

HIGHAM LANE SCHOOL
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2022

Company Limited by Guarantee
Registration Number:07849858
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	S Bibby*
	R Brown*
	D Buckle
	K Hobbs
	J Littlehales
Trustees	F Ahmedabadi-Patel* (Parent Trustee)
	M Ahmedabadi (Parent Trustee – appointed 6 December 2021)
	O Awotunde (Parent Trustee – appointed 6 December 2021)
	S Badhan (Parent Trustee)
	S Bibby* (Parent Trustee)
	V Biffin* (Parent Trustee – appointed 6 December 2021)
	K Bowers (Staff Trustee)
	R Brown* (Member Trustee)
	J Brooks
	D Buckle (Chair and Member Trustee)
	R Charles (Staff Trustee)
	D Cleaver (Parent Trustee – resigned 12 November 2021)
	K Cooke* (Parent Trustee – resigned 5 January 2022)
	N Darko (Parent Trustee)
	J Davenport
	H Doyne-Ditmas (Staff Trustee)
	M Duncan (Parent Trustee – resigned 28 September 2021)
	C Emery* (Parent Trustee – appointed 6 December 2021)
	J Elmer (Parent Trustee)
	N Fussey* (Parent Trustee – appointed 7 February 2022)
	K Hobbs (Member Trustee)
	C Holland-Turner (Parent Trustee)
	P Kelly (Headteacher and Accounting Officer)
	N Khan
	S Kumar (Parent Trustee)
	J Littlehales (Member Trustee)
	J Nason* (Parent Trustee)
	C Prees (Parent Trustee – appointed 6 December 2021)
	T Reynolds (Staff Trustee – resigned 31 August 2022)
	A Sohail (Member appointed Trustee)
	J Swift-Danks (Parent Trustee – resigned 1 November 2021)
	E Thornett (Parent Trustee – appointed 6 December 2021)
	R Treadwell (Parent Trustee – appointed 6 December 2021)
	M Williams (Parent Trustee – appointed 6 December 2021)
	G Wrigley (Parent Trustee – appointed 6 December 2021)
	<i>* = members of the Resources and Premises committee</i>
Company Secretary	B Elliott
Senior Management Team	
Headteacher and Chief Executive Office	P Kelly
Deputy Headteacher	P Banks
Assistant Headteacher	V Domigan
Assistant Headteacher	I Naisbitt
Assistant Headteacher	K Robinson
Assistant Headteacher	H Ladha
Director of Corporate Services and Chief Financial Officer	B Elliott
Principal and Registered Office	Higham Lane School
Company Registration Number	07849858
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street, Birmingham, B1 3ND

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022

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 2022. The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Nuneaton. The academy has a pupil capacity 1,423 on roll (2021:1,460) in the school census on 6 October 2022.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The Academy Trust is a company limited by guarantee with no share capital (Registration Number: 07849858) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of Higham Lane School Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Higham Lane School.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 3.

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

Higham Lane School has in place directors and trustees liability insurance indemnity cover to a limit of £5m.

Method of Recruitment and Appointment or Election of Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to Parent and Staff trustees, procedures are in place for nomination and election of the trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

An induction pack containing relevant documentation needed to undertake the role is provided to all newly appointed trustees. The induction pack describes their role as a trustees and gives some basic information about the academy and the governing body. A range of training is also offered to trustees each year. Training undertaken will depend on their experience. The school subscribes to a Governor Development Service to ensure adequate training is obtained.

Organisational Structure

The structure consists of three levels: the trustees, the Senior Leadership Team and Subject/Progress Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy through the use of budgets and making major decisions about the direction of the academy, capital expenditure and staff appointments.

The Senior Leaders are the Headteacher, the Deputy Headteacher, the Director of Corporate Services and three Assistant Headteachers. These leaders control the academy at an executive level, implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

There is further budget devolvement to the Subject Leaders and Progress Leaders.

The school consults widely with employees throughout the year at regular intervals regarding the running of the school. Staff and union meetings take place on at least a half termly basis. Leaders will also meet with staff representatives on an ad-hoc basis throughout the year for any significant changes that are being considered. The school also regularly surveys staff regarding what is going well, what can be done better and to seek views on how the school can improve its performance. Key information can be accessed at any time via the school's internal electronic network.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Arrangements for setting pay and remuneration of key management personnel**

When setting pay for key management personnel, the School gives consideration to the latest School Teachers' Pay and Conditions provisions. In doing so, it considers the permanent responsibilities of each role, the specific challenges to each role as well as all other relevant considerations. One such element of this is the number of students that the School is responsible for. This incorporates the number of students by each Key Stage as well as the learning needs of pupils within the School.

The School utilises a School Improvement Partner, an experienced, independent, former Headteacher and educational professional, in the process of reviewing the Headteacher's performance to aid Governors in determining any pay award that is made.

The pay of key management personnel also reflects the performance of each member of staff on an annual basis.

The School will continue to use external national and sub-national benchmarking analysis to compare its pay structure against that of other schools and academies as it has done in the past.

Trade union facility time	Number	FTEs
Relevant union officials		
Employees who were relevant union officials during the relevant period	2	1.8

All trade union meetings are typically arranged outside of school hours and no specific time is set aside for union officials during working hours. No costs relating to union official facility time is therefore incurred by the school.

Connected Organisations, including Related Party Relationships

There are no connected organisations to Higham Lane School.

OBJECTIVES AND ACTIVITIES**Objectives and Aims**

The Academy Trust's objects are specifically restricted to the following: -

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- b) to promote for the benefit of the inhabitants of Nuneaton and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

To achieve this, the academy identified the following priorities for the year:-

- To sustain an outstanding quality of education.
- To ensure the curriculum has appropriate intent, implementation and impact to meet the needs of all learners in KS3, 4 and 5 and makes the most efficient use of available resources.
- To ensure that all students are challenged and supported to achieve their potential in terms of progress and to make increasingly outstanding progress.
- To sustain outstanding behaviour and attitudes of students.
- To sustain students' outstanding personal development.
- To sustain outstanding leadership and management that has robust direction and vision in order to deliver persistent and sustainable upgrades in all aspects of the School's work.
- To establish an outstanding Sixth Form.

