

**Hamwic Education Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020**

Company Registration Number:
10749662 (England and Wales)

Hamwic Education Trust

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Hamwic Education Trust

Reference and Administrative Details

Members:

P Bray (corporate)
D Ellis
A Macrow-Wood (corporate)
I Miller (corporate) (appointed 20 May 2020)
M Rumble (appointed 5 February 2020)

Trustees:

D Ellis, Chairperson
P Bray (foundation)
C Knox
R Leach (foundation) (appointed 1 September 2019)
M Parsons
A Thould (foundation)
A Wrighton

Company Secretary

G Carr

Senior Management Team:

R Farmer, Chief Executive Officer
L Adams, Deputy Chief Executive Officer – Education
G Carr, Deputy Chief Executive Officer – Business

Company Name

Hamwic Education Trust

Principal and Registered Office

Unit E, The Mill Yard
Nursling Street
Southampton
Hampshire
SO16 0AJ

Company Registration Number

10749662 (England and Wales)

Hamwic Education Trust

Reference and Administrative Details

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds Bank Plc

77 Shirley High Street

Southampton

SO15 3TX

Solicitors

Blake Morgan LLP

New Kings Court

Tollgate

Chandlers Ford

SO53 3LG

Hamwic Education Trust

Trustees' Report

Hamwic Education Trust includes the following academies:

School Name	LA Area	School Leader
Upper Shirley High School	Southampton	Stuart Woods
Wordsworth Primary School	Southampton	Julie-Anne Palfrey
Shirley Junior School	Southampton	Annette Hixon
Shirley Infant School	Southampton	Cate Gregory
Hollybrook Junior School	Southampton	Marcella Dobson
Hollybrook Infant School	Southampton	Marcella Dobson
Southampton Children's Hospital School	Southampton	Nell Giles
Harefield Primary School	Southampton	Emma Charlton
Beechwood Junior School	Southampton	Sue Marsh
Townhill Infant School	Southampton	Bev Corbin
Glenfield Infant School	Southampton	Jo Dorricott/Liz Carrie
Weston Park Primary School	Southampton	James Wiltshire
Weston Shore Infant School	Southampton	Vanessa Ridler
Westover Primary School	Portsmouth	Ruth Worswick
Gatcombe Park Primary School	Portsmouth	Ian Baker
Hamworthy Park Junior School	Poole	Susannah Hill
Twin Sails Infant School and Nursery	Poole	Susannah Hill
Bearwood Primary School and Nursery	Poole	Laura Bennett
Springdale First School	Poole	Debbie Budden
Lytchett Matravers Primary School	Dorset	Simon France
Upton Junior School	Dorset	Andy Gould
Upton Infant School	Dorset	Duncan Churchill
Henbury View First School	Dorset	Jane Clarke
Ludlow Infant Academy	Southampton	Bev Corbin
Thornhill Primary School	Southampton	Kerry Stamp
Sholing Junior School	Southampton	Matt Abbott
Sholing Infant School	Southampton	Lisa Houghton
Livingstone Road Junior School	Poole	Suzy Hayward
Livingstone Road Infant School	Poole	Suzy Hayward
Talbot Primary School	Poole	Kate Curtis
Bishop Aldhelm's C of E Primary School	Poole	Scott Tait

Hamwic Education Trust

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of 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 operated thirty one academies in Southampton, Portsmouth, Poole, and Dorset. In addition, the Trust operated a teaching school and a SCITT.

Hamwic Education Trust has a total pupil capacity of 11,227 and pupil numbers of 10,459 as at January 2020.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Hamwic Education Trust are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Hamwic Education Trust.

Details of the Trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

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

Hamwic Education Trust

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees

In line with the Trusts articles of association, Trustees are able to be appointed using any one of the following methods:

- By ordinary resolution of the Members
- As approved by the Salisbury Diocesan Board of Education
- Co-opted by the Board of Trustees

The Board of Trustees are a skills based body made up of a diverse range of experienced professionals. Trustees are recruited from a variety of sources such as businesses within the community, local educational establishments and Academy Ambassadors and would be recruited to fill an identified gap in skills.

The term of office for any Trustee is four years and thereafter they may be re-appointed.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will include training on educational, compliance and financial matters. All new Trustees will be provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents they need to undertake their role as Trustees. Induction will be carried out informally and will be tailored specifically to the individual Trustee.

Organisational Structure

Hamwic Education Trust's organisational structure consists of four levels: the Trust Members, the Board of Trustees, the executive team and the academies local governing bodies. This organisational structure is intended to devolve responsibility and encourage involvement in decision making at all levels.

The Trust Members are responsible for appointing Members and Trustees, appointing and removing internal and external auditors, and ensuring the success to the Trust by holding the Board of Trustees to account.

The Board of Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust's financial and operational performance and making strategic decisions about the direction of the Trust, approving major items of expenditure and making executive team appointments. The Board of Trustees have approved a scheme of financial delegation which clearly sets out the level of financial authority delegated to the executive team, local governing bodies, school leaders and members of the academies leadership teams.

The executive team consists of the Chief Executive Officer (CEO), Deputy Chief Executive Officer – Business and Deputy Chief Executive Officer – Education. The executive team through the CEO has responsibility for the operation of the Trust including the performance of the Trust's academies. The CEO delegates executive management functions to the executive management team and is accountable to the Trust board for the performance of the executive management team.

Hamwic Education Trust

Trustees' Report

Organisational Structure (continued)

The academy local governing bodies are made up from a variety of sources including (but not limited to) parents, staff, members of the local community and businesses in the local community. They are responsible for the academy's standards, finance, premises and health and safety in accordance with the scheme of delegation.

The finance committee, which reports to the Board of Trustees, is responsible for developing the financial strategy for the Trust, budgeting and financial planning, monitoring financial performance and capital planning.

The audit and risk committee, which reports to the Board of Trustees, is responsible for risk management, external audit, the appointment of external auditors and internal audit.

The standards committee are responsible for monitoring educational performance of the academies within the Trust including but not limited to progress, attainment, absence and exclusions.

The human resources committee are responsible for holding the CEO to account through effective performance management and for setting the remuneration of the executive team.

Individual academy leadership teams consist of the senior management at each academy. They are responsible for developing and implementing plans which seek to deliver the best possible education for its students within agreed budgets and the scheme of delegation approved by the Board of Trustees.

