

Company Registration No. 08104539 (England and Wales)

**HOCKLEY HEATH ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**



# **HOCKLEY HEATH ACADEMY TRUST**

## **CONTENTS**

---

	<b>Page</b>
Reference and administrative details	1
Trustees' report	2 - 7
Governance statement	8 - 10
Statement on regularity, propriety and compliance	11
Statement of trustees' responsibilities	12
Independent auditor's report on the accounts	13 - 15
Independent reporting accountant's report on regularity	16 - 17
Statement of financial activities including income and expenditure account	18 - 19
Balance sheet	20
Statement of cash flows	21
Notes to the accounts including accounting policies	22 - 39

---

# HOCKLEY HEATH ACADEMY TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members

Mrs R Gabriel (Resigned 31/08/2021)  
Mr G Campbell  
Mrs C Ridout (Resigned 26/06/2021)  
Mr J Ward (Appointed 15/07/2021)  
Ms R Dinn-Carlton (Appointed 15/7/2021)

### Trustees

Mr G Campbell  
Mr R Whitehead  
Ms C Ridout (Resigned 28 June 2021)  
Mrs C Bond  
Ms L Porter (Principal)  
Mrs R Gabriel (Principal) (Resigned 5 May 2021)  
Mr R Keates  
Mr J Ward (Resigned 28 June 2021)  
Ms R Dinn-Carlton (Resigned 12 July 2021)  
Mrs J Ladbrook (Appointed 11 June 2021)  
Mrs L Baker (Appointed 11 June 2021)

### Senior management team

- Principal	Mrs R Gabriel (Resigned 31 August 2021)
- Principal	Miss L Porter
- School Business Manager	Miss N Gaday (Resigned 12 February 2021)
- Phase Leader Years 3-6	Mrs J Allen
- Phase Leader Early Years and Years 1-2	Miss L Porter
- CFO	Miss Z Grant (Appointed 28 April 2021 & Resigned 27 July 2021)
- CFO	Mr S Mitchell (Appointed 28 July 2021)

### Company registration number

08104539 (England and Wales)

### Registered office

School Road  
Hockley Heath  
Solihull  
West Midlands  
B94 6RA

### Independent auditor

Jerroms  
Lumaneri House  
Blythe Gate  
Blythe Valley Park  
Solihull  
West Midlands  
B90 8AH

### Bankers

Lloyds TSB Plc  
Specialist Operations, Audit Team  
1st Floor, Ettrick House  
PO Box 1000  
BX1 1LT

# HOCKLEY HEATH ACADEMY TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

---

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, governance and management**

##### Constitution

The academy 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 academy trust.

The trustees of Hockley Heath Academy Trust are also the directors of the charitable company for the purposes of company law. 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

There are no qualifying third party indemnity provisions in place.

##### Principal Activities

The Academy Trust's principal activities are specifically restricted to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a primary school and nursery offering a broad and balanced curriculum.

##### Method of recruitment and appointment or election of trustees

The Academy Trust members may appoint one of the trustees/directors/governors. Between two and four trustees are elected as parent governors and two trustees are elected as staff governors. Further governors may be co-opted by the Governing Body and the Secretary of State may appoint additional governors. The Principal shall be treated as being an ex-officio governor. The appointment of governors shall be such that the total number of governors who are employees of the Academy Trust shall not exceed one third of the total number of governors.

New governors are appointed, from within the community, as vacancies arise and with reference to the individual skills matrix requirement of the Governing Body.

##### Policies and procedures adopted for the induction and training of trustees

The Curriculum and Standards Committee reviews and approves the training requirements of trustees on an annual basis. This will include induction training for new trustees, and additional training for groups of trustees on selected topics as deemed necessary by the governors, bearing in mind skills available and skills required by the governing body.

The governing body arranges for the election of parent and staff representatives when vacancies arise, and approves the appointment of community governors from within the Hockley Heath community. The current and future skills requirements of the governing body together with the skills and abilities of suitable candidates are taken into account as part of this process.

# HOCKLEY HEATH ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### Organisational structure

At the start of each Academic year the Governing Body meets and reviews the terms of reference and composition of two subsidiary committees: The Curriculum and Standards Committee, and the Resources Committee. Trustees are appointed to these committees according to their individual skills, experience and organisational need.

Both the full governing body and the two main subcommittees meet at least once per term. The Governors approve the procedures by which the school works to ensure they are compliant with the Academies Financial Handbook. For example, the governing body will appoint the auditors and the Responsible Officer and approve the annual budget and accounts, whereas the Resources Committee will receive and consider the regular budget-monitoring reports from the Business Manager and the termly reports from the Responsible Officer. The Principal is the Accounting Officer and will work with the Business Manager to keep the governing body and committees fully informed on financial matters.

The Curriculum and Standards Committee receives reports from staff about the regular school self-evaluations at the school. It also reviews the results and challenges the school on the assessment, attainment and progress of all pupils. Particular regard is given to those in receipt of pupil premium, to ensure that all pupils achieve to the best of their abilities.

