper Education as Internal Auditor.

The Internal Auditor's role includes giving advice on financial and other matters and performing a range of checks on the Academy's financial systems. In particular, the checks carried out in the current period included:

- Governance
- Financial Management
- Financial Reporting
- Financial Accounting
- Banking
- Payroll and Expenses
- Income
- Assets
- Expenditure

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

Review of effectiveness

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the school resource management self-assessment tool;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 30 November 2020 and signed on their behalf by:

Mrs S Ford
Chair of Trustees

Mr A Harvison
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Hedingham School and Sixth Form I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, 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 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all 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 2019.

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 Harvison
Accounting Officer
Date: 30 November 2020

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

Company law requires the 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 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 on 30 November 2020 and signed on its behalf by:

Mrs S Ford
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEDINGHAM SCHOOL AND SIXTH FORM**

Opinion

We have audited the financial statements of Hedingham School and Sixth Form (the 'Academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 2019 and the Academies Accounts Direction 2019 to 2020 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 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 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.

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEDINGHAM SCHOOL AND SIXTH FORM (CONTINUED)**

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. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of 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 including the Strategic Report.

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

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

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEDINGHAM SCHOOL AND SIXTH FORM (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company 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.

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.

Gary Miller (senior statutory auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants

Chartered Accountants

Statutory Auditors

Causeway House

1 Dane Street

Bishop's Stortford

Hertfordshire

CM23 3BT

30 November 2020

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEDINGHAM SCHOOL AND SIXTH FORM AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 5 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hedingham School and Sixth Form during the year 1 September 2019 to 31 August 2020 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 Hedingham School and Sixth Form and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hedingham School and Sixth Form and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hedingham School and Sixth Form and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Hedingham School and Sixth Form's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Hedingham School and Sixth Form's funding agreement with the Secretary of State for Education dated 31 December 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEDINGHAM SCHOOL AND SIXTH FORM AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance and how the Academy complies with the framework of authorities.
- Evaluation of the general control environment of the Academy, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant
Price Bailey LLP
Chartered Accountants
Chartered Accountants
Statutory Auditors

Date: 30 November 2020

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	-	253,383	23,952	277,335	309,286
Charitable activities		13,728	5,951,472	-	5,965,200	5,640,490
Other trading activities		47,517	19,879	-	67,396	125,767
Investments	6	340	-	-	340	357
Total income		<u>61,585</u>	<u>6,224,734</u>	<u>23,952</u>	<u>6,310,271</u>	<u>6,075,900</u>
Expenditure on:						
Charitable activities		55,963	6,435,831	275,694	6,767,488	6,499,182
Total expenditure		<u>55,963</u>	<u>6,435,831</u>	<u>275,694</u>	<u>6,767,488</u>	<u>6,499,182</u>
Net movement in funds before other recognised gains/(losses)		<u>5,622</u>	<u>(211,097)</u>	<u>(251,742)</u>	<u>(457,217)</u>	<u>(423,282)</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(252,000)	-	(252,000)	(439,000)
Net movement in funds		<u>5,622</u>	<u>(463,097)</u>	<u>(251,742)</u>	<u>(709,217)</u>	<u>(862,282)</u>
Reconciliation of funds:						
Total funds brought forward		133,688	(3,353,908)	12,179,431	8,959,211	9,821,493
Net movement in funds		5,622	(463,097)	(251,742)	(709,217)	(862,282)
Total funds carried forward		<u>139,310</u>	<u>(3,817,005)</u>	<u>11,927,689</u>	<u>8,249,994</u>	<u>8,959,211</u>

The notes on pages 24 to 46 form part of these financial statements.

HEDINGHAM SCHOOL AND SIXTH FORM

(A company limited by guarantee)

REGISTERED NUMBER: 08330173

**BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	11,927,689	12,175,414
		11,927,689	12,175,414
Current assets			
Debtors	14	124,564	172,781
Cash at bank and in hand		456,700	397,482
		581,264	570,263
Creditors: amounts falling due within one year	15	(306,959)	(314,466)
Net current assets		274,305	255,797
Total assets less current liabilities		12,201,994	12,431,211
Defined benefit pension scheme liability	22	(3,952,000)	(3,472,000)
Total net assets		8,249,994	8,959,211
Funds of the Academy			
Restricted funds:			
Fixed asset funds	16	11,927,689	12,179,431
Restricted income funds	16	134,995	118,092
		12,062,684	12,297,523
Restricted funds excluding pension asset	16	12,062,684	12,297,523
Pension reserve	16	(3,952,000)	(3,472,000)
Total restricted funds	16	8,110,684	8,825,523
Unrestricted income funds	16	139,310	133,688
Total funds		8,249,994	8,959,211

The financial statements on pages 21 to 46 were approved by the Trustees, and authorised for issue on 30 November 2020 and are signed on their behalf, by:

Mrs S Ford
Chair of Trustees

The notes on pages 24 to 46 form part of these financial statements.