Arrangements for setting pay and remuneration of key management personnel

Pay arrangements for key management personnel are set by the human resources committee. Benchmarking against other multi-academy trusts and other charitable institutions is carried out on an annual basis. Robust targets are set for each individual leader with pay awards being dependent on the success in meeting these targets.

Pay arrangements for school leaders are led by local governing bodies with support from Hamwic Education Trust. Local governing bodies utilise the STPCD to set the parameters for key management personnel pay. Targets are set for each individual leader with increments with each school's ISR being awarded for performance and success in meeting these targets. Any remuneration outside of the schools ISR or an increase of greater than 2 scale points is subject to approval by the human resources committee.

Hamwic Education Trust

Trustees' Report

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
5	4.30

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£525
Total pay bill	£42,338,103
Percentage of the total pay bill spent on facility time	0.00%

Paid trade union activities

Hours spent on paid facility time	21.5
Hours spent on paid trade union activities	0
Time spent on paid trade union activities as a percentage of total paid facility time hours	0.00%

Related Parties and other Connected Charities and Organisations

The Trust is related to The Diocese of Salisbury, which is entitled to appoint 50% of the Trustees.

Hamwic Education Trust

Trustees' Report

Engagement with employees (including disabled persons)

During the year, the policy of providing employees with information about the Trust has been via internal media methods, regular meetings and conferences, which allow a free flow of information.

The Trust pursues an employment policy of equal opportunity and strives to follow best practice in recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability, or religious or political beliefs.

The Trust gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Trust's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Engagement with suppliers, customers and others in a business relationship with the Trust

The Board of Trustees are committed to effective engagement of all stakeholders, including pupils, parents, staff, the local community and suppliers (amongst others).

The Board of Trustees are committed to ensuring that all pupils have the opportunity to fulfil their potential, as set out in the Trust's vision and objectives. The impact on pupils, parents and the local community is at the heart of all decisions made by the Board of Trustees. The Board of Trustees receive regular reporting on pupil outcomes and performance.

The Board of Trustees acknowledge the importance of maintaining positive relationships with the Trust's suppliers. During the year ending 31 August 2020, 93% of suppliers were paid within 60 days and 80% within 30 days. In addition, during COVID-19, all invoices were paid on receipt. Regular meetings are held with key suppliers.

Hamwic Education Trust

Trustees' Report

Objectives and Activities

Objects and Aims

Hamwic Education Trust's principal activity is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing academies.

In accordance with the Articles of Association, the Trust has entered into Funding Agreements approved by the Secretary of State for Education. The Funding Agreements specify, amongst other things, the basis for admitting students to the academies, the catchment area from which students are drawn, and that the curriculum should comply with the substance of the National Curriculum.

Objectives, Strategies and Activities

Hamwic Education Trust is a Trust which celebrates the uniqueness of its pupils, staff and schools and where everyone achieves their full potential through the pathways of opportunities available.

This will be achieved by:

- Supporting and challenging leaders, staff and pupils to achieve their best, ensuring the Trust has the skills and expertise to do this
- Providing a safe and enabling learning environment for all
- Ensuring that every pupil has the same opportunities to be successful
- Providing opportunities for the complete learning journey for pupils and staff
- Ensuring schools have the resources they need for learning
- Recognising and respecting the individuality of each school and setting
- Facilitating communities of schools working together for the benefit of all, both in partnerships and across the wider Trust

The ethos of Hamwic Education Trust is:

- Inclusive – opportunities for all
- Supportive – health and well-being
- Collaborative – recognising that the sum is bigger than the individual parts
- Respectful – of each other, our people and pupils
- Outward-Facing – learning from each other and outside of the Trust
- Empowering – staff and pupils to take a collective responsibility for learning
- Open and honest – transparent in our decision making

The aspirations of Hamwic Education Trust are:

- All pupils to make expected progress or better
- All schools to be judged good or better by Ofsted
- To be an Employer of Choice – recruit, develop and retain the best
- All schools and the Trust to be financially sustainable
- All schools to have a safe learning environment to support learning and development

Hamwic Education Trust

Trustees' Report

Public Benefit

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the Trust is the maintenance and development of the high quality education provided to the young people of the communities the academies serve.

In doing this the Trust not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities including educational trips and visits are offered and undertaken.

Strategic Report

Achievements and Performance

The Trust had four Ofsted inspections during the year ending 31 August 2020 with Upper Shirley High School, Shirley Infant School, Hollybrook Infant School and Bearwood Primary School retaining their judgements of Good.

GCSE Achievement:	Hamwic Education Trust 2020	National 2019
Progress 8 Score	+0.20	+0.00
Attainment 8 Score	51.3 points	46 points
Grade 9 – 4 in English and Maths	69.4%	64%
Grade 9 – 5 in English and Maths	51	40%
EBACC Average Point Score	4.71 points	3.86 points

In 2020, there was no published data for KS1 or KS2 due to the school closures as a result of the pandemic. At KS4, national comparative data was not published.

Key Performance Indicators

Ofsted:

As at 31 August 2020, six academies had an Ofsted judgement of Outstanding, nineteen had Ofsted judgements of Good, five had Ofsted judgements of Requires Improvement (two of whom are sponsored academies) and one had an Ofsted judgement of Special Measures (a sponsored academy who have not yet been inspected since conversion).

Financial Key Performance Indicators:

	2020	2019
Staff Costs / GAG Income	113%	111%
Staff Costs / Total Income (excluding balances on conversion)	84%	85%
Revenue Reserves / GAG Income	12%	11%
Current Assets less Current Liabilities	£8,836k	£6,683k
Current Ratio	3.17	2.56

Hamwic Education Trust

Trustees' Report

Going Concern

After making appropriate enquiries, the Board of Trustees 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.

Promoting the success of the company

The Board of Trustees undertake business in such a way that, in good faith, best promotes the success of the Trust in achieving its charitable purposes and in doing so, has regard (amongst other matters) to:

- The likely consequences of any decision in the long term
- The interests of the Trust's employees
- The need to foster the Trust's business relationships with suppliers, pupils, parents and others
- The impact of the Trust's operations on the community and the environment
- The desirability of the Trust in maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Trust

The above are all embedded in decision making from the Board of Trustees through the Trust.