All trustees are expected to attend the school during the working day to ensure they have a good depth of understanding and scrutiny of those areas for which they are responsible.

### Arrangements for setting pay and remuneration of key management personnel

No Academy Trustees are remunerated, other than the Ex Officio Principal and the nominated Staff Governors. The Senior Leadership Team comprises the Principal, the Vice-Principal (and KS1 lead), the School Business Manager, the Phase Leader for Years 3-6, the English and Science Lead and the Early Years lead. A performance management review of each individual takes place annually. The Principal's Performance Review is carried out by a panel comprising three trustees and an external consultant. Targets are set annually and pay progression is judged against achieving these targets, together with overall performance during the year. A similar process is undertaken by the Principal in the Performance Management of the Vice-Principal. A summary of the Performance Management Reviews is reported to the Resources Committee, together with recommendations for progressions in the relevant pay scales. The Resources Committee considers and approves or challenges the information as appropriate. The relevant pay scales are those adopted nationally for teaching staff and locally for support staff.

It is noted here that the former Principal resigned during the year and her employment ceased on 31 August 2021. The new Principal was appointed by the Trustees, and the remuneration was reviewed in light of the appointment, commensurate with market conditions, and the position of the academy.

### Related parties and other connected charities and organisations

#### **Objectives and activities**

##### Objects and aims

Hockley Heath Academy Trust has established and is managing and developing a primary school and nursery offering a broad and balanced curriculum according to the Memorandum and Articles of Association of the Trust and the Funding Agreement.

The principal aim of the Trust is to support the school in creating a caring, stimulating and happy environment in which each child will experience a broad and balanced curriculum, developing positive attitudes and acquiring a sense of achievement, self-confidence and self-discipline.

# **HOCKLEY HEATH ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

---

#### Objectives, strategies and activities

##### Activities

The principal activities in the year have been:

- Use Pupil Premium funding to improve outcomes for relevant children
- Ensure teaching and learning is at the highest level
- Continued development of safeguarding procedures
- Apply for CIF funding to improve peripheral fencing
- Robust self-evaluation focusing on teaching and learning and pupil progress
- School remained open for key workers during national lockdown
- Measures put in place so that school could reopen safely for all pupils and staff in September

During the year the Academy has also continued to address the recovery actions put in place from the previous year which has required a cash advance from the ESFA to support liquidity. Trustees have taken appropriate action and a suitable recovery plan is now in place, with the academy meeting its revised financial budgets, and able to pay the funds back to the public purse in line with projections. The Trustees have also chosen Tudor Grange Academy Trust (TGAT) for the Academy to join, and it is anticipated that the Academy will become part of TGAT on 1 January 2022.

#### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

### **Strategic report**

#### **Achievements and performance**

The Academy, all of our governors, and all of our staff are resolutely focused on providing an outstanding education for the children in our care. The Trustees are proud of the work carried out during the year, particularly notwithstanding the impact from the pandemic, which has seen national lockdowns, and bubble closures at several points, and disruptions to the normal manner of school activities.

We remained open throughout the lockdown and welcomed back children as soon as possible. Remote Learning continued for those children who were unable to attend. All staff worked through this time to ensure that as many children as possible could attend the school in line with national guidance.

#### Key performance indicators

##### Data

On Wednesday 18th March 2020, the Secretary of State for Education announced that the 2019/20 national curriculum assessments would not take place due to the coronavirus (COVID-19) pandemic. This meant that the following assessments were cancelled:

- End of key stage 1 and 2 assessments (including tests and teacher assessment)
- Phonic screening check (year 1 pupils and year 2 retakes)
- Multiplication tables check (year 4)
- Early Years Foundation Stage assessments

The same assessments were also cancelled for the 2020-21 academic year.

Internal data for the Autumn term showed that 85% or more of our pupils were age related or above for reading, writing and maths and 83% or more were on track to make at least expected progress.

# HOCKLEY HEATH ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### Going concern

The Trustees are mindful of the financial challenges the Academy Trust faces at this point, and the fact that the financial position had deteriorated in the 2020/21 financial year, to an extent that the Trust needed to secure emergency funding from the Education and Skills Funding Agency (ESFA) in order to meet our short term liabilities.

The Board have taken appropriate action, and secured support, as well as reached an agreement with the ESFA for provision of a repayable advance of funds to cover the working capital required. Changes to staffing structures, and therefore the cost base, have taken place and Trustees are confident that the agreed action plan with the ESFA can be fully delivered, and the Trust can remain as a financial going concern.

On the basis of the support received from the ESFA the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the board of trustees continues to adopt the going concern basis in preparing the accounts.

Furthermore, the Trustees have during the year decided to join Tudor Grange Academies Trust with effect from 1 January 2022. Informal collaboration has been taking place during the year and trustees are delighted with the support they have been receiving and believe this move to be in the best interests of our children's education.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

### **Financial review**

Most of the Academy's income is obtained from the DfE by way of the Education Skills Funding Agency (ESFA) in the form of recurring grants, the use of which is restricted to particular purposes.