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	18	58,878	66,702
Cash flows from investing activities	19	340	357
Change in cash and cash equivalents in the year		59,218	67,059
Cash and cash equivalents at the beginning of the year		397,482	330,423
Cash and cash equivalents at the end of the year	20, 21	<u>456,700</u>	<u>397,482</u>

The notes on pages 24 to 46 form part of these financial statements

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 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.

Following the year end the Academy has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic.

The Academy derives the majority of its income from local and national government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Academy can continue operating for a period of at least 12 months following the date of this report. The financial statements do not contain any adjustments that would be required if the Academy were not able to continue as a going concern.

1.3 Company status

The Academy is a company limited by guarantee. Those Members who are Trustees are noted on page 3. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member.

1.4 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**

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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.

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Income (continued)

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

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

- **Donations**

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

- **Other income**

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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.

The estimated useful lives are as follows:

Long-term leasehold property	- 50 - 125 years straight line
Furniture and equipment	- 5 - 20 years straight line
Plant and machinery	- 20 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 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.

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

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in 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 instrument.

1.12 Pensions

The Academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Academy to the fund in respect of the year.

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 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.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Trustees make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

HEDINGHAM SCHOOL AND SIXTH FORM
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	253,383	-	253,383	226,081
Capital grants	-	23,952	23,952	83,205
Total 2020	<u>253,383</u>	<u>23,952</u>	<u>277,335</u>	<u>309,286</u>
Total 2019	<u>226,081</u>	<u>83,205</u>	<u>309,286</u>	

In 2019, income from donations was £226,081, all of which was restricted.

In 2019, capital grants of £83,205 were all in relation to restricted fixed assets.

4. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,298,893	5,298,893	5,210,414
Other DfE / ESFA grants	-	527,883	527,883	272,014
	<u>-</u>	<u>5,826,776</u>	<u>5,826,776</u>	<u>5,482,428</u>
Other Government grants				
Local authority grants	-	111,133	111,133	125,081
	<u>-</u>	<u>111,133</u>	<u>111,133</u>	<u>125,081</u>
Other income from the Academy's educational operations				
Catering income	13,728	-	13,728	32,981
	<u>13,728</u>	<u>-</u>	<u>13,728</u>	<u>32,981</u>
Exceptional Government funding				
Coronavirus exceptional support	-	13,563	13,563	-
Total 2020	<u>13,728</u>	<u>5,951,472</u>	<u>5,965,200</u>	<u>5,640,490</u>
Total 2019	<u>32,981</u>	<u>5,607,509</u>	<u>5,640,490</u>	

HEDINGHAM SCHOOL AND SIXTH FORM
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS (continued)

In 2019, income from DfE/ESFA grants was £5,482,428, all of which was restricted.

In 2019, income from other Government grants was £125,081, all of which was restricted.

In 2019, income from catering was £32,981, all of which was unrestricted.

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Hire of facilities	-	19,879	19,879	21,328
Rental income	56	-	56	1,721
Other income	47,461	-	47,461	102,718
Total 2020	<u>47,517</u>	<u>19,879</u>	<u>67,396</u>	<u>125,767</u>
Total 2019	<u>104,439</u>	<u>21,328</u>	<u>125,767</u>	

In 2019, income from the hire of facilities was £21,328, all of which was restricted.

In 2019, rental income was £1,721, all of which was unrestricted.

In 2019, other income was £102,718, all of which was unrestricted.

6. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank Interest	340	340	357
Total 2019	<u>357</u>	<u>357</u>	

In 2019, all investment income was in relation to unrestricted funds.

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7. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Direct costs	3,934,098	-	712,824	4,646,922	4,321,820
Support costs	1,246,199	532,626	341,741	2,120,566	2,177,362
Total 2020	<u>5,180,297</u>	<u>532,626</u>	<u>1,054,565</u>	<u>6,767,488</u>	<u>6,499,182</u>
Total 2019	<u>4,881,477</u>	<u>668,168</u>	<u>949,537</u>	<u>6,499,182</u>	

In 2019, of total expenditure, £76,257 related to unrestricted funds, £6,091,696 related to restricted funds and £331,229 related to restricted fixed asset funds.