Principal Activities

At Higham Lane School, we work in partnership with young people, parents and carers to ensure that every student will:

- Feel safe, happy and healthy.
- Enjoy high quality learning opportunities, in a school at the leading edge of innovation.
- Feel challenged and inspired to achieve excellence in every aspect of their lives.
- Become confident, enterprising, creative learners, fully equipped for life and work.
- Become fully-rounded and responsible citizens, making a positive contribution to the school, local, national and global community.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Objects, Strategies and Activities**

To meet these priorities the school has adopted a number of strategies and activities that include: -

- Review the curriculum offer at KS3, 4 and 5 to ensure that it has appropriate intention, implementation and impact to meet the needs of learners and makes the most efficient use of available resources (NB this will include knowledge curriculum actions).
- Revise our Key Stage 4 Curriculum offer to ensure that 90% of Y9 students are studying Ebacc subjects by Sept 2023.
- Develop and embed the use of on-line learning resources, particularly Google Classroom, across all aspects of teaching and learning to enhance the learning experience of students.
- Review the provision for staff wellbeing.
- Enhance methods of gathering termly student feedback to ascertain their attitudes on a range of issues.
- Review the Social, Emotional and Mental Health (SEMH) provision and well-being support for all students including school refusers and those with poor attendance.
- Continue to develop the impact of leadership by ensuring the value-added progress on Level 3 qualifications is above average across nearly all subjects.
- Review the Sixth Form curriculum offer and embed super-curricular and cultural capital opportunities as part of our provision for KS5.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the Academy Trust's objective is to advance for the public benefit education in the United Kingdom.

STRATEGIC REPORT**Achievements and Performance**

Higham Lane School has operated as an academy since January 2012. The School has historically been oversubscribed and this continues to be the case. There were 1,423 pupils on roll at the October census date. The School proudly received an Outstanding Ofsted judgement in May 2019 and was awarded the World Class Quality Schools Mark during 2021.

Results for our Year 11 students in 2022 maintained our traditionally strong performance within the town but also across the county, compared to other non-selective schools. We were delighted that the school achieved 81% for the percentage of students achieving 9-4 including English and maths. Similarly, we were delighted with the percentage of students achieving 9-5 including English and maths, a more stringent measure, an impressive 79% for English and 73% for maths. Progress was strong, with a Progress 8 score of 0.12, demonstrating that students at Higham Lane School make better progress than students of a similar ability nationally. The percentage of students achieving GCSE grades 9-4 in English was 86% and also this same percentage for maths. This percentage was among the highest in the county. 33.5% of our students studying English achieved GCSE grades 9-7 and 31% achieved the same in maths.

Key Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Considerable work is undertaken in forecasting to ensure the continued financial viability of the academy. Governors play a key role in holding the Senior Leadership Team to account in key financial matters. This is demonstrated by both the Resources & Premises and Pay & Audit Committees that operate.

	2022	2021
Pupil numbers	1,423	1,460
Staff costs as a % of revenue income received from ESFA	83%	89%
Staff costs as a % of total revenue grant income	81%	85%
Staff costs as a % of total costs	80%	81%
Capital expenditure per pupil	£254	£77
Net Current Assets	£1,531,000	£1,170,000
Net Assets	£11,225,000	£7,413,000

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Going Concern**

On 23 June 2022, the Department for Education agreed for Higham Lane School to voluntarily join the Central England Academy Trust on 1 September 2022. As Higham Lane School academy trust is reliant on the Education and Skills Funding Agency for the advancement of general annual grant and other grant funding. This funding will be withdrawn upon the school's transfer and will continue to be received by Central England Academy Trust.

This condition, together with the other matters set out in the Statement of Accounting Policies, indicates the existence of a material uncertainty which may cast significant doubt on the academy trust's ability to continue as a going concern in the longer term. For this reason the academy trust is preparing the accounts on a winding up basis and measuring assets and liabilities at their recoverable amounts. No material adjustments are required as a result of ceasing to apply the going basis.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies going concern basis.

FINANCIAL REVIEW**Overview**

The principal source of funding for the academy is the General Annual Grant.

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2022 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2019), 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

During the year ended 31 August 2022, total expenditure of £8,856,000 (2021: £8,360,000) was greater than the recurrent grant funding from the ESFA and other incoming resources. Excluding restricted fixed assets funds there was a surplus before transfers for the year of £76,000 (2021: £196,000).

At 31 August 2022 the net book value of fixed assets was £11,143,000 (2021: £11,417,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the school.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2022 are based on projecting forward the estimated position at 1 September 2021 and assuming that the experience over the year, apart from investment returns, has been in line with the assumptions made at the start of the year.

The estimated FRS 102 deficit at 31 August 2022 is £644,000 which compares to a deficit of £4,217,000 at 31 August 2021. The main reason for the decrease in the deficit is because of:

- higher assumed discount rate;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- decreased longevity of retiring members.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- | | |
|------------------------|--------------------------|
| • Official budgets | • Financial regulations |
| • Scheme of delegation | • Risk management policy |

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Reserves Policy**

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves should be £200,000. Any surplus reserves built up by the Academy beyond this level are earmarked to support future academic years over the medium term.

- planned capital expenditure;
- improve the quality of learning and social spaces within the academy;
- planned multi-academy trust growth;
- forecast increases in employer contributions to the Local Government Pension Scheme.

Reserves as at 31 August 2022 were £1,631,000 (2021: £1,291,000) after deductions had been made for the fixed assets land and buildings of £10,268,000 (2021: £10,339,000) and the long term LGPS pension deficit of £644,000 (2021: £4,217,000).

Financial Position

The academy held fund balances at 31 August 2022 of £11,255,000 (2021: £7,413,000), after allowing for the pension deficit of £644,000 (2021: £4,217,000); comprising £10,921,000 (2021: £10,727,000) of restricted funds and £978,000 (2021: £903,000) of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPLE RISKS AND UNCERTAINTIES

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below expectations;
- Loss of personal and sensitive information;
- Changes to rules and regulations;
- The risk of national and local funding reductions; and
- The future financial position of the LGPS pension scheme.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risks that the Trust were exposed to during the year were identified on the academy's Risk Register. Trustees reviewed the risks to which the academy trust was exposed to and systems and procedures have been put in place to manage these. The Risk Register helps to shape the work that is undertaken as part the Internal Scrutiny report that must be prepared and submitted to the Department for Education.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**PRINCIPLE RISKS AND UNCERTAINTIES (cont'd)****Fundraising**

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust approach to fundraising practices is that, from time to time, the academy will run fundraising events to raise money for other charities or for the academy itself. This primarily includes donations for non-uniform days. The academy does not work with any professional fundraisers. Where money is raised, this is collected and then counted by two members of staff to ensure all monies are receipted appropriately. Appropriate payments are made to charities and reviewed by two members of the Senior Leadership Team. No donations are compulsory from students or parents/carers for any fundraising event and there is the right to opt-out for any event. The academy has a complaints policy which is publicly available on the academy website to ensure any concerns can be reported.