The grants received from the DfE during the year ending 31st August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The balance of revenue reserves will be used by the academy in two ways:

to cover any unplanned or unexpected expenditure in the annual school budget.

to build funds to meet future capital requirements associated with the asset management of the Academy.

### Reserves policy

The total value of unrestricted funds is negative (£55,236).

Disclosure of funds in deficit is also included in the Funds Note in the financial statements (note 15).

### Investment policy

It is the governors' intention that cash reserves are invested in short or medium term deposit accounts at Lloyds Bank. This policy has been adopted by the Governing Body as a low risk, easy cash access strategy which suits the Academy's finances and business management. No alternative investment strategies have been considered.

# **HOCKLEY HEATH ACADEMY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

---

### Principal risks and uncertainties

The governors have responsibility to assess the strategic risks to which the Academy is exposed, and conduct an annual systematic analysis of all risks to produce a risk management register.

The governors have implemented a number of systems to assess risks that the Academy faces, especially in the strategic risk areas and in relation to financial control. They have introduced systems, including operational procedures and internal financial controls, to minimise the level of risk.

The Academy has an effective system of internal financial controls that is explained in more detail elsewhere in this report.

The governors consider that the principal risks and uncertainties facing the Academy are:

Meeting and exceeding the required standards of education for its pupils.

Complying with all legislative requirements regarding child protection, employment law, data protection, discrimination, and the rules and regulations and legal requirements of Companies House, HMRC, the Charity Commission and the National Curriculum.

Financial risks - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity, or financial commitments made without adequate authorisation. The Board of Directors recognise the current financial challenges of the Trust as a material concern.

Operational risks resulting from inexperienced or inappropriate staff being employed and the use of inaccurate, out of date or inappropriate information.

The key controls used by the academy include:

Detailed terms of reference for all committees.

Formal agendas and minutes for the academy board, governing body, and committees

Schemes of delegation and formal financial controls and regulations

Formal written policies approved by the governing body or relevant committee.

Clear authorisation and approval levels.

Policies and procedures required by law to protect the vulnerable.

### **Fundraising**

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



# HOCKLEY HEATH ACADEMY TRUST

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### Plans for future periods

The governing body expects the now embedded systems of monitoring and assessment to support continued improvements in the quality of teaching and learning and as such the positive benefits for children who attend our school. As a requirement of the emergency funding to be received the governing body have considered future strategic options and decided to join the Tudor Grange Academies Trust

Specific plans are:

Become a full participatory member of the Tudor Grange Academies Trust

Ensure that the educational delivery to our children is of the highest standard

Invest in the development of our staff

Maximise use of the Catch Up fund to ensure children close the gap following the disruption to the last academic years.

Review all contracts to ensure best value for money

### Auditor

In so far as the trustees are aware:

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

A resolution proposing that Jerroms be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 09 December 2021 and signed on its behalf by:



Mr G Campbell



Ms L Porter (Principal)

# HOCKLEY HEATH ACADEMY TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Hockley Heath Academy 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 principal, 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 Hockley Heath Academy 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mr G Campbell	5	7
Mr R Whitehead	6	7
Ms C Ridout (Resigned 28 June 2021)	5	6
Mrs C Bond	7	7
Ms L Porter (Principal)	7	7
Mrs R Gabriel (Principal) (Resigned 5 May 2021)	0	7
Mr R Keates	7	7
Mr J Ward (Resigned 28 June 2021)	3	6
Ms R Dinn-Carlton (Resigned 12 July 2021)	3	6
Mrs J Ladbrook (Appointed 11 June 2021)	1	1
Mrs L Baker (Appointed 11 June 2021)	1	1

### Review of value for money

As accounting officer the Principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing the deployment of all teaching staff and teaching assistants, and implementing changes as appropriate, to provide the most effective means of delivering curriculum expectations.
- Reviewing non-teaching time against the 10% PPA allowance to ensure that this is equitable across all teaching staff. This has allowed for regular leadership time and additional intervention groups at no incremental cost.
- Re-deploying staff within the Before and After School Club to ensure a much better quality of provision and consistency of approach.
- Reviewing the charges for extra-curricular provision, and updating as appropriate.

# **HOCKLEY HEATH ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### **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 Hockley Heath Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance & Buildings 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;
- identification and management of risks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

During the year there were issues with internal controls as detailed in the trustees report, leading to emergency funding being obtained from the ESFA to support cash flow. The internal scrutiny work was therefore completed from 1 May 2021 onwards where new systems were in place. The points raised are being implemented by management.