Hamwic Education Trust

Trustees' Report

Financial Review

The majority of the Trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the Department for Education. In accordance with the Charity Statement of Recommended Practice, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August 2020 Hamwic Education Trust received total income of £59,640k (2019: £66,751k), of which £3,225k (2019: £14,086k) related to income transferred from local authorities on conversion. Of this sum £50,040k (2019: £46,248k) was received from the Department of Education via the Education & Skills Funding Agency in respect of its General Annual Grant, used for its day to day running costs, and other revenue grants. Other grants and income amounted to £6,375k (2019: £6,417k).

Costs for the year totalled £58,050k (2019: £55,923k).

The in-year surplus for the year ending 31 August 2020 was £1,590k (2019: £10,828k). This is inclusive of £3,225k (2019: £14,086k) of income transferred from local authorities on conversion.

After taking into account the actuarial assessed loss on the LGPS of £32,525k (2019: £24,308k), the Trust carried forward reserves of £96,644k (2019: £99,398k) as at 31 August 2020.

The Trust has considered the impact of COVID-19 on its financial position, which has negatively impacted some schools, for example, due to lost income from club and lettings income as well as additional costs that are not covered by the DfE. The Trust continues to be committed to ensuring that all schools remain financially sustainable over the coming years.

Hamwic Education Trust

Trustees' Report

Reserves Policy

The Trust is predominantly funded by grants from the Department for Education, the use of which is regulated by its funding agreement. The majority of these grants are used by the Trust in the accounting period for which they are given.

The Board of Trustees have approved a policy that states that individual schools within the Trust will hold no more than 8% of its general annual grant in revenue reserves. Where schools hold reserves in excess of this 8%, they have plans to utilise them on educational activities which will be spent over the next 2 years. The Board of Trustees have determined that the Trust shall hold no less than £2,500k in total revenue reserves.

All reserves policies are reviewed annually.

The level of free reserves held in the unrestricted fund at the period ended 31 August 2020 was £4,954k (2019: £4,384k). There were no restricted general funds (2019: £nil). Therefore, the net surplus held in reserves at the year ended 31 August 2020 was £4,954k (2019: £4,384k).

All reserves held by the Trust will be used to further the educational activities of the Trust.

Investment Policy

The Board of Trustees have approved an investment policy which is based on a risk-averse principle. Any funds above the approved minimum level are able to be placed with FCA registered institutions with high credit ratings only.

Hamwic Education Trust

Trustees' Report

Principal Risks and Uncertainties

The Board of Trustees have assessed the risks to which the Trust are exposed and have implemented actions to mitigate or eliminate them. The risk management process dictates that the Trust and all academies produce risk registers which are accompanied by a range of mitigation strategies (including ensuring policies are up to date and that relevant members of senior staff are assigned to own each risk).

The internal audit function of the Trust is designed to test that key risks have been identified and that mitigation strategies are in place and robust.

The major risks, which have been identified by the Board of Trustees and have mitigation strategies in place, are:

- Long term financial sustainability (including reductions in funding, student numbers, staffing costs, etc.)
- Financial fraud
- Educational performance
- Health and safety
- IT and disaster recovery
- Data/GDPR breaches
- Safeguarding
- Loss of key staff

Where appropriate there is adequate insurance cover in place to mitigate any residual risk.

The Trust has undertaken significant work to ensure that the risks associated with COVID-19 have been identified and managed. These risks are reviewed by the Board of Trustees on a regular basis. The Trust and all schools have completed comprehensive risk assessments relating to COVID-19 and school opening that are being followed by all key stakeholders.

Fundraising

As part of its work within the community, the Trust undertakes fundraising activities. The Trust raises funds in order to support its own operations and also to make donations to local and national charities. The Trust undertakes all such activities itself, with the help of its students and their families. In relation to fundraising, the Trustees confirm that:

- No unsolicited approaches are made to members of the public.
- No commercial participants are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the Trust during the year.

The Trust has seen its ability to fundraise limited due to the impact of COVID-19.

Hamwic Education Trust

Trustees' Report

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	3,061,071
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	86.10
Biomass	2.01
Owned transport – mini-buses	6.25
<u>Total scope 1</u>	94.36
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	550.74
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	18.85
<u>Total gross emissions in metric tonnes CO2e</u>	663.95
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.06
<u>Quantification and Reporting Methodology:-</u>	
• We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.	
<u>Intensity measurement</u>	
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.	
<u>Measures taken to improve energy efficiency</u>	
We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.	

Plans for Future Periods

The Trust had 31 schools as at 31 August 2020.

Opportunities for expanding the number of schools within Hamwic Education Trust within its current geographic boundaries will continue to be explored. The Trust currently has two schools in conversion.

Future plans for the Trust are focussed on raising standards, educational performance and Ofsted judgements for all academies and upgrading internal information management systems to continue to meet current and future requirements. In the shorter term, the Trust is focussing on ensuring that all students are receiving a full and good education during the COVID-19 difficulties. This includes planning for full attendance for students and staff and putting plans in place for remote learning in the event that it is required.

Hamwic Education Trust

Trustees' Report

Funds Held as Custodian Trustee on Behalf of Others

The Trust does not act as custodian Trustee on behalf of any others.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 9 December 2020 and signed on the board's behalf by:

D.H.Ellis
D.H.Ellis (Dec 16, 2020 11:08 GMT)

D Ellis
Chair of Trustees

Hamwic Education Trust

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Hamwic Education Trust 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 nine times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
D Ellis, Chairperson	9	9
P Bray	8	9
C Knox	8	9
R Leach	8	9
M Parsons	8	9
A Thould	9	9
A Wrighton	7	9

Following lockdown procedures, the Board of Trustees moved to more frequent virtual meetings in order to monitor the ever-changing situation.

Changes to the composition of the Board of Trustees occurred during the year as per the Trust's governance review.

Hamwic Education Trust

Governance Statement

Governance reviews:

Following the Trust's review of governance during the year ending 31 August 2019, a number of key actions were implemented during the year ending 31 August 2020, including:

- updating terms of references for the Board of Trustees and all committees to ensure that they reflect the operations of the trust
- updating the scheme of delegation so that it is reflective of the operations of the Trust
- reconstituting the governance and ethos committee and the partnership boards to focus on communication and collaboration
- creation of the standards committee to focus on school performance, school improvement, curriculum development and Ofsted
- split the finance and audit committee into two separate committees (finance committee and audit and risk committee)

During the year ending 31 August 2020, the number of Trustees increased from six to seven.