Plans for Future Periods

The 2022 Education White Paper set out the ambition that all children will benefit from being taught in a family of schools, with each school being in a strong multi academy trust or with plans to join or form one. Higham Lane trustees expect this to continue to be the direction of travel in the sector and Higham Lane School has now joined the Central England Academy Trust, following ten years of success as a stand-alone academy.


Auditors

In so far 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 auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the board of trustees, as the company directors on 5 December 2022 and signed on their behalf by:



.....
David Buckle
Chair of Trustees
5 December 2022

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Scope of Responsibility**

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the Headteacher, Phil Kelly, 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 Higham Lane School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a Possible
M Ahmedabadi (Parent Trustee)	3	3
F Ahmedabadi-Patel (Parent Trustee)	3	3
O Awotunde (Parent Trustee)	2	3
S Badhan (Parent Trustee)	3	3
S Bibby (Parent Trustee)	3	3
V Biffin (Parent Trustee)	3	3
K Bowers (Staff Trustee)	3	3
J Brooks	-	3
R Brown (Member Trustee)	-	3
D Buckle (Chair and Member Trustee)	3	3
N Charnell (Staff Trustee)	3	3
R Charles (Staff Trustee)	3	3
D Cleaver (Parent Trustee)	-	-
K Cooke (Parent Trustee)	-	1
N Darko (Parent Trustee)	3	3
J Davenport	3	3
H Doyne-Ditmas (Staff Trustee)	3	3
M Duncan (Parent Trustee)	-	-
J Elmer (Parent Trustee)	3	3
N Fussey (Parent Trustee)	2	3
K Hobbs (Parent Trustee)	3	3
N Khan	3	3
J Littlehales (Member Trustee)	2	3
J Nason (Parent Trustee)	2	3
C Prees (Parent Trustee)	2	3
T Reynolds (Staff Trustee)	3	3
A Sohail	2	3
J Swift-Danks (Parent Trustee)	-	-
E Thornett (Parent Trustee)	3	3
R Treadwell (Parent Trustee)	2	3
M Williams (Parent Trustee)	3	3
G Wrigley (Parent Trustee)	3	3

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Conflict of Interest**

It is important that the Trust recognises conflicts of interest when they arise and ensures that these are managed appropriately. In order to comply with this, the school follows a 3 step approach: -

- identify a conflict of interest
- deal with a conflict of interest
- record a conflict of interest

In following the above, this means that trustees are ensuring that they are acting in the best interest of the trust.

Governance Reviews

The Academy trust should review its governance arrangements on a regular basis. Governance was most recently reviewed at the Strategy Committee and then at a Full Governors' meeting in April 2021. The review was in the context of the school becoming a multi-academy trust following the awarding of the Higham Lane North Academy Free School. The review considered best practice and Department for Education governance requirements when forming a multi-academy trust. Whilst no immediate changes have been made to governance as part of the review, the school will amend some elements of its governance when the new Free School opens and will continue to review governance expectations by the Department for Education on an ongoing basis.

In addition and since the review, A further skills assessment of trustees was completed ahead of Higham Lane School joining the Central England Academy Trust.

The Board of trustees has met less than 6 times this year. Effective oversight of the academy trust funds is maintained by:

- regular additional meetings on matters of financial importance when required;
- review of monthly management accounts which are provided to all governors;
- regular meetings between headteacher and chair and vice chair of governors.

The Resources and Premises Committee is a sub-committee of the main governing body. Its purpose is to develop the strategic direction and governance procedures on financial matters. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a Possible
F Ahmedabadi-Patel	-	3
S Bibby	2	3
V Biffin	3	3
R Brown	-	3
D Cleaver	-	1
K Cooke	-	1
C Emery	2	3
N Fussey	2	2
J Nason	3	3

Review of Value for Money

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

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

- Despite the pandemic and its long-lasting impacts on education, the School has delivered a strong Progress 8 score of +0.12. This means the School is improving the outcomes of its pupils from when they join in Year 7 to when they leave in Year 11 or Year 13.
- During the 2021/22 academic year, the Trust has nearly reached completion to replace and upgrade the school's heating system. This follows the school having successfully bid for nearly £500,000 of grant funding to support this. This grant funding was secured from a successful Condition Improvement Fund bid approved by the Department for Education.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Review of Value for Money (cont'd)**

- During the 2021/22, the Trust finalised arrangements to join the Central England Academy Trust. Multi-academy trusts are widely considered to offer greater efficiencies and the schools in each trust commenced the sharing of staff and resources to deliver greater outcomes for the same expenditure or the same outcomes on reduced expenditure.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Higham Lane School for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2022 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 Higham Lane School 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 Resources and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. This role is undertaken by an experienced Business Manager and practitioner from another multi-academy trust with support from Roger Brown, Trustee. Roger has many years experience of being a Trustee or School Governor at Higham Lane School and another local school. The reviewer's role includes performing a range of checks on the academy trust's financial systems. The checks carried out in the current period included:

- detailed management accounts process review.
- assessment of the school's use of integrated curriculum financial planning tools.
- authorisation review.
- a review to ensure that IT processes are adequate to mitigate the risk of ransomware attacks.

An annual report is then provided at the Pay & Audit sub-committee meeting to update trustees on the review.

In the previous financial year, the School has supported suppliers where appropriate and having taken into account the procurement guidance issued by the Department for Education. The School does not consider that Covid-19 has had a significantly adverse effect on value for money though there have been increased costs for schools as well as lost lettings due to the pandemic.

Governance arrangements have remained broadly the same though there has been a much greater use of technology for the hosting of meetings with Trustees which has broadly speaking continued.

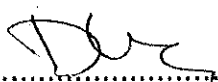
GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022**Review of Effectiveness**

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

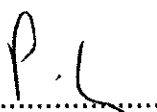
- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- correspondence from ESFA.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources and Premises Committee.