### **Review of effectiveness**

As accounting officer the principal 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 peer reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

# **HOCKLEY HEATH ACADEMY TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

---

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

Approved by order of the board of trustees on 09 December 2021 and signed on its behalf by:



Mr G Campbell



Ms L Porter (Principal)

# HOCKLEY HEATH ACADEMY TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2021

---

As accounting officer of Hockley Heath Academy Trust, I have considered my responsibility to notify the academy 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

### Financial issues

- The academy trust failed to ensure oversight and management of financial decisions, leading to a deteriorated financial position
- The academy trust failed to submit financial returns to the ESFA on time
- The academy trust failed to have robust processes in place to manage financial risk
- The academy trust failed to include all mandatory financial information on the trust's website on time
- The academy trust failed to have a permanent chief financial officer in place between February 2021 and April 2021
- The academy trust failed to produce monthly management accounts to a satisfactory standard throughout 2020/21

The issues above related to the period before May 2021, from thereon new procedures were implemented by the trustees.



Ms L Porter (Principal)  
Accounting Officer

09 December 2021

# HOCKLEY HEATH ACADEMY TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

The trustees (who are also the directors of Hockley Heath Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 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 accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, 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 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 09 December 2021 and signed on its behalf by:



Mr G Campbell



Ms L Porter (Principal)

# **HOCKLEY HEATH ACADEMY TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOCKLEY HEATH ACADEMY TRUST**

***FOR THE YEAR ENDED 31 AUGUST 2021***

---

### **Opinion**

We have audited the accounts of Hockley Heath Academy Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 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 prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

### **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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 draw attention to note 1 in the financial statements, which indicates that the accounts have not been prepared on the going concern basis. As stated in note 1, the Hockley Heath Academy is due to join a Multi Academy Trust on 1 January 2022 (within 12 months of the date of authorisation of the accounts) and therefore the going concern basis is not appropriate. Our opinion is not modified in respect of this matter.

### **Other information**

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

# HOCKLEY HEATH ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOCKLEY HEATH ACADEMY TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the accounts**

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

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

As part of our planning process:

- We enquired of management the systems and controls the academy has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The academy did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the academy.
- We considered the incentives and opportunities that exist in the academy, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the academy, together with the discussions held with the academy at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.



# HOCKLEY HEATH ACADEMY TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOCKLEY HEATH ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

---

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to gifts in kind
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted and restricted funds.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the academy board minutes for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the academy.

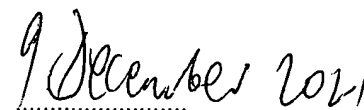
A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

  
Mr Richard Alan Horton FCCA (Senior Statutory Auditor)  
for and on behalf of Jerroms

Chartered Certified Accountants  
Statutory Auditor

  
9 December 2021

Lumaneri House  
Blythe Gate  
Blythe Valley Park  
Solihull  
West Midlands  
B90 8AH

# **HOCKLEY HEATH ACADEMY TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOCKLEY HEATH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

***FOR THE YEAR ENDED 31 AUGUST 2021***

---

In accordance with the terms of our engagement letter dated 1 December 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hockley Heath Academy Trust during the period 1 September 2020 to 31 August 2021 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 Hockley Heath Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Hockley Heath Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Hockley Heath Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Hockley Heath Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hockley Heath Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2012 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

- The work undertaken to draw to our conclusion includes:
  - obtaining sufficient understanding of the framework and authorities;
  - discussion of procedures relating to regularity with the accounting officer;
  - review of work performed during the internal audit function;
  - tailoring of specific tests in the following areas:
    - evaluation of the control environment
    - testing the application of funds
    - authorisation of expenditure
    - review of accounts with a greater susceptibility to impropriety
    - consideration of transactions outside of the delegated authority levels

# HOCKLEY HEATH ACADEMY TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HOCKLEY HEATH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### Financial issues

- The academy trust failed to ensure oversight and management of financial decisions, leading to a deteriorated financial position
- The academy trust failed to submit financial returns to the ESFA on time
- The academy trust failed to have robust processes in place to manage financial risk
- The academy trust failed to include all mandatory financial information on the trust's website on time
- The academy trust failed to have a permanent chief financial officer in place between February 2021 and April 2021
- The academy trust failed to produce monthly management accounts to a satisfactory standard throughout 2020/21

The issues above related to the period before May 2021, from thereon new procedures were implemented by the trustees.

  
**Reporting Accountant**

Jerrons

Dated: .....