The scope of the Board of Trustees' work has further developed with even closer scrutiny of standards and performance carried out via the newly constituted standards committee. Trustees have also put in place a schedule of school visits to deepen their knowledge and understanding of the impact of Trust strategies.

The data which the Board of Trustees receive to inform thinking and decision making has been further strengthened to more clearly highlight areas of strength or concern.

During the course of the next 12 months, the Board of Trustees will seek to expand their numbers (following a resolution to increase the number of Trustees from eight to ten) and complete the next self-evaluation.

Finance Committee

The finance committee is a sub-committee of the Board of Trustees. It is composed of representation from the Board of Trustees. Its responsibilities include:

- Approving the financial strategy
- Approving budgets
- Financial monitoring and review

Attendance at meetings during the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
C Knox, Chairperson	4	4
P Bray	3	4
D Ellis	4	4

Hamwic Education Trust

Governance Statement

Audit and Risk Committee

The audit and risk committee is a sub-committee of the Board of Trustees. It is composed of representation from the Board of Trustees. Its responsibilities include:

- Internal controls and risk management
- Compliance, whistleblowing and fraud
- Internal audit
- External audit and statutory financial reporting

Due to the impact of COVID-19, the committee has formally met two times during the year. Attendance at meetings during the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
P Bray, Chairperson	1	2
D Ellis	2	2
C Knox	2	2
M Parsons	2	2

Review of Value for Money

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

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

- encouraging close working relationships with groups of schools to enable proactive support and challenge across the Trust.
- ensuring that educational outcomes and business functions have improved via the ongoing support of the managed services team.
- reviewing procurement across the Trust to ensure better value, economies of scale and better services.
- robust oversight of financial information and effective benchmarking (both local and national).

Hamwic Education Trust

Governance Statement

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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hamwic Education Trust for the period 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as internal auditor.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems. In particular the checks carried out include:

- a comprehensive review of financial planning across the Trust
- a review of the key assumptions used in financial planning

Hamwic Education Trust

Governance Statement

The Risk and Control Framework (continued)

On a regular basis, the internal auditor reports to the Board of Trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities and annually prepares an 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.

Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the Trust 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 and risk committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:

D.H.Ellis
D.H.Ellis (Dec 16, 2020 11:08 GMT)

D Ellis
Chair of Trustees

Robert Farmer
Robert Farmer (Dec 16, 2020 11:22 GMT)

R Farmer
Accounting Officer

Hamwic Education Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Hamwic Education Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

Robert Farmer

Robert Farmer (Dec 16, 2020 11:22 GMT)

R Farmer
Accounting Officer
9 December 2020

Hamwic Education Trust

Statement of Trustees' Responsibilities

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 in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:

D.H.Ellis
D.H.Ellis (Dec 16, 2020 11:08 GMT)

D Ellis
Chair of Trustees

Hamwic Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Hamwic Education Trust

Opinion

We have audited the financial statements of Hamwic Education Trust ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

- the 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Hamwic Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Hamwic Education Trust

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Hamwic Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Hamwic Education Trust

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of Independent Auditors.

Use of our report

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

RA Hurst

RA Hurst (Dec 17, 2020 12:33 GMT)

R Hurst FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 17/12/2020
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Hamwic Education Trust

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

In accordance with the terms of our engagement letter dated 1 September 2019 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 Hamwic Education Trust during the period 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 the Board of Trustees and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hamwic Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Hamwic Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Hamwic Education Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Hamwic Education Trust's funding agreement with the Secretary of State for Education dated 30 October 2018 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 period 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.

Hamwic Education Trust

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any ' minded to' letters or Financial Notices to Improve have been issued to the Trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the Trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the Trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Hamwic Education Trust

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

RA Hurst
RA Hurst (Dec 17, 2020 12:33 GMT)

R Hurst FCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

17/12/2020
Date

Hamwic Education Trust

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un-restricted funds £000	Restricted General Funds £000	Restricted Pension Funds £000	Restricted Fixed Asset Funds £000	2019/20 Total £000	2018/19 Total £000
Income and endowments from:							
Donations and capital grants	2	48	-	-	3,183	3,231	2,742
Transfer from local authority on conversion		64	-	(389)	3,550	3,225	14,086
Charitable activities:							
Funding for the academy trust's educational operations	3	-	51,350	-	-	51,350	47,383
Teaching schools	27	30	56	-	-	86	112
Other trading activities	4	1,082	651	-	-	1,733	2,419
Investments	5	15	-	-	-	15	9
Total		1,239	52,057	(389)	6,733	59,640	66,751
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	47	52,341	3,484	2,074	57,946	55,817
Teaching school	27	-	104	-	-	104	106
Total		47	52,445	3,484	2,074	58,050	55,923
Net income / (expenditure)		1,192	(388)	(3,873)	4,659	1,590	10,828
Transfers between funds	15	(622)	388	-	234	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	24	-	-	(4,344)	-	(4,344)	(6,066)
Net movement in funds		570	-	(8,217)	4,893	(2,754)	4,762
Reconciliation of funds							
Total funds brought forward		4,384	-	(24,308)	119,322	99,398	94,636
Total funds carried forward		4,954	-	(32,525)	124,215	96,644	99,398

The notes on pages 33 to 64 form part of these financial statements.

Hamwic Education Trust

Balance Sheet as at 31 August 2020

Company Number 10749662

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	12		120,333		117,023
Current assets					
Debtors	13	2,409		1,853	
Cash at bank and in hand		10,503		9,115	
		12,912		10,968	
Liabilities					
Creditors: Amounts falling due within one year	14	(4,076)		(4,285)	
Net current assets			8,836		6,683
Total assets less current liabilities			129,169		123,706
Defined benefit pension scheme liability	24		(32,525)		(24,308)
Total net assets			96,644		99,398
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	124,215		119,322	
Pension reserve	15	(32,525)		(24,308)	
Total restricted funds			91,690		95,014
Unrestricted income funds			4,954		4,384
Total funds			96,644		99,398

The financial statements on pages 30 to 64 were approved by the Trustees and authorised for issue on 9 December 2020 and are signed on their behalf by:

D.H.Ellis

D.H.Ellis (Dec 16, 2020 11:08 GMT)

D Ellis

Chair of Trustees

The notes on pages 33 to 64 form part of these financial statements.