Approved by order of the members of the board of trustees on 5 December 2022 and signed on its behalf by:



.....
David Buckle - Chair of Trustees
5 December 2022



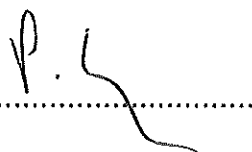
.....
Phil Kelly - Accounting Officer
5 December 2022

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2022

As accounting officer of Higham Lane School 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 ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Trust 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 Academy Trust Handbook 2021.

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 the ESFA.



.....
Phil Kelly
Accounting Officer
5 December 2022

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who act as governors of Higham Lane School and 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 Annual Accounts Direction issued 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:

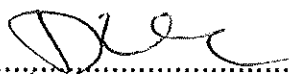
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in 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 the 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 5 December 2022 and signed on its behalf by:



.....
David Buckle
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAM LANE SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022**Opinion**

We have audited the financial statements of Higham Lane School (the charitable company) for the year ended 31 August 2022 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statement, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 to 2022 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 Higham Lane School's affairs as at 31 August 2022 and of its incoming resources and application of resources, including income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022

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.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Statement of Accounting Policies on page 25 concerning the charitable company's ability to continue as a going concern. The charitable company is reliant on the Education and Skills Funding Agency for the advancement of general annual grant and other grant funding. This funding was withdrawn when Higham Lane School's activities were transferred to Central England Academy Trust from 1 September 2022.

This condition, together with the other matters set out in the Statement of Accounting Policies, indicates the existence of a material uncertainty which may cast significant doubt on the charitable company's ability to continue as a going concern in the longer term. For this reason the group and charitable company is preparing the accounts on a winding up basis and measuring assets and liabilities at their recoverable amounts. No material adjustments are required as a result of ceasing to apply the going concern basis.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAM LANE SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the financial statements. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the Strategic Report, and 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees 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 Higham Lane School'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAM LANE SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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

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:

Based on our understanding of the Higham Lane School and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Higham Lane School, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Charities SORP 2019 and Academies Accounts Direction 2021 and 2022. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the Higham Lane School's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Education and Skills Funding Agency review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

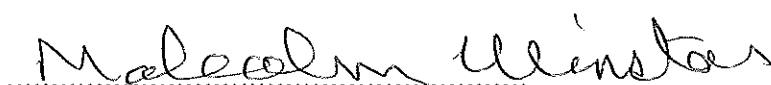
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIGHAM LANE SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Auditor's responsibilities for the audit of the financial statements (cont'd)**

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Use of our report

This report is made solely to the Higham Lane School'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 Higham Lane School'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 Higham Lane School's and the Higham Lane School's members as a body, for our audit work, for this report, or for the opinions we have formed.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

5 December 2022

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO HIGHAM LANE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 19 July 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2021 to 2022 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Academy Trust during the period 1 September 2021 to 31 August 2022 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 Higham Lane School and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 Higham Lane School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Higham Lane School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Higham Lane School funding agreement with the Secretary of State for Education dated 9 December 2011, and the Academy Trust Handbook extant from 1 September 2021 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament and 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 Accountants issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON
REGULARITY TO HIGHAM LANE SCHOOL AND THE EDUCATION AND SKILLS FUNDING
AGENCY FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**

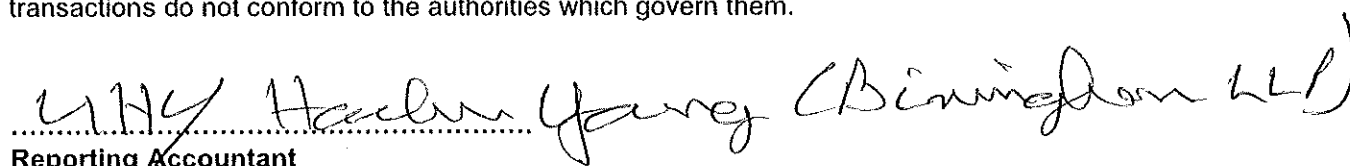
Approach (con't)

Summary of the work undertaken was as follows:

- Analytical review of the Academy Trust's general activities are within the Academy Trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy Trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy Trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy Trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the Academy Trust's charitable objectives.

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 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

5 December 2022

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022

(Including Income and Expenditure Account)

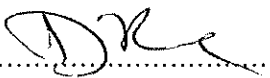
		Unrestricted	Restricted	Fixed	Discontinued	Discontinued
		Funds	General	Asset	Operations	Operations
	Note	£'000	Funds	Funds	Total	Total
		£'000	£'000	£'000	2022	2021
					£'000	£'000
Income from:						
Donations and capital grants	3	6	-	309	315	86
Charitable activities:						
- Funding for the						
AcademyTrust's educational	4	-	8,221	-	8,221	7,915
Other trading activities	5	64	-	-	64	35
Investment income	6	6	-	-	6	0
Total		76	8,221	309	8,606	8,036
Expenditure on:						
Raising funds	7	1	-	-	1	5
Charitable activities:						
- Academy Trust's						
educational operations	7 & 8	-	8,220	635	8,855	8,355
Total	7	1	8,220	635	8,856	8,360
Net income/(expenditure)		75	1	(326)	(250)	(324)
Transfers between funds	16	-	(255)	255	-	-
Other recognised gains and losses						
Actuarial (gain)/loss on						
defined benefit pension						
schemes	27	-	4,092	-	4,092	(709)
Net movement in funds		75	3,838	(71)	3,842	(1,033)
Reconciliation of funds						
Total funds brought forward		903	(3,829)	10,339	7,413	8,446
Total funds carried forward	16	978	9	10,268	11,255	7,413

All of the academy trust's activities derive from operations for the current and prior year that were discontinued on 1 September 2022 (note 30).