8. Charitable Activities

	2020 £	2019 £
Direct costs	4,646,922	4,321,820
Support costs	2,120,566	2,177,362
	<u>6,767,488</u>	<u>6,499,182</u>
	2020 £	2019 £
Analysis of support costs		
Support staff costs	1,246,199	1,160,792
Depreciation	247,725	252,041
Technology costs	18,888	2,827
Premises costs	284,901	416,127
Other support costs	254,004	282,092
Governance costs	13,040	12,400
Legal costs	55,809	51,083
Total	<u>2,120,566</u>	<u>2,177,362</u>

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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Depreciation of tangible fixed assets	247,725	252,041
Auditors' remuneration - audit	7,285	7,110
Auditors' remuneration - non-audit	4,595	4,425
Operating lease rentals	43,447	53,252
	247,725	252,041

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,802,776	3,699,053
Social security costs	361,826	338,634
Pension costs	1,015,527	828,398
	5,180,129	4,866,085
Supply teachers costs	168	10,127
Staff restructuring costs	-	5,265
	5,180,297	4,881,477

Staff restructuring costs comprise:

	2020 £	2019 £
Redundancy payments	-	5,265
	-	5,265

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10. Staff (continued)

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	64	63
Administration and Support	84	78
Management	7	7
	155	148
	155	148

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	2	-
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	2	1
In the band £130,001 - £140,000	-	1
	2	3
	2	3

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £801,187 (2019 £736,542).

Included in the above are employer pension contributions of £140,288 (2019: £99,631) and employers national insurance contributions of £71,010 (2019: £68,823).

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11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£	£
Mr J Panayi, Headteacher (Resigned 19 April 2020)	Remuneration	95,000 - 100,000	135,000 - 140,000
	Pension contributions paid	20,000 - 25,000	20,000 - 25,000
Mr A Harvison, Headteacher	Remuneration	95,000 - 100,000	90,000 - 95,000
	Pension contributions paid	20,000 - 25,000	15,000 - 20,000
Mr S Jarvis	Remuneration	30,000 - 35,000	30,000 - 35,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mrs S Ford	Remuneration	0 - 5,000	0 - 5,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Mr D Batch	Remuneration	45,000 - 50,000	
	Pension contributions paid	10,000 - 15,000	

During the year ended 31 August 2020, no expenses were reimbursed or paid to any Trustees (2019 - £NIL).

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 2020 was included in the total insurance cost.

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13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Plant and machinery £	Total £
Cost or valuation				
At 1 September 2019	13,351,346	426,794	266,589	14,044,729
At 31 August 2020	<u>13,351,346</u>	<u>426,794</u>	<u>266,589</u>	<u>14,044,729</u>
Depreciation				
At 1 September 2019	1,408,471	344,377	116,467	1,869,315
Charge for the year	212,261	20,643	14,821	247,725
At 31 August 2020	<u>1,620,732</u>	<u>365,020</u>	<u>131,288</u>	<u>2,117,040</u>
Net book value				
At 31 August 2020	<u><u>11,730,614</u></u>	<u><u>61,774</u></u>	<u><u>135,301</u></u>	<u><u>11,927,689</u></u>
At 31 August 2019	<u><u>11,942,875</u></u>	<u><u>82,417</u></u>	<u><u>150,122</u></u>	<u><u>12,175,414</u></u>

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	2,828	13,643
VAT recoverable	20,886	20,241
Prepayments and accrued income	100,850	138,897
	<u>124,564</u>	<u>172,781</u>

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15. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	86,454	19,817
Other taxation and social security	83,457	88,521
Other creditors	105,872	79,420
Accruals and deferred income	31,176	126,708
	306,959	314,466
	306,959	314,466
	2020	2019
	£	£
Deferred income		
Deferred income at 1 September 2019	96,907	93,584
Resources deferred during the year	5,218	96,907
Amounts released from previous periods	(96,907)	(93,584)
	5,218	96,907
	5,218	96,907

Resources deferred at the period end relate to contributions towards future educational visits and music tuition.