9 December 2021

# HOCKLEY HEATH ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £	Restricted funds: General £ Fixed asset £	Total 2021 £	Total 2020 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	1,205	-	6,555	7,760
Charitable activities:					
- Funding for educational operations	4	-	978,511	-	978,511
Other trading activities	5	77,660	-	-	77,660
Investments	6	21	-	-	21
<b>Total</b>		<u>78,886</u>	<u>978,511</u>	<u>6,555</u>	<u>1,063,952</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	48,458	1,133,696	40,558	1,222,712
<b>Total</b>	7	<u>48,458</u>	<u>1,133,696</u>	<u>40,558</u>	<u>1,222,712</u>
<b>Net income/(expenditure)</b>		30,428	(155,185)	(34,003)	(158,760)
Transfers between funds	16	(86,809)	93,364	(6,555)	-
<b>Other recognised gains/(losses)</b>					
Actuarial losses on defined benefit pension schemes	18	-	(78,000)	-	(78,000)
<b>Net movement in funds</b>		<u>(56,381)</u>	<u>(139,821)</u>	<u>(40,558)</u>	<u>(236,760)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		1,145	(697,179)	2,389,155	1,693,121
Total funds carried forward		<u>(55,236)</u>	<u>(837,000)</u>	<u>2,348,597</u>	<u>1,456,361</u>

# HOCKLEY HEATH ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £
<b>Income and endowments from:</b>					
Donations and capital grants	3	2,333	-	6,461	8,794
Charitable activities:					
- Funding for educational operations	4	-	952,367	-	952,367
Other trading activities	5	108,511	-	-	108,511
Investments	6	183	-	-	183
<b>Total</b>		<u>111,027</u>	<u>952,367</u>	<u>6,461</u>	<u>1,069,855</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	8	76,283	1,133,016	40,535	1,249,834
<b>Total</b>	7	<u>76,283</u>	<u>1,133,016</u>	<u>40,535</u>	<u>1,249,834</u>
<b>Net income/(expenditure)</b>		34,744	(180,649)	(34,074)	(179,979)
Transfers between funds	16	(146,026)	142,470	3,556	-
<b>Other recognised gains/(losses)</b>					
Actuarial losses on defined benefit pension schemes	18	-	(126,000)	-	(126,000)
<b>Net movement in funds</b>		<u>(111,282)</u>	<u>(164,179)</u>	<u>(30,518)</u>	<u>(305,979)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		112,427	(533,000)	2,419,673	1,999,100
<b>Total funds carried forward</b>		<u>1,145</u>	<u>(697,179)</u>	<u>2,389,155</u>	<u>1,693,121</u>

# HOCKLEY HEATH ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	12		2,348,598		2,389,156
<b>Current assets</b>					
Debtors	13	9,823		48,873	
Cash at bank and in hand		133,844		64,546	
		<u>143,667</u>		<u>113,419</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(198,904)		(108,454)	
<b>Net current (liabilities)/assets</b>			(55,237)		4,965
<b>Net assets excluding pension liability</b>			2,293,361		2,394,121
Defined benefit pension scheme liability	18		(837,000)		(701,000)
<b>Total net assets</b>			<u>1,456,361</u>		<u>1,693,121</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	16				
- Fixed asset funds			2,348,597		2,389,155
- Restricted income funds			-		3,821
- Pension reserve			(837,000)		(701,000)
<b>Total restricted funds</b>			<u>1,511,597</u>		<u>1,691,976</u>
<b>Unrestricted income funds</b>	16		(55,236)		1,145
<b>Total funds</b>			<u>1,456,361</u>		<u>1,693,121</u>

The accounts on pages 18 to 39 were approved by the trustees and authorised for issue on 09 December 2021 and are signed on their behalf by:

  
Mr G Campbell

  
Ms L Porter (Principal)

Company Number 08104539

# HOCKLEY HEATH ACADEMY TRUST

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	20		62,722		(130,272)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		21		183	
Capital grants from DfE Group		6,555		6,461	
Purchase of tangible fixed assets		-		(10,017)	
<b>Net cash provided by/(used in) investing activities</b>			6,576		(3,373)
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			69,298		(133,645)
Cash and cash equivalents at beginning of the year			64,546		198,191
<b>Cash and cash equivalents at end of the year</b>			133,844		64,546

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2021

---

#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

##### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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 accounts.

On 1 January 2022, the academy is due to join a multi-academy trust and all its assets and liabilities will be transferred over. As this is due to occur less than 12 months from the date the financial statements are authorised, the trustees do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

##### 1.3 Income

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

###### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions 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 period 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.

###### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

###### Donations

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.



# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 1 Accounting policies

(Continued)

##### Other income

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

##### 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

##### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

#### 1.4 Expenditure

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

Expenditure 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

Assets costing £ 1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

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

Land and buildings	50 - 125 years straight line
Plant and machinery	5 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

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

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

#### 1.6 Liabilities

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

#### 1.7 Leased assets

The freehold in relation to the land and property is owned by Solihull Metropolitan Borough Council. The land and property is leased to the academy under a 125 year lease effective from 31 July 2012 for a peppercorn rent.

#### 1.8 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Taxation

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

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### 1.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The 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 are recognised in the period to which they relate.

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

#### 1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education, sponsors or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 2 Critical accounting estimates and areas of judgement

(Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Capital grants	-	6,555	6,555	6,461
Other donations	1,205	-	1,205	2,333
	<u>1,205</u>	<u>6,555</u>	<u>7,760</u>	<u>8,794</u>

Voluntary income relates to restricted and unrestricted donations receivable.