BALANCE SHEET AS AT 31 AUGUST 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	12	<u>11,143</u>	<u>11,417</u>
		<u>11,143</u>	<u>11,417</u>
Current assets			
Debtors	13	151	171
Cash at bank and in hand		<u>1,809</u>	<u>1,349</u>
		<u>1,960</u>	<u>1,520</u>
Liabilities			
Creditors: Amounts falling due within one year	14	<u>(429)</u>	<u>(350)</u>
Net current assets		<u>1,531</u>	<u>1,170</u>
Total assets less current liabilities		12,674	12,587
Creditors: Amounts falling due after more than one year	15	<u>(775)</u>	<u>(957)</u>
Net assets excluding pension liability		<u>11,899</u>	<u>11,630</u>
Defined benefit pension scheme liability	27	<u>(644)</u>	<u>(4,217)</u>
Total Net Assets		<u><u>11,255</u></u>	<u><u>7,413</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	10,268	10,339
- Restricted income fund	16	653	388
- Pension reserve	16	<u>(644)</u>	<u>(4,217)</u>
Total restricted funds		<u>10,277</u>	<u>6,510</u>
Unrestricted income fund	16	<u>978</u>	<u>903</u>
Total unrestricted funds		<u>978</u>	<u>903</u>
Total Funds		<u><u>11,255</u></u>	<u><u>7,413</u></u>

The financial statements on pages 22 to 43 were approved by the trustees and authorised for issue on 5 December 2022 and signed on their behalf by:



D Buckle
 Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	712	561
Cash flows from investing activities	21	(46)	(28)
Cash flows from financing activities	22	(206)	(206)
Change in cash and cash equivalents in the reporting period		<u>460</u>	<u>327</u>
Cash and cash equivalents at 1 September	23	1,349	1,022
Cash and cash equivalents at 31 August	23	<u>1,809</u>	<u>1,349</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022**1 Statement of Accounting Policies**

A summary of 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 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Higham Lane School meets the definition of a public benefit entity under FRS 102.

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 there are material uncertainties about the Academy Trust's ability to continue as a going concern due to the assets and liabilities being transferred to Central England Academy Trust from 1 September 2022. For this reason the Academy Trust is preparing the financial statements on a winding up basis and measuring assets and liabilities at their recoverable amounts. No material adjustments are required as a result of ceasing to apply the going concern basis.

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.

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

- **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 receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **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 financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

- **Donated goods, facilities and services (continued)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

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.

- **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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing **£1,500** or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Leasehold buildings	2%
Leasehold buildings - gifted from local authority	5.36%
Motor vehicles	20%
Furniture and equipment	10% -15%
Computer equipment and software	33.33%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**Tangible Fixed Assets (continued)**

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. 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 instrument, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a 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 multi funded employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the scheme introductions, benefit changes, settlements and curtailments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust cannot use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 29.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

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 2022 (See note 16).

3 DONATIONS AND CAPITAL GRANTS

			Discontinued Operations	Discontinued Operations
	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Devolved formula capital grant	-	30	30	29
CIF grant	-	279	279	56
Voluntary donations	6	-	6	1
	<u>6</u>	<u>309</u>	<u>315</u>	<u>86</u>

The income from donations and capital grants was £315,000 (2021 : £86,000) of which £6,000 (2021 : £1,000) was unrestricted, £Nil (2021 : £Nil) restricted and £309,000 (2021 : £85,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

			Discontinued Operations	Discontinued Operations
	Unrestricted Funds	Restricted Funds	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	7,613	7,613	6,991
Rates relief grant	-	17	17	29
Other DfE/ESFA Grants				
Pupil premium grant	-	190	190	173
Teachers pay grant	-	15	15	99
Teachers pension grant	-	41	41	279
Free school meals supplementary grant	-	-	-	21
Supplementary grant	-	89	89	-
National Training Programme	-	26	26	-
Education Recovery	-	30	30	-
Other DfE/ESFA Grants	-	3	3	-
	<u>-</u>	<u>8,024</u>	<u>8,024</u>	<u>7,592</u>
Other Government grants				
Special educational needs grant (WCC)	-	130	130	167
Special educational needs grant (LCC)	-	15	15	-
Pupil premium grant	-	26	26	27
	<u>-</u>	<u>171</u>	<u>171</u>	<u>194</u>
COVID-19 DfE/ESFA additional funding				
Catch up premium	-	-	-	60
Other DfE/ESFA COVID-19 funding	-	26	26	69
	<u>-</u>	<u>26</u>	<u>26</u>	<u>129</u>
Other income from the academy trust's educational operations				
Other income	-	-	-	-
Pupil catering income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>8,221</u>	<u>8,221</u>	<u>7,915</u>

The funding from the Academy Trusts's educational operations was restricted for both 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	Discontinued Operations Total 2022	Discontinued Operations Total 2021
	£'000	£'000	£'000	£'000
Lettings	13	-	13	9
Music income	-	-	-	7
Other Income	51	-	51	19
	<u>64</u>	<u>-</u>	<u>64</u>	<u>35</u>

The income from the Academy Trusts's other trading activities was unrestricted for both 2022 and 2021.

	Unrestricted Funds	Restricted Funds	Discontinued Operations Total 2022	Discontinued Operations Total 2021
	£'000	£'000	£'000	£'000
6 INVESTMENT INCOME				
Bank interest received	6	-	6	-
	<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>

The income from the Academy Trusts's investment income was unrestricted for both 2022 and 2021.

	Staff Costs	Non Pay Expenditure		Discontinued Operations Total 2022	Discontinued Operations Total 2021
	£'000	Premises	Other Costs	£'000	£'000
	£'000	£'000	£'000	£'000	£'000
7 EXPENDITURE					
Expenditure on raising funds					
- Direct costs	-	-	1	1	5
- Allocated support costs	-	-	-	-	-
Academy's educational operations					
- Direct costs	5,755	-	436	6,191	5,970
- Allocated support costs	1,418	957	289	2,664	2,385
	<u>7,173</u>	<u>957</u>	<u>725</u>	<u>8,855</u>	<u>8,355</u>
	<u>7,173</u>	<u>957</u>	<u>726</u>	<u>8,856</u>	<u>8,360</u>

The expenditure was £8,856,000 (2021 : £8,360,000) of which £1,000 (2021 : £5,000) was unrestricted, £8,220,000 (2021 : £7,750,000) restricted and £635,000 (2021 : £605,000) restricted fixed assets.