Hamwic Education Trust

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(200)	1,748
Cash flows from investing activities			
	20	1,588	917
Change in cash and cash equivalents in the reporting period		1,388	2,665
Cash and cash equivalents at 1 September 2019		9,115	6,450
Cash and cash equivalents at 31 August 2020	21	10,503	9,115

Hamwic Education Trust

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.

Basis of Preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Trust and are rounded to the nearest £'000.

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 company 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- 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.

- Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital 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.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (continued)

- **Government Grants**

The following government grants have been received during the year:

Coronavirus exceptional support

The accrual model has been used to recognise the grant when it is received or becomes receivable, as there are no future related costs or performance conditions.

- **Other Income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

The conversion from a state maintained school to an Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Tangible Fixed Assets

Assets costing £3,000 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.

As described in note 12, the Trust occupies school land and buildings under supplementary agreements with the Diocese of Salisbury.

The Trustees have considered the license arrangements for each school's land and buildings in the context of the accounting requirement set out in the Academies Accounts Direct 2019 to 2020 and have determined that the conditions required to conclude that the Trust has control over one of the school's land and buildings are not met and consequently those land and buildings are not recognised in the financial statements. The license arrangements allow the Trust to occupy the land and buildings free of charge and no income or expenditure is recognised for the rent free occupation because the Trustees do not consider that a reliable measure of the amount the Trust would otherwise have to pay to secure the premises can be made.

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

Freehold Land and Buildings	50 years straight line on buildings; not provided on land
Leasehold Land and Buildings	50 years straight line on buildings; not provided on land
Furniture and Equipment	5 years straight line
Computer Equipment	5 years straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the Trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the Trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the Trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Liabilities

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

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

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

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

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

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions 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.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	2019/20 Total £000	2018/19 Total £000
Capital grants	-	3,183	3,183	2,667
Other donations	48	-	48	75
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2019</i>	75	2,667	2,742	

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £000	Restricted funds £000	2019/20 Total £000	2018/19 Total £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	42,313	42,313	40,147
Pupil Premium	-	3,442	3,442	3,400
Start Up Grants	-	25	25	145
Other DfE Group grants	-	4,174	4,174	2,444
Teaching School Grants	30	56	86	112
	30	50,010	50,040	46,248
Other government grants				
Local authority grants	-	1,265	1,265	1,247
Exceptional government funding				
Coronavirus exceptional support	-	131	131	-
	30	51,406	51,436	47,495
<i>Total 2019</i>	<i>66</i>	<i>47,429</i>	<i>47,495</i>	

The Trust has been eligible to claim additional funding in year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for Coronavirus exceptional support covers additional premises, cleaning, and FSM costs. These costs are included in the expenditure note below.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	2019/20 Total £000	2018/19 Total £000
Hire of facilities	147	-	147	213
Catering income	-	358	358	513
Shop income	17	-	17	22
Trip income	-	293	293	500
Club income	442	-	442	610
Consultancy income	34	-	34	99
Music income	51	-	51	67
Other income	391	-	391	395
	1,082	651	1,733	2,419
<i>Total 2019</i>	<i>1,406</i>	<i>1,013</i>	<i>2,419</i>	

5 Investment income

	Unrestricted funds £000	Restricted funds £000	2019/20 Total £000	2018/19 Total £000
Short term deposits	15	-	15	9
<i>Total 2019</i>	<i>9</i>	<i>-</i>	<i>9</i>	

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

6 Expenditure

	Staff costs £000	Non Pay Expenditure		Total 2019/20 £000	Total 2018/19 £000
		Premises £000	Other £000		
Academy's educational operations:					
Direct costs	35,989	-	2,446	38,435	36,298
Allocated support costs	11,557	4,376	3,578	19,511	19,519
Teaching School	74	-	30	104	106
	47,620	4,376	6,054	58,050	55,923
<i>Total 2019</i>	<i>44,737</i>	<i>4,420</i>	<i>6,766</i>	<i>55,923</i>	

Net income/(expenditure) for the period includes:

		2019/20 £000	2018/19 £000
Operating lease rentals		129	125
Depreciation		1,850	1,772
Fees payable to auditor for:			
Audit		53	59
Other services		7	5

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20	2018/19
	Total	Total
	£000	£000
Direct costs	38,539	36,404
Support costs	19,511	19,519
	58,050	55,923

Analysis of support costs:

	Educational operations £000	2019/20 Total £000	2018/19 Total £000
Support staff costs	11,557	11,557	11,217
Depreciation	1,850	1,850	1,772
Technology costs	492	492	494
Premises costs	2,526	2,526	2,648
Legal costs - conversion	27	27	104
Legal costs - other	5	5	1
Other support costs	2,968	2,968	3,194
Governance costs	86	86	89
Total support costs	19,511	19,511	19,519
<i>Total 2019</i>		19,519	19,519

Premises costs includes £224k (2019: £491k) in respect of expenditure on capital projects, which were funded by capital grants from the ESFA.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20 £000	2018/19 £000
Wages and salaries	33,665	32,084
Social security costs	3,017	2,867
Pension costs	<u>10,348</u>	8,996
	<u>47,030</u>	43,947
Agency staff costs	518	697
Staff restructuring costs	<u>72</u>	93
	<u>47,620</u>	44,737

Staff restructuring costs comprise:

Redundancy payments	39	23
Severance payments	33	65
Other restructuring costs	-	5
	<u>72</u>	93

b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £32,735 (2019: £65,330). Individually, the payments were: £9,000, £8,000, £7,190, £5,995, and £2,550.

c) Staff numbers

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

	2019/20 No.	2018/19 No.
Teachers	507	501
Administration and support	1,072	1,070
Management	<u>83</u>	70
	<u>1,662</u>	1,641

d) Higher paid staff

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

	2019/20 No.	2018/19 No.
£60,001 - £70,000	13	10
£70,001 - £80,000	9	8
£80,001 - £90,000	6	2
£90,001 - £100,000	2	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	2
£120,001 - £130,000	2	-
£150,001 - £160,000	-	1

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff (continued)

e) Key management personnel

The key management personnel of the Trust comprise 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 Trust was £481,703 (2019: £505,460).

9 Related Party Transactions – Trustees' remuneration and expenses

During the period ended 31 August 2020, no Trustees received any remuneration or other benefits (2019: none).

During the period ended 31 August 2020, expenses totalling £1,437 were reimbursed or paid directly to five Trustees (2019: £1,184 to four Trustees).