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>DfE/ESFA grants</b>				
General annual grant (GAG)	-	773,153	773,153	724,731
Other DfE/ESFA grants:				
Pupil premium	-	28,011	28,011	22,310
Others	-	88,922	88,922	61,220
	<u>-</u>	<u>890,086</u>	<u>890,086</u>	<u>808,261</u>
<b>Other government grants</b>				
Local authority grants	-	88,425	88,425	144,106
	<u>-</u>	<u>88,425</u>	<u>88,425</u>	<u>144,106</u>
<b>Total funding</b>	<u>-</u>	<u>978,511</u>	<u>978,511</u>	<u>952,367</u>

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	1,833	-	1,833	4,005
Catering income	22,295	-	22,295	20,099
Parental contributions	53,532	-	53,532	84,407
	<u>77,660</u>	<u>-</u>	<u>77,660</u>	<u>108,511</u>

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	<u>21</u>	<u>-</u>	<u>21</u>	<u>183</u>

### 7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	714,084	-	41,110	755,194	746,827
- Allocated support costs	216,435	102,596	148,487	467,518	503,007
	<u>930,519</u>	<u>102,596</u>	<u>189,597</u>	<u>1,222,712</u>	<u>1,249,834</u>

#### Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for:		
- Audit	6,670	6,670
- Other services	2,640	2,640
Depreciation of tangible fixed assets	40,558	40,535
Net interest on defined benefit pension liability	<u>10,000</u>	<u>9,000</u>

The company has, by resolution, waived the need for approval of the auditors' limitation liability, which has been set at £2,000,000 within the letter of engagement dated 1 December 2021. This approval has been confirmed in the letter of representation dated 9 December 2021.

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>Direct costs</b>				
Educational operations	-	755,194	755,194	746,827
<b>Support costs</b>				
Educational operations	48,458	419,060	467,518	503,007
	<u>48,458</u>	<u>1,174,254</u>	<u>1,222,712</u>	<u>1,249,834</u>
			<b>2021</b>	<b>2020</b>
			£	£
<b>Analysis of support costs</b>				
Support staff costs			218,279	200,785
Depreciation			40,558	40,535
Technology costs			18,002	29,163
Premises costs			62,038	113,915
Legal costs			44,391	22,956
Other support costs			73,556	86,576
Governance costs			10,694	9,077
			<u>467,518</u>	<u>503,007</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	670,497	663,944
Social security costs	59,132	58,569
Pension costs	199,130	181,271
Staff costs - employees	<u>928,759</u>	<u>903,784</u>
Agency staff costs	1,760	4,264
	<u>930,519</u>	<u>908,048</u>
Staff development and other staff costs	4,390	4,503
Total staff expenditure	<u>934,909</u>	<u>912,551</u>

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Staff

(Continued)

#### Staff numbers

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

	2021 Number	2020 Number
Teachers	9	9
Administration and support	8	14
Management	3	3
Teaching Assistants	10	10
	<u>30</u>	<u>36</u>

#### Higher paid staff

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

2021 Number	2020 Number
-	1
<u>-</u>	<u>1</u>

#### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £150,141 (2020 - £185,889).

### 10 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

Mrs R Gabriel (Principal) £60,000 - £65,000 (2020: £80,000 - £85,000)

Miss L Porter (Interim Principal) £65,000 - £70,000 (2020: £60,000 - £65,000)

Other related party transactions involving the trustees are set out within the related parties note.

### 11 Trustees' and officers' insurance

The academy has third party indemnity provisions for Trustees, through the government's Risk Protection Agreement scheme. The cost is part of the wider premium for the RPA programme and not separately identifiable.

# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 12 Tangible fixed assets

	Land and buildings	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2020 and 31 August 2021	2,613,918	24,832	41,476	59,262	2,739,488
<b>Depreciation</b>					
At 1 September 2020	238,861	24,832	28,454	58,185	350,332
Charge for the year	31,798	-	8,066	694	40,558
At 31 August 2021	270,659	24,832	36,520	58,879	390,890
<b>Net book value</b>					
At 31 August 2021	2,343,259	-	4,956	383	2,348,598
At 31 August 2020	2,375,057	-	13,022	1,077	2,389,156

### 13 Debtors

	2021 £	2020 £
Other debtors	4,929	11,297
Prepayments and accrued income	4,894	37,576
	<u>9,823</u>	<u>48,873</u>

### 14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	54,508	-
ESFA creditors	60,000	-
Other creditors	32,322	31,334
Accruals and deferred income	52,074	77,120
	<u>198,904</u>	<u>108,454</u>

### 15 Deferred income

	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	<u>20,748</u>	<u>29,165</u>