	Discontinued Operations Total 2022	Discontinued Operations Total 2021
	£'000	£'000
Net income/(expenditure) for the year includes:		
Operating lease rentals	23	20
Depreciation	635	605
Fees payable to auditor for:		
- audit	7	7
- other services	<u>2</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

	Discontinued Operations	Discontinued Operations
	Total 2022 £'000	Total 2021 £'000
8 CHARITABLE ACTIVITIES		
Direct costs - educational operations	6,191	5,970
Support costs - educational operations	2,664	2,385
	<u>8,855</u>	<u>8,355</u>
Analysis of Support Costs		
Support staff costs	1,418	1,236
Depreciation	635	605
Premises costs	322	338
Legal costs - other	22	11
Other support costs	262	186
Governance	5	9
	<u>2,664</u>	<u>2,385</u>
	Discontinued Operations	Discontinued Operations
	2022	2021
	£'000	£'000
9 STAFF COSTS		
a Staff costs during the year were:		
Wages and salaries	4,871	4,802
Social security costs	495	472
Pension costs	1,584	1,387
	<u>6,950</u>	<u>6,661</u>
Agency staff costs	223	101
Staff restructuring costs	-	-
	<u>7,173</u>	<u>6,762</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>
b Staff severance contractual payments		
The academy trust paid Nil severance payments in the year, disclosed in the following bands:		
	2022	2021
0 - £25,000	-	-
£25,001 - £50,000	-	-
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000+	-	-
	<u>-</u>	<u>-</u>
c Special staff severance non contractual payments		
Included in staff restructuring costs are special severance payments totalling £Nil (2021 : £Nil).		
d Staff numbers		
The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2022 expressed as whole persons was as follows:		
	2022	2021
Charitable Activities	No	No
Teachers	88	89
Administration and support	84	85
Management	7	6
	<u>179</u>	<u>180</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

e Higher paid staff

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

	No	No
£60,001 - £70,000	3	3
£70,001 - £80,000	2	2
£110,001 - £120,000	1	1

f Key management personnel

The key management 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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £715,859 (2021 : £735,046).

10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The headteacher and other staff trustees receive remuneration in respect of their contracts of employment as headteacher 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 trustee's remuneration and other remuneration was as follows:

	2022	2021
P Kelly (Headteacher and Trustee)		
Remuneration	£115,000 - £120,000	£110,000 - £115,000
Employers pension contributions	£25,000 - £30,000	£25,000 - £30,000
K Bowers (Staff Trustee)		
Remuneration	£25,000 - £30,000	£25,000 - £30,000
Employers pension contribution	£5,000 - £10,000	£5,000 - £10,000
H Doyne-Ditmas (Staff Trustee)		
Remuneration	£50,000 - £55,000	£50,000 - £55,000
Employers pension contributions	£10,000 - £15,000	£10,000 - £15,000
R Charles (Staff Trustee)		
Remuneration	£50,000 - £55,000	£50,000 - £55,000
Employers pension contributions	£10,000 - £15,000	£10,000 - £15,000
N Hemmings (Staff Trustee)		
Remuneration	£45,000 - £50,000	£40,000 - £45,000
Employers pension contributions	£10,000 - £15,000	£10,000 - £15,000
V Reynolds (Staff Trustee)		
Remuneration	£20,000 - £25,000	£20,000 - £25,000
Employers pension contributions	£5,000 - £10,000	£Nil - £5,000

During the year ended 31 August 2022, there were no travel and subsistence expenses reimbursed to the trustees in their role as trustees, however £Nil (2021:£258) of expenses were reimbursed to Nil (2021:1 trustee) in their role as staff for purchases made on behalf of the school.

Other related party transactions including trustees are set out in note 28.

11 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2022 is not separately identifiable. The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost						
At 1 September 2021	12,375	316	520	18	-	13,229
Additions	-	30	78	-	253	361
Disposals	-	-	-	-	-	-
At 31 August 2022	<u>12,375</u>	<u>346</u>	<u>598</u>	<u>18</u>	<u>253</u>	<u>13,590</u>
Depreciation						
At 1 September 2021	1,261	99	434	18	-	1,812
Charged in year	548	34	53	-	-	635
Disposals	-	-	-	-	-	-
At 31 August 2022	<u>1,809</u>	<u>133</u>	<u>487</u>	<u>18</u>	<u>-</u>	<u>2,447</u>
Net book value						
At 31 August 2022	<u>10,566</u>	<u>213</u>	<u>111</u>	<u>-</u>	<u>253</u>	<u>11,143</u>
At 31 August 2021	<u>11,114</u>	<u>217</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>11,417</u>

13 DEBTORS

	2022 £'000	2021 £'000
Trade debtors	16	19
VAT recoverable	36	25
Other debtors	3	38
Prepayments and accrued income	96	89
	<u>151</u>	<u>171</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
CIF loan	182	177
Other creditors	44	31
Accruals	108	79
Deferred income	95	63
	<u>429</u>	<u>350</u>
Deferred Income		
	2022 £'000	2021 £'000
Deferred income at 1 September 2021	63	17
Resources deferred in the year	95	63
Amounts released from previous years	(63)	(17)
Deferred income at 31 August 2022	<u>95</u>	<u>63</u>

At the balance sheet date the academy was holding funds received in advance for 2022/23 for rates relief income £Nil (2021: £16,725), Covid 19 Catch Up Premium £39,254 (2021: £39,254), Educational trips £55,888 (2021: £Nil) and Local Authority SEN income £Nil (2021: £7,140).

For terms of the CIF loans please see note 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR

	2022	2021
	£'000	£'000
CIF loan	775	957
	<u>775</u>	<u>957</u>

In 2016, the School took out an ESFA funded CIF loan repayable over 10 years at an interest rate of 2.21% per year.