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NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds					
Unrestricted funds	133,688	61,585	(55,963)	-	139,310
Restricted general funds					
General Annual Grant (GAG)	-	5,298,893	(5,298,893)	-	-
Other Government grants	1,000	111,133	(112,133)	-	-
Restricted ATP sink fund	109,150	19,879	(6,187)	-	122,842
Restricted donations	1,682	253,383	(255,065)	-	-
Other DfE/ESFA grants	6,260	527,883	(521,990)	-	12,153
Exceptional Government funding	-	13,563	(13,563)	-	-
Pension reserve	(3,472,000)	-	(228,000)	(252,000)	(3,952,000)
	<u>(3,353,908)</u>	<u>6,224,734</u>	<u>(6,435,831)</u>	<u>(252,000)</u>	<u>(3,817,005)</u>
Restricted fixed asset funds					
Restricted fixed asset fund	12,175,414	-	(247,725)	-	11,927,689
Devolved Formula Capital	4,017	23,952	(27,969)	-	-
	<u>12,179,431</u>	<u>23,952</u>	<u>(275,694)</u>	<u>-</u>	<u>11,927,689</u>
Total Restricted funds	<u>8,825,523</u>	<u>6,248,686</u>	<u>(6,711,525)</u>	<u>(252,000)</u>	<u>8,110,684</u>
Total funds	<u><u>8,959,211</u></u>	<u><u>6,310,271</u></u>	<u><u>(6,767,488)</u></u>	<u><u>(252,000)</u></u>	<u><u>8,249,994</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds (continued)

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

Unrestricted funds

This represents income received which may be used towards meeting any of the charitable objects of the Academy.

Restricted donations

This fund largely represents contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips.

Other Government grants

This represents various grants from local and national Government bodies for the provision of specific services to pupils of the School. These grants are generally restrictive in nature.

Other DfE and ESFA grants

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Restricted ATP sink fund

This represents the value of a sinking fund that the Academy has an obligation to build up under the agreement for funding in preparation for replacing the all weather pitch.

Pension reserve

This fund represents the Academy's share of the deficit on the Local Government Pension Scheme (LGPS) transferred on conversion from a state controlled school.

Restricted fixed asset fund

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

Devolved Formula Capital grant

This represents funding received from the ESFA specifically for the maintenance and improvement of the Academy's buildings and facilities.

Exceptional Government funding

This represents funding received from the ESFA in response to exceptional costs incurred by the Academy following the COVID-19 outbreak.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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16. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
Unrestricted funds	72,168	137,777	(76,257)	-	133,688
Restricted funds					
General Annual Grant (GAG)	821	5,210,414	(5,211,235)	-	-
Other Government grants	1,000	125,081	(125,081)	-	1,000
Restricted ATP sink fund	95,049	21,328	(7,227)	-	109,150
Restricted donations	-	226,081	(224,399)	-	1,682
Other DfE/ESFA grants	-	272,014	(265,754)	-	6,260
Pension reserve	(2,775,000)	-	(258,000)	(439,000)	(3,472,000)
	<u>(2,678,130)</u>	<u>5,854,918</u>	<u>(6,091,696)</u>	<u>(439,000)</u>	<u>(3,353,908)</u>
Restricted fixed asset funds					
Restricted fixed asset fund	12,427,455	-	(252,041)	-	12,175,414
Devolved Formula Capital	-	83,205	(79,188)	-	4,017
	<u>12,427,455</u>	<u>83,205</u>	<u>(331,229)</u>	<u>-</u>	<u>12,179,431</u>
Total Restricted funds	<u>9,749,325</u>	<u>5,938,123</u>	<u>(6,422,925)</u>	<u>(439,000)</u>	<u>8,825,523</u>
Total funds	<u><u>9,821,493</u></u>	<u><u>6,075,900</u></u>	<u><u>(6,499,182)</u></u>	<u><u>(439,000)</u></u>	<u><u>8,959,211</u></u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	11,927,689	11,927,689
Current assets	139,310	441,954	-	581,264
Creditors due within one year	-	(306,959)	-	(306,959)
Provisions for liabilities and charges	-	(3,952,000)	-	(3,952,000)
Total	<u>139,310</u>	<u>(3,817,005)</u>	<u>11,927,689</u>	<u>8,249,994</u>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	12,175,414	12,175,414
Current assets	133,688	432,558	4,017	570,263
Creditors due within one year	-	(314,466)	-	(314,466)
Provisions for liabilities and charges	-	(3,472,000)	-	(3,472,000)
Total	<u>133,688</u>	<u>(3,353,908)</u>	<u>12,179,431</u>	<u>8,959,211</u>