10 Trustees and officers insurance

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

11 Central Services

The Trust has provided the following central services to its academies during the year:

- Standards
- Human resources services
- Financial and legal services
- Educational support services
- Information technology services
- Health and safety services
- Facility management services
- Leadership and management services

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

11 Central Services (continued)

The Trust charges for these services on a flat percentage of GAG income (5% for secondary schools and 5.5% for all other schools). The actual amounts charged during the year were as follows:

	2019/20 £000	2018/19 £000
Bearwood Primary & Nursery School	44	44
Beechwood Junior School	86	81
Beechwood Teaching School	2	2
Bishop Aldhelm's C of E Primary School	114	113
Gatcombe Park Primary School	46	44
Glenfield Infant School	59	58
Hamwic SCITT	2	2
Hamworthy Park Junior School	98	92
Harefield Primary School	90	88
Henbury View First School	18	-
Hollybrook Infant School	38	39
Hollybrook Junior School	47	48
Livingstone Road Infant School	59	61
Livingstone Road Junior School	57	58
Ludlow Infant Academy	59	58
Lytchett Matravers Primary School	80	65
Shirley Infant School	57	55
Shirley Junior School	72	70
Sholing Infant School	57	56
Sholing Junior School	76	67
Southampton Children's Hospital School	31	31
Springdale First School	57	56
Talbot Primary School	118	116
Thornhill Primary School	100	95
Townhill Infant School	59	58
Twin Sails Infant & Nursery School	67	70
Upper Shirley High School	232	223
Upton Infant School	54	43
Upton Junior School	75	60
Weston Park Primary School	121	134
Weston Shore Infant School	26	7
Westover Primary School	70	73
Wordsworth Primary School	136	122
	<hr/> 2,307	<hr/> 2,189

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

12 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets Under Con- struction £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost						
At 1 September 2019	33,386	85,539	283	358	678	120,244
On conversion	-	3,550	-	-	-	3,550
Acquisitions	118	394	897	59	142	1,610
Reclassifications	-	553	(553)	-	-	-
At 31 August 2020	33,504	90,036	627	417	820	125,404
Depreciation						
At 1 September 2019	751	2,020	-	131	319	3,221
Charged in year	468	1,163	-	76	143	1,850
At 31 August 2020	1,219	3,183	-	207	462	5,071
Net book values						
At 31 August 2019	32,635	83,519	283	227	359	117,023
At 31 August 2020	32,285	86,853	627	210	358	120,333

In addition to the land and buildings disclosed above, the Trust has also entered into a supplementary agreement with a notice period of two years with the Diocese of Salisbury who are the legal owners of the land and buildings of Bishop Aldhelm's C of E Primary School. These land and buildings were valued by an unconnected firm of chartered surveyors on the 3 August 2017 at £6,000k.

13 Debtors

	2019/20 £000	2018/19 £000
Trade debtors	56	61
VAT recoverable	269	261
Other debtors	1,363	895
Prepayments and accrued income	721	636
	2,409	1,853

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

14 Creditors: amounts falling due within one year

	2019/20 £000	2018/19 £000
Trade creditors	599	794
Other taxation and social security	723	707
Other creditors falling due within one year	841	1,105
Accruals and deferred income	<u>1,913</u>	<u>1,679</u>
	<u>4,076</u>	<u>4,285</u>

	2019/20 £000	2018/19 £000
Deferred income at 1 September 2019	1,056	1,093
Released from previous years	(1,056)	(1,093)
Resources deferred in the year	<u>1,249</u>	<u>1,056</u>
Deferred income at 31 August 2020	<u>1,249</u>	<u>1,056</u>

Deferred income represents amounts received for Universal Infant Free School Meals, Special Educational Needs, trip income, and other grants which are in respect of the forthcoming year.

Included in accruals is a Salix loan of £9k (2019: £11k).

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds

	Balance at 1 September					Balance at 31 August
	2019 £000	Income £000	Expenditure £000	Transfers £000	Gains and losses £000	2020 £000
Restricted general funds						
General Annual Grant (GAG)	-	42,313	(42,653)	340	-	-
Pupil Premium	-	3,442	(3,442)	-	-	-
Start up grants	-	25	(25)	-	-	-
Other DfE/ESFA grants	-	4,174	(4,174)	-	-	-
Other government grants	-	1,396	(1,396)	-	-	-
Teaching School	-	56	(104)	48	-	-
Other educational activities	-	651	(651)	-	-	-
	-	52,057	(52,445)	388	-	-
Pension reserve	(24,308)	(389)	(3,484)	-	(4,344)	(32,525)
	(24,308)	51,668	(55,929)	388	(4,344)	(32,525)
Restricted fixed asset funds						
Fixed asset fund	117,023	3,550	(1,850)	1,610	-	120,333
ESFA capital grants	2,223	2,674	(220)	(867)	-	3,810
Other capital grants	76	509	(4)	(509)	-	72
	119,322	6,733	(2,074)	234	-	124,215
Total restricted funds	95,014	58,401	(58,003)	622	(4,344)	91,690
Total unrestricted funds	4,384	1,239	(47)	(622)	-	4,954
Total funds	99,398	59,640	(58,050)	-	(4,344)	96,644

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the Trust. It includes the school budget share; minimum funding guarantee; rates; and pre-16 high needs funding streams.

Start up grant

This is funding received from the DfE to cover the one-off expenses associated with conversion to academy status.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Teaching School

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/ESFA for this purpose.

Other government grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding, and additional funding received from government support schemes in response to the Coronavirus outbreak.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the Trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the schools on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

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

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2019/20 £000	2018/19 £000
Bearwood Primary & Nursery School	32	38
Beechwood Junior School	1	(27)
Beechwood Teaching School	(17)	1
Bishop Aldhelm's C of E Primary School	291	356
Gatcombe Park Primary School	55	42
Glenfield Infant School	12	5
Hamwic SCITT	28	7
Hamwic Teaching School	-	81
Hamworthy Park Junior School	140	137
Harefield Primary School	515	573
Henbury View First School	17	-
Hollybrook Infant School	90	112
Hollybrook Junior School	(64)	(35)
Jefferys Education Partnership	36	85
Livingstone Road Infant School	64	127
Livingstone Road Junior School	63	52
Ludlow Infant Academy	(34)	30
Lytchett Matravers Primary School	60	67
Shirley Infant School	194	111
Shirley Junior School	48	40
Sholing Infant School	144	141
Sholing Junior School	300	276
Southampton Children's Hospital School	143	217
Springdale First School	40	32
Talbot Primary School	177	254
Thornhill Primary School	335	275
Townhill Infant School	93	52
Twin Sails Infant & Nursery School	98	32
Upper Shirley High School	577	433
Upton Infant School	85	86
Upton Junior School	134	132
Weston Park Primary School	167	99
Weston Shore Infant School	54	49
Westover Primary School	9	(17)
Wordsworth Primary School	397	174
Central services	<u>670</u>	<u>347</u>
Total before fixed assets and pension reserve	<u>4,954</u>	<u>4,384</u>
Restricted fixed asset fund	<u>124,215</u>	<u>119,322</u>
Pension reserve	<u>(32,525)</u>	<u>(24,308)</u>
Total	<u>96,644</u>	<u>99,398</u>