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2021	Incoming Resources	Resources Expended	Gains, Losses & Transfers	Balance at 31 August 2022
	£'000	£'000	£'000	£'000	£'000
Restricted general funds	388	7,613	(7,093)	(255)	653
General annual grant (GAG) (note i)	388	7,613	(7,093)	(255)	653
Rates relief grant	-	17	(17)	-	-
Pupil premium grant (note ii)	-	216	(216)	-	-
Other Covid 19 funding	-	26	(26)	-	-
Other DfE / ESFA grants - (note vi)	-	3	(3)	-	-
Teachers pay (note vi)	-	15	(15)	-	-
Teachers pension (note vi)	-	41	(41)	-	-
Free school meals supp grant (note vi)	-	-	-	-	-
Special needs grant - LA (note iv)	-	145	(145)	-	-
School fund (note v)	-	-	-	-	-
Education Recovery	-	30	(30)	-	-
Supplementary Grant	-	89	(89)	-	-
National Training Programme	-	26	(26)	-	-
	<u>388</u>	<u>8,221</u>	<u>(7,701)</u>	<u>(255)</u>	<u>653</u>
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	181	30	(17)	-	194
CIF grant (note vii)	1,562	279	(55)	177	1,963
Fixed assets donation (note viii)	8,091	-	(502)	-	7,589
Capital expenditure from GAG (note ix)	114	-	(50)	78	142
Capital expenditure from school fund (note x)	20	-	-	-	20
Private sector sponsorship donation (note xi)	209	-	(4)	-	205
Unrestricted funds transfer (note xii)	162	-	(7)	-	155
	<u>10,339</u>	<u>309</u>	<u>(635)</u>	<u>255</u>	<u>10,268</u>
Restricted pension scheme liability					
Pension reserve (note xiii)	(4,217)	-	(519)	4,092	(644)
	<u>(4,217)</u>	<u>-</u>	<u>(519)</u>	<u>4,092</u>	<u>(644)</u>
Total restricted funds	6,510	8,530	(8,855)	4,092	10,277
Unrestricted funds					
Unrestricted funds (notes xi and xii)	326	76	(1)	-	401
WCC prior years surplus b/fwd	577	-	-	-	577
Total unrestricted funds	903	76	(1)	-	978
Total funds	7,413	8,606	(8,856)	4,092	11,255

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**16 FUNDS (cont'd)****Notes**

- i) General Annual Grant must be used for the normal running costs of the School. 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 would carry forward at 31 August 2022. (see note 2)
- ii) Pupil Premium grant has been used to support children from low income families placed at the School.
- iii) Pupil Premium catch-up money was used for individual and small-group tuition for year 7 pupils to promote improvements with literacy and numeracy.
- iv) Special needs grant from WCC has been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- v) School funds are contributions received from parents which are used to support the Academy Trust's activities.
- vi) Teachers pay, teachers pension and free school meal supplementary grants have been used to improve skills for employment and behaviour in school.
- vii) Devolved formula capital and CIF grant has been used for a new replacement building and a new boiler.
- viii) Restricted fixed assets were funded by government grants, a transfer from General Annual Grant (GAG) and by WCC donating Academy land and buildings on a 125 year lease at a pepper corn rent.
- ix) The gross transfer from the restricted general fund to the restricted fixed asset fund of £255,000 (2021: £257,000) represents the total capital expenditure from GAG during the year and contribution to the repayment of a CIF loan.
- x) A gross transfer from the restricted school fund to the restricted fixed asset fund was used to contribute to the finance of the new 6th Form building.
- xi) A private sector sponsorship unrestricted donation was received in 2016 from Chartwells which has been used to contribute to the finance of the new 6th Form building.
- xii) An unrestricted funds transfer of £Nil (2021: £Nil) has been used to contribute to the repayment of a CIF loan.
- xiii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 27).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2020	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds	£'000	£'000	£'000	£'000	£'000
General annual grant (GAG) (note i)	155	6,991	(6,501)	(257)	388
Rates relief grant	-	29	(29)	-	-
Pupil premium grant (note ii)	-	173	(173)	-	-
Year 7 catch up grant (note iii)	-	-	-	-	-
Other DfE / ESFA grants - (note vi)	-	-	-	-	-
Teachers pay (note vi)	-	99	(99)	-	-
Teachers pension (note vi)	-	279	(279)	-	-
Free school meals supp grant (note vi)	-	21	(21)	-	-
Catch up premium	-	60	(60)	-	-
Other DfE/ESFA COVID-19 funding	-	69	(69)	-	-
Special needs grant - WCC (note iv)	-	194	(194)	-	-
School fund (note v)	-	-	-	-	-
	<u>155</u>	<u>7,915</u>	<u>(7,425)</u>	<u>(257)</u>	<u>388</u>
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	158	29	(6)	-	181
CIF grant (note vii)	1,388	56	(55)	173	1,562
Fixed assets donation (note viii)	8,603	-	(512)	-	8,091
Capital expenditure from GAG (note ix)	51	-	(21)	84	114
Capital expenditure from school fund (note x)	20	-	-	-	20
Private sector sponsorship donation (note xi)	213	-	(4)	-	209
Unrestricted funds transfer (note xii)	169	-	(7)	-	162
	<u>10,602</u>	<u>85</u>	<u>(605)</u>	<u>257</u>	<u>10,339</u>
Restricted pension scheme liability					
Pension reserve (note xiii)	(3,183)	-	(325)	(709)	(4,217)
	<u>(3,183)</u>	<u>-</u>	<u>(325)</u>	<u>(709)</u>	<u>(4,217)</u>
Total restricted funds	7,574	8,000	(8,355)	(709)	6,510
Unrestricted funds					
Unrestricted funds (notes xi and xii)	295	36	(5)	-	326
WCC prior years surplus b/fwd	577	-	-	-	577
Total unrestricted funds	872	36	(5)	-	903
Total funds	8,446	8,036	(8,360)	(709)	7,413

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2022 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	11,143	11,143
Current assets	978	-	900	82	1,960
Current liabilities	-	-	(247)	(182)	(429)
Non current liabilities	-	-	-	(775)	(775)
Pension scheme liability	-	(644)	-	-	(644)
	<u>978</u>	<u>(644)</u>	<u>653</u>	<u>10,268</u>	<u>11,255</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

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

Fund balances at 31 August 2021 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	
	£'000	Funds	Funds	Restricted	Total
	£'000	£'000	£'000	Funds	£'000
Tangible fixed assets	-	-	-	11,417	11,417
Current assets	903	-	561	56	1,520
Current liabilities	-	-	(173)	(177)	(350)
Non current liabilities	-	-	-	(957)	(957)
Pension scheme liability	-	(4,217)	-	-	(4,217)
	<u>903</u>	<u>(4,217)</u>	<u>388</u>	<u>10,339</u>	<u>7,413</u>

18 CAPITAL COMMITMENTS

	2022	2021
	£'000	£'000
Contracted for, but not provided in the financial statements	261	Nil
Authorised by trustees, but not yet contracted	<u>Nil</u>	<u>488</u>

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2022	2021
	Other	Other
	£'000	£'000
Operating leases which expire:		
- Within one year	8	20
- Within two to five years	16	6
	<u>24</u>	<u>26</u>