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18. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(457,217)	(423,282)
Adjustments for:		
Depreciation charges	247,725	252,041
Interest	(340)	(357)
Decrease/(increase) in debtors	48,217	16,975
Increase/(decrease) in creditors	(7,507)	(36,675)
Pension adjustments	228,000	258,000
Net cash provided by operating activities	58,878	66,702

19. Cash flows from investing activities

	2020 £	2019 £
Interest received	340	357
Net cash provided by investing activities	340	357

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	456,700	397,482
Total cash and cash equivalents	456,700	397,482

21. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	397,482	59,218	456,700
	<u>397,482</u>	<u>59,218</u>	<u>456,700</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £93,210 were payable to the schemes at 31 August 2020 (2019 - £79,420) and are included within creditors.

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £624,217 (2019 - £426,395).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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22. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £277,000 (2019 - £265,000), of which employer's contributions totalled £222,000 (2019 - £211,000) and employees' contributions totalled £ 55,000 (2019 - £54,000). The agreed contribution rates for future years are 25% for employers and between 5.5 and 12.5% for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.3	3.70
Rate of increase for pensions in payment/inflation	2.3	2.20
Discount rate for scheme liabilities	1.6	1.85
Inflation assumption (CPI)	2.3	2.20
Inflation assumption (RPI)	3.1	3.2
Commutations of pensions to lump sums	50	50

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

	2020 Years	2019 Years
Retiring today		
Males	21.8	21.3
Females	23.8	23.6
Retiring in 20 years		
Males	23.2	23
Females	25.2	25.4

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22. Pension commitments (continued)

As at 31 August 2020 the Academy had a pension liability of £3,950,000 (2019 - £3,472,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way;

Sensitivity analysis

	2020	2019
Discount rate +0.1%	160,000	(133,000)
Discount rate -0.1%	164,000	137,000
Mortality assumption - 1 year increase	273,000	237,000
Mortality assumption - 1 year decrease	(263,000)	(228,000)
CPI rate +0.1%	143,000	117,000
CPI rate -0.1%	(140,000)	(114,000)
	<u>1,980,000</u>	<u>1,620,000</u>

Share of scheme assets

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

	2020 £	2019 £
Equities	1,980,000	1,620,000
Gilts	136,000	141,000
Corporate bonds	179,000	144,000
Property	248,000	205,000
Cash and other liquid assets	87,000	75,000
Alternative assets	371,000	251,000
Other managed funds	194,000	132,000
Total market value of assets	<u>3,195,000</u>	<u>2,568,000</u>

The actual return on scheme assets was £71,000 (2019 - £193,000).

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22. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	(386,000)	(334,000)
Past service cost	-	(63,000)
Interest income	49,000	61,000
Interest cost	(111,000)	(132,000)
Administrative expenses	(2,000)	(1,000)
Total amount recognised in the Statement of Financial Activities	<u>(450,000)</u>	<u>(469,000)</u>

Changes in the present value of the defined benefit obligations were as follows:

	2020 £	2019 £
At 1 September	6,040,000	5,002,000
Interest cost	111,000	132,000
Employee contributions	55,000	54,000
Actuarial losses	637,000	571,000
Benefits paid	(82,000)	(116,000)
Current service cost	386,000	334,000
Past service costs	-	63,000
At 31 August	<u>7,147,000</u>	<u>6,040,000</u>

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2020 £	2019 £
At 1 September	2,568,000	2,227,000
Interest income	49,000	61,000
Actuarial gains	385,000	132,000
Employer contributions	222,000	211,000
Employee contributions	55,000	54,000
Benefits paid	(82,000)	(116,000)
Administrative expenditure	(2,000)	(1,000)
At 31 August	<u>3,195,000</u>	<u>2,568,000</u>

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23. Operating lease commitments

At 31 August 2020 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Within 1 year	33,854	40,640
Between 1 and 5 years	40,055	46,643
	<u>73,909</u>	<u>87,283</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.

25. Related party transactions

Owing to the nature of the Academy 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the financial period.

26. Agency arrangements

The Academy holds funds as an agent for the Colne Valley Consortium. In the accounting period ending 31 August 2020, the Academy received £17,227 and disbursed £4,565 from the fund. An amount of £12,662 is included in other creditors relating to undistributed funds that is repayable to the Colne Valley Consortium. This arrangement was not in place for the accounting period ending 31 August 2019.