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

The following academies are carrying a net deficit on their portion of the funds as follows:

	£000
Beechwood Teaching School	17
Hollybrook Junior School	64
Ludlow Infant Academy	<u>34</u>

The Trust is taking the following actions to return the academies to a surplus position:

Beechwood Teaching School is in a deficit position due to the impact of COVID-19 on the ability to offer courses and school improvement services. The plan for the next 24 months is for Beechwood Teaching School to return to a surplus position.

Hollybrook Junior School is in a deficit position due to the investment required to facilitate school improvement during a period of low pupil numbers. The school has developed a medium term budget that returns to a surplus position over the next 24 months as pupil numbers have increased.

Ludlow Infant Academy is in a deficit position due to the combined impact of lost income due to COVID-19 and the significant increase in pupils entering the school requiring additional support, which have not attracted funding. The school is reviewing its structures to ensure that it is able to support all pupils and is planning to return to a surplus position over the next 24 months.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support		Other		Other Costs		2019/20	2018/19
	Staff Costs	£000	Support Staff costs	£000	Educational Supplies	£000	(excl. depreciation)	
							£000	
Bearwood Primary & Nursery	683	202		51	112	1,048	1,050	
Beechwood Junior School	1,377	312		119	192	2,000	1,952	
Beechwood Teaching School	70	6		13	16	105	106	
Bishop Aldhelm's CE Primary	1,867	448		126	223	2,664	2,603	
Gatcombe Park Primary School	691	170		74	115	1,050	1,040	
Glenfield Infant School	892	252		46	176	1,366	1,402	
Hamwic SCITT	15	6		19	4	44	66	
Hamwic Teaching School	65	-		-	15	80	1	
Hamworthy Park Junior School	1,539	287		69	238	2,133	2,115	
Harefield Primary School	1,468	355		83	282	2,188	2,230	
Henbury View First School	335	57		10	74	476	-	
Hollybrook Infant School	584	176		30	128	918	920	
Hollybrook Junior School	690	226		49	140	1,105	1,072	
Jefferys Education Partnership	25	-		-	2	27	43	
Livingstone Road Infant School	935	246		50	161	1,392	1,558	
Livingstone Road Junior School	822	272		63	150	1,307	1,355	
Ludlow Infant Academy	1,013	287		37	151	1,488	1,528	
Lytchett Matravers Primary	1,247	217		86	191	1,741	1,460	
Shirley Infant School	830	202		27	134	1,193	1,212	
Shirley Junior School	1,050	270		99	161	1,580	1,587	
Sholing Infant School	871	257		55	161	1,344	1,288	
Sholing Junior School	1,120	267		104	208	1,699	1,685	
So'ton Children's Hospital Sch.	579	64		12	21	676	668	
Springdale First School	864	235		44	150	1,293	1,293	
Talbot Primary School	2,032	423		124	270	2,849	2,806	
Thornhill Primary School	1,540	310		110	252	2,212	2,275	
Townhill Infant School	906	270		38	140	1,354	1,401	
Twin Sails Infant & Nursery	1,185	242		29	222	1,678	1,814	
Upper Shirley High School	3,320	1,090		314	628	5,352	5,018	
Upton Infant School	931	216		45	127	1,319	1,125	
Upton Junior School	1,212	239		89	115	1,655	1,322	
Weston Park Primary School	2,012	438		104	285	2,839	3,225	
Weston Shore Infant School	380	129		26	69	604	168	
Westover Primary School	1,086	237		60	173	1,556	1,650	
Wordsworth Primary School	2,116	396		170	287	2,969	2,979	
Central services	(289)	2,753		80	352	2,896	2,134	
	36,063	11,557		2,455	6,125	56,200	54,151	

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

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

	Balance at 1 September		Gains and losses			Balance at 31 August
	2018 £000	Income £000	Expenditure £000	Transfers £000	losses £000	2019 £000
Restricted general funds						
General Annual Grant (GAG)	-	40,147	(41,645)	1,498	-	-
Pupil Premium	-	3,400	(3,400)	-	-	-
Start up grants	70	145	(215)	-	-	-
Other DfE/ESFA grants	-	2,444	(2,444)	-	-	-
Other government grants	-	1,247	(1,247)	-	-	-
Teaching School	-	46	(106)	60	-	-
SCITT	14	-	(62)	48	-	-
Other educational activities	-	1,013	(1,013)	-	-	-
	84	48,442	(50,132)	1,606	-	-
Pension reserve	(12,855)	(1,896)	(3,491)	-	(6,066)	(24,308)
	(12,771)	46,546	(53,623)	1,606	(6,066)	(24,308)
Restricted fixed asset funds						
Fixed asset fund	101,401	15,635	(1,772)	1,759	-	117,023
ESFA capital grants	1,690	2,567	(467)	(1,567)	-	2,223
Other capital grants	-	100	(24)	-	-	76
	103,091	18,302	(2,263)	192	-	119,322
Total restricted funds	90,320	64,848	(55,886)	1,798	(6,066)	95,014
Total unrestricted funds	4,316	1,903	(37)	(1,798)	-	4,384
Total funds	94,636	66,751	(55,923)	-	(6,066)	99,398

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Analysis of net assets between funds

	Un-restricted funds £000	Restricted general funds £000	Restricted pension funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	-	120,333	120,333
Current assets	4,954	4,076	-	3,882	12,912
Current liabilities	-	(4,076)	-	-	(4,076)
Pension scheme liability	-	-	(32,525)	-	(32,525)
Total net assets	4,954	-	(32,525)	124,215	96,644