# HOCKLEY HEATH ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

<b>15</b>	<b>Deferred income</b>					<b>(Continued)</b>
	Deferred income at 1 September 2020				29,165	132,606
	Released from previous years				(29,165)	(132,606)
	Resources deferred in the year				20,748	29,165
	<b>Deferred income at 31 August 2021</b>				<b>20,748</b>	<b>29,165</b>
<b>16</b>	<b>Funds</b>					
		<b>Balance at 1 September 2020 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Gains, losses and transfers £</b>	<b>Balance at 31 August 2021 £</b>
	<b>Restricted general funds</b>					
	General Annual Grant (GAG)	-	773,153	(866,517)	93,364	-
	Pupil premium	-	28,011	(28,011)	-	-
	Other DfE/ESFA grants	3,821	88,922	(92,743)	-	-
	Other government grants	-	88,425	(88,425)	-	-
	Pension reserve	(701,000)	-	(58,000)	(78,000)	(837,000)
		(697,179)	978,511	(1,133,696)	15,364	(837,000)
	<b>Restricted fixed asset funds</b>					
	DfE group capital grants	2,389,155	6,555	(40,558)	(6,555)	2,348,597
	<b>Total restricted funds</b>	<b>1,691,976</b>	<b>985,066</b>	<b>(1,174,254)</b>	<b>8,809</b>	<b>1,511,597</b>
	<b>Unrestricted funds</b>					
	General funds	1,145	78,886	(48,458)	(86,809)	(55,236)
	<b>Total funds</b>	<b>1,693,121</b>	<b>1,063,952</b>	<b>(1,222,712)</b>	<b>(78,000)</b>	<b>1,456,361</b>

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

**General Annual Grant (GAG)**

The GAG must be used for the normal running costs of the academy.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

**Other DfE / EFA grants**

Other DfE / EFA grants relates to the Pupil Premium Grant which is additional funding provided to support disadvantaged pupils.

**Other government grants**

Other government grants relates to local authority grants and funding for specific purposes such as special education needs.

**Other restricted funds**

Other restricted funds relates to funds received for specific purposes from other sources.

**Pension reserve**

The pension reserve relates to the deficit on the Local Government Pension Scheme.

**DfE / EFA capital grants**

DfE / EFA capital grants relates to the Devolved Formula Capital Grant and other EFA funding provided for capital expenditure requirements.

**Inherited fixed asset fund**

The inherited fixed asset fund relates to assets inherited on the conversion of the school to an academy.

**General funds**

General funds relates to funds which are unrestricted in nature and therefore can be used as the Trustees deem appropriate.

## 16 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	724,731	(867,201)	142,470	-
Pupil premium	-	22,310	(22,310)	-	-
Other DfE/ESFA grants	-	61,220	(57,399)	-	3,821
Other government grants	-	144,106	(144,106)	-	-
Pension reserve	(533,000)	-	(42,000)	(126,000)	(701,000)
	<u>(533,000)</u>	<u>952,367</u>	<u>(1,133,016)</u>	<u>16,470</u>	<u>(697,179)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	2,419,673	6,461	(40,535)	3,556	2,389,155
	<u>2,419,673</u>	<u>6,461</u>	<u>(40,535)</u>	<u>3,556</u>	<u>2,389,155</u>
<b>Total restricted funds</b>	<u>1,886,673</u>	<u>958,828</u>	<u>(1,173,551)</u>	<u>20,026</u>	<u>1,691,976</u>
<b>Unrestricted funds</b>					
General funds	112,427	111,027	(76,283)	(146,026)	1,145
	<u>112,427</u>	<u>111,027</u>	<u>(76,283)</u>	<u>(146,026)</u>	<u>1,145</u>
<b>Total funds</b>	<u>1,999,100</u>	<u>1,069,855</u>	<u>(1,249,834)</u>	<u>(126,000)</u>	<u>1,693,121</u>

## 17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	-	-	2,348,597	2,348,598
Current assets	62,920	80,748	-	143,667
Creditors falling due within one year	(118,156)	(80,748)	-	(198,904)
Defined benefit pension liability	-	(837,000)	-	(837,000)
<b>Total net assets</b>	<u>(55,236)</u>	<u>(837,000)</u>	<u>2,348,597</u>	<u>1,456,361</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	2,389,155	2,389,156
Current assets	96,097	17,323	-	113,419
Creditors falling due within one year	(94,952)	(13,502)	-	(108,454)
Defined benefit pension liability	-	(701,000)	-	(701,000)
<b>Total net assets</b>	<u>1,145</u>	<u>(697,179)</u>	<u>2,389,155</u>	<u>1,693,121</u>

---

## 18 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31st March 2012 and of the LGPS 31st March 2016.

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

### Teachers' Pension Scheme

#### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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% employer administration charge).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The pension costs paid to the TPS in the period amounted to £147,021 (2020: £100,465).

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

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

### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 5.5% for employers and 6.5% for employees.