20 RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£'000	£'000
Net expenditure for the reporting period (as per the statement of financial activities)	(250)	(324)
Adjusted for:		
Depreciation (note 12)	635	605
Capital grants from DfE and other capital income	(309)	(85)
Capital funding received from sponsors and others	-	-
Interest receivable (note 6)	(6)	-
Interest payable	29	33
Defined benefit pension scheme cost less contributions payable (note 27)	445	269
Defined benefit pension scheme finance cost (note 27)	74	56
Decrease in debtors	20	19
Increase/(decrease) in creditors	74	(12)
Net cash provided by operating activities	<u>712</u>	<u>561</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2022 £'000	2021 £'000
Interest received	6	-
Purchase of tangible fixed assets	(361)	(113)
Capital grants from DfE/ESFA	309	85
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(46)	(28)

22 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	(177)	(173)
Interest on borrowing	(29)	(33)
Cash inflows from new borrowing	-	-
Net cash used in financing activities	(206)	(206)

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2022 £'000	At 31 Aug 2021 £'000
Cash in hand and at bank	1,809	1,349
Total cash and cash equivalents	1,809	1,349

24 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2021 £'000	Cash Flows £'000	At 31 Aug 2022 £'000
Cash at bank	1,349	460	1,809
Overdraft	-	-	-
	1,349	460	1,809
Loans within one year	(177)	(5)	(182)
Loans within more than one year	(957)	182	(775)
	215	637	852

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

26 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 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 Warwickshire County Council Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2022 was £1,584,000 (2021: £1,387,000) of which £784,000 (2021 : £796,000) relates to the TPS and £800,000 (2021: £591,000) relates to LGPS.

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 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Contributions amounting to £Nil were payable to the scheme at 31 August 2022 (2021: £Nil) and are included within accruals.

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 employers pension costs paid to TPS in the period amounted to £784,000 (2021: £796,000).

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 a 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 August 2022 was £356,000 (2021: £336,000) of which employers contributions totalled £281,000 (2021: £266,000) and employees contributions totalled £75,000 (2021: £70,000). The agreed contributions for future years are 19.3% (2021: 19.3%) for employers and 5.5% to 8.5% (2021: 5.5% to 8.5%) for employees.

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

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2022	At 31 August 2021
	% per annum	% per annum
Discount rate	4.3%	1.7%
Salary increases	3.9%	3.7%
Pension increase	3.1%	2.9%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2022	At 31 August 2022	At 31 August 2021	At 31 August 2021
	Approx %	Approx £'000	Approx %	Approx £'000
	Increase to Employers Liability		Increase to Employers Liability	
Discount rate reduced by 0.1% per annum	3%	125	15%	1075
Salary growth increased by 0.5% per annum	1%	60	1%	105
CPI Rate +0.1%	2%	114	0%	0

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

	2022 years	2021 years
Longevity at age 65 retiring today		
- Men	21.6	21.8
- Women	24.1	24.2
Longevity at age 65 retiring in 20 years		
- Men	22.7	23.0
- Women	25.9	26.1

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equity instruments	2,539	2,557
Debt instruments	1,143	990
Property	466	454
Cash	84	124
Total market value of assets	4,232	4,124
Present value of scheme liabilities		
- Funded	(4,232)	(4,124)
- Unfunded	(644)	(4,217)
Total liabilities	(4,876)	(8,341)
Deficit in the scheme	(644)	(4,217)

The actual return on the scheme assets in the year was a deficit of £179,000 (2021: £792,000 surplus).

Amounts recognised in the Statement of Financial Activities

	2022 £'000	2021 £'000
Current service cost	726	535
Interest income	(70)	(54)
Interest cost	144	110
Total amount recognised in the SoFA	800	591

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2022 £'000	2021 £'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2021	4,217	3,183
Movement in year:		
- Employer service cost (net of employee contributions)	726	535
- Employer contributions	(281)	(266)
- Expected return on scheme assets	(70)	(54)
- Interest cost	144	110
- Actuarial (gain)/loss	(4,092)	709
Deficit in the scheme at 31 August 2022	644	4,217

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

	2022 £'000	2021 £'000
Scheme liabilities at 1 September 2021	8,341	6,225
Current service cost	726	535
Past Service Cost	0	-
Interest cost	144	110
Contributions by scheme participants	75	70
Benefits paid	(69)	(46)
Actuarial (gain)/loss	(4,341)	1,447
Scheme liabilities at 31 August 2022	4,876	8,341

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

	2021 £'000	2021 £'000
Fair value of scheme assets at 1 September 2021	4,124	3,042
Expected return on scheme assets	70	54
Actuarial (loss)/gain	(249)	738
Contributions by employer	281	266
Benefits paid	(69)	(46)
Contributions by scheme participants	75	70
Fair value of scheme assets at 31 August 2022	4,232	4,124

The estimated value of employers contributions for the year ended 31 August 2023 is £281,000 (2022 : £266,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**28 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, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transaction took place in the period of account:

In 2021, Ms S Davies, the sister of Mr D Evans, the Assistant Headteacher, worked at Higham Lane School during the year and was paid a salary, under an employment contract for her role as a Teacher. Mr Evans had no involvement in the appointment of Ms Davies and the trustees are comfortable that Ms Davies' salary provides value for money and is not at a preferential rate.

In entering into the transactions the trust has complied with the requirements of the Academy Trust Handbook 2021.

29 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2022 the trust received £9,762 (2021: £14,644) and disbursed £9,895 (2021: £52,802) from the fund. An amount of £5,505 (2021: £5,638) is included in other creditors relating to undistributed funds repayable to the ESFA.

30 TRANSFER OF AN EXISTING ACADEMY OUT OF THE ACADEMY TRUST

Higham Lane School	Transfer out on academy leaving the trust £'000
Tangible fixed assets	
Leasehold land	891
Leasehold buildings	9,675
Assets under construction	253
Computer equipment	111
Furniture & equipment	213
Current assets	
Trade debtors	16
VAT recoverable	36
Other debtors	3
Prepayments and accrued income	96
Cash at bank	1,809
Liabilities	
Creditors: amounts falling due within one year	
Trade creditors	-
Taxation and social security	-
Other creditors	(44)
Accruals and deferred income	(203)
CIF loan	(182)
Creditors: amounts falling due after more than one year	
CIF loan	(775)
Pensions	
Pensions - pension scheme assets	4,232
Pensions - pension scheme liabilities	(4,876)
Net assets	<u>11,255</u>

31 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 September 2022 the assets and liabilities and activities of Higham Lane School were transferred to the charitable company Central England Academy Trust.