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

	Un-restricted funds £000	Restricted general funds £000	Restricted pension funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	-	117,023	117,023
Current assets	4,384	4,285	-	2,299	10,968
Current liabilities	-	(4,285)	-	-	(4,285)
Pension scheme liability	-	-	(24,308)	-	(24,308)
Total net assets	4,384	-	(24,308)	119,322	99,398

17 Capital commitments

	2019/20 £000	2018/19 £000
Contracted for, but not provided in the financial statements	1,800	115

18 Commitments under operating leases

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20 £000	2018/19 £000
Amounts due within one year	87	114
Amounts due between one and five years	53	93
Total	140	207

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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

	2019/20 £000	2018/19 £000
Net income for the reporting period	1,590	10,828
Adjusted for:		
Depreciation	1,850	1,772
Capital grants from DfE and other capital income	(3,183)	(2,667)
Interest receivable	(15)	(9)
Defined benefit pension scheme cost less contributions payable	3,038	3,128
Defined benefit pension scheme finance cost	446	363
Transfer from local authority on conversion	(3,225)	(14,086)
Cash transferred on conversion	64	347
(Increase) / decrease in debtors	(556)	1,822
(Decrease) / increase in creditors	(209)	250
Net cash (used in) / provided by Operating Activities	<u>(200)</u>	<u>1,748</u>

20 Cash flows from investing activities

	2019/20 £000	2018/19 £000
Dividends, interest and rents from investments	15	9
Purchase of tangible fixed assets	(1,610)	(1,759)
Capital grants from DfE Group	3,183	2,667
Net cash provided by investing activities	<u>1,588</u>	<u>917</u>

21 Analysis of cash and cash equivalents

	2019/20 £000	2018/19 £000
Cash at bank and in hand	<u>10,503</u>	<u>9,115</u>

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

22 Analysis of changes in net debt

	At 1 September 2019	Cash flows £000	Acquisition/ disposal of subsidiaries £000	New finance leases £000	Other non-cash changes £000	At 31 August 2020
Cash	9,115	1,388	-	-	-	10,503
Total	9,115	1,388	-	-	-	10,503

23 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.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council and Dorset 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 2016.

Contributions amounting to £805k were payable to the schemes at 31 August 2020 (2019: £679k) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.
- 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 period amounted to £4,240k (2019: £2,955k).

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

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (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 as follows:

	2020 £000	2019 £000
Employer's contributions	2,580	2,468
Employees' contributions	751	695
	<hr/>	<hr/>
	3,331	3,163

The agreed contribution rates for future years are 18.9% to 22.0% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	Dorset County Pension			
	Fund	Hampshire Pension Fund		
	2020	2019	2020	2019
Rate of increase in salaries	3.25%	3.65%	3.20%	3.50%
Rate of increase for pensions in payment/inflation	2.25%	2.15%	2.20%	2.00%
Discount rate for scheme liabilities	1.60%	1.90%	1.70%	1.90%
Inflation assumption (CPI)	2.25%	2.15%	2.20%	2.00%

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

	Dorset County Pension			
	Fund	Hampshire Pension Fund		
	2020	2019	2020	2019
<i>Retiring today</i>				
Males	23.3	22.9	23.0	23.1
Females	24.8	24.8	25.5	25.8
<i>Retiring in 20 years</i>				
Males	24.7	24.6	24.7	24.7
Females	26.2	26.6	27.2	27.6

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Sensitivity analysis	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£000	£000
Discount rate +0.1%	(1,596)	(1,322)
Discount rate -0.1%	1,650	1,358
Mortality assumption – 1 year increase	2,214	1,729
Mortality assumption – 1 year decrease	(2,185)	(1,697)

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

	2020	2019
	£000	£000
Equities	16,366	15,479
Property	2,112	2,152
Government bonds	5,122	4,955
Corporate bonds	677	-
Cash	426	596
Other	4,940	3,705
Total market value of assets	29,643	26,887

The actual return on scheme assets was -£283 (2019: £1,611).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£000	£000
Current service cost	5,618	4,214
Past service cost	-	1,382
Interest income	(536)	(633)
Interest cost	982	996
Total amount recognised in the SOFA	6,064	5,959

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

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

	2019/20 £000	2018/19 £000
At 1 September	51,195	33,199
Conversion of academy trusts	655	3,733
Current service cost	5,618	4,214
Interest cost	982	996
Employee contributions	751	695
Actuarial loss	3,525	7,044
Benefits paid	(558)	(68)
Past service cost	-	1,382
At 31 August	62,168	51,195

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

	2019/20 £000	2018/19 £000
At 1 September	26,887	20,344
Conversion of academy trusts	266	1,837
Interest income	536	633
Actuarial (loss) / gain	(819)	978
Employer contributions	2,580	2,468
Employee contributions	751	695
Benefits paid	(558)	(68)
At 31 August	29,643	26,887

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

25 Related party transactions

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

Expenditure Related Party Transactions:

R Leach - Trustee

- The Trust purchased head teacher coaching services from R Leach totalling £1k (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil). R Leach commenced these services prior to becoming a Trustee and this transaction was in respect of the completion of the work.
- The Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which R Leach neither participated in, nor influenced.
- In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2019.

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

26 Conversion of academies into the academy trust

On 1 February 2020 Henbury View First School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Dorset County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Un- restricted funds £000	Restricted general funds £000	Restricted pension funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets					
Leasehold Land and Buildings				3,550	3,550
Current assets					
Cash - representing budget surplus on local authority funds	64				64
Pension scheme liability	-	-	(389)	-	(389)
Net assets/(liabilities)	64	-	(389)	3,550	3,225

Hamwic Education Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

27 Teaching school trading account

	2019/20 £000	2019/20 £000	2018/19 £000	2018/19 £000
Income				
Direct Income	56		46	
Other income	30		66	
Total Income		<u>86</u>		112
Expenditure				
Direct staff costs	70		68	
Other direct costs	13		16	
Total direct costs		<u>83</u>		84
Other costs				
Support staff costs	4		3	
Other support costs	17		19	
Total other costs		<u>21</u>		22
Total Expenditure		104		106
Transfers between funds excluding depreciation		<u>(106)</u>		60
Surplus/(Deficit) from all sources		(124)		66
Teaching school balances at 1 September 2019		<u>107</u>		41
Teaching school balances at 31 August 2020		<u>(17)</u>		107