---

**18 Pension and similar obligations****(Continued)**

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

<b>Total contributions made</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Employer's contributions	48,000	46,000
Employees' contributions	10,000	11,000
	<hr/>	<hr/>
<b>Total contributions</b>	<b>58,000</b>	<b>57,000</b>
	<hr/>	<hr/>

<b>Principal actuarial assumptions</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.90	3.25
Rate of increase for pensions in payment/inflation	2.90	2.25
Discount rate for scheme liabilities	1.65	1.60
	<hr/>	<hr/>

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

	<b>2021</b>	<b>2020</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	21.6	21.9
- Females	24.0	24.1
Retiring in 20 years		
- Males	23.4	23.8
- Females	25.8	26.0
	<hr/>	<hr/>

**18 Pension and similar obligations**
**(Continued)**

<b>Sensitivity analysis at 31 August 2021</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Adjustment to discount rate	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present Value obligation	1,595	1,638	1,682
Projected service cost	109	113	117
Adjustment to long term salary	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	1,641	1,638	1,635
Projected service cost	113	113	113
Adjustment to pension increase and deferred revaluation	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	1,678	1,638	1,599
Projected service cost	117	113	109
Adjustment to life expectancy assumptions	<b>+ 1 year</b>	<b>None</b>	<b>-1 year</b>
Present value of total obligation	1,710	1,638	1,569
Projected service cost	118	113	108

**The academy trust's share of the assets in the scheme**

	<b>2021</b>	<b>2020</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	489,000	355,000
Government bonds	66,000	69,000
Other bonds	49,000	25,000
Cash/Liquidity	29,000	42,000
Property	56,000	48,000
Other assets	112,000	94,000
Total market value of assets	<u>801,000</u>	<u>633,000</u>

The actual return on scheme assets was £116,000 (2020: £15,000).

**Amount recognised in the statement of financial activities**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current service cost	96,000	79,000
Interest income	(11,000)	(11,000)
Interest cost	21,000	20,000
Total operating charge	<u>106,000</u>	<u>88,000</u>

---

**18 Pension and similar obligations****(Continued)**

<b>Changes in the present value of defined benefit obligations</b>	<b>2021 £</b>
At 1 September 2020	1,334,000
Current service cost	96,000
Interest cost	21,000
Employee contributions	10,000
Actuarial loss	183,000
Benefits paid	(6,000)
	<hr/>
At 31 August 2021	1,638,000
	<hr/>

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

	<b>2021 £</b>
At 1 September 2020	633,000
Interest income	116,000
Employer contributions	48,000
Employee contributions	10,000
Benefits paid	(6,000)
	<hr/>
At 31 August 2021	801,000
	<hr/>

**19 Academy management**

During the period the Principal (and previous Accounting Officer) has resigned her post, leaving at the end of August 2021. Mrs Gabriel has been absent from the school for a significant period of time. The Vice Principal Miss L Porter was the acting Principal in Mrs Gabriel's absence and the trustees have appointed Miss L Porter as the new Principal, effective from 1 September 2021.

The Chief Financial Officer resigned her position on 1 February 2021, during which period there was significant changes in the documentation of the Trust's financial position as notified to Governors. The Trust was operating without a CFO from this point until 28 April 2021, in breach of the Academies Financial Handbook, but now has a clear understanding of its financial position. The Trust has commissioned the support of a third party to support the financial recovery, and Mrs Z Grant (Keystone Knowledge Limited) was appointed as CFO with effect from 28 April 2021, with the approval of the ESFA. Mrs Z Grant resigned as CFO on 27 July 2021 and Mr S Mitchell (Keystone Knowledge Limited) was appointed CFO on 28 July 2021, with the approval of the ESFA. The cost to the academy for this support from external parties (Keystone Knowledge Limited) was £10,635.75.

---

**20 Reconciliation of net expenditure to net cash flow from operating activities**

	2021 £	2020 £
Net expenditure for the reporting period (as per the statement of financial activities)	(158,760)	(179,979)
Adjusted for:		
Capital grants from DfE and other capital income	(6,555)	(6,461)
Investment income receivable	(21)	(183)
Defined benefit pension costs less contributions payable	48,000	33,000
Defined benefit pension scheme finance cost	10,000	9,000
Depreciation of tangible fixed assets	40,558	40,535
Decrease in debtors	39,050	45,767
Increase/(decrease) in creditors	90,450	(71,951)
<b>Net cash provided by/(used in) operating activities</b>	<b>62,722</b>	<b>(130,272)</b>

**21 Analysis of changes in net funds**

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash	64,546	69,298	133,844

**22 Long-term commitments, including operating leases**

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	1,368	1,824
Amounts due in two and five years	-	1,368
	<u>1,368</u>	<u>3,192</u>

The freehold in relation to the land and property is owned by Solihull Metropolitan Borough Council. The land and property is leased to the academy under a 125 year lease effective from 31 July 2012 for a peppercorn rent.

**23 Related party transactions**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

**24 Post balance sheet events**

On 1 January 2022, Hockley Heath Academy is due to join Tudor Grange Academy Trust. All assets, liabilities, contracts and staff are planned to be transferred to the trust.



---

**25 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.