

RICHARD HALE SCHOOL

(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

RICHARD HALE SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	M Harris (appointed 1 September 2019) G Anderson P Eveleigh B Holm
Trustees	I Hawkins, Head Teacher N Hanlon P Clay (appointed 1 September 2019) D Greenfield (appointed 1 September 2019) B Holm, Chair of Trustees C MacLeod J Thornton A Tyrer, Chair of Finance H Brown G Anderson, Vice Chair R Gambles V Goddard (resigned 17 September 2020) H Moore L Riley J McCallig L Hosking
Company registered number	8572898
Company name	Richard Hale School
Registered and principal office	Richard Hale School Hale Road Hertford Hertfordshire SG13 8EN
Chief Executive Officer	I Hawkins
Senior Leadership Team	I Hawkins, Head Teacher J Beacom, Deputy Head M Greenwood, Deputy Head J Allaway, Assistant Head H Davies, Assistant Head L Morris, Director of Specialism S Robins, Head of Key Stage 4 M Botheras, Business Manager
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Bankers

Lloyds Banking Commercial
PO Box 3 (3rd Floor)
Queen Square
Wolverhampton
WV1 1TF

RICHARD HALE SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

The Trust operates an academy school for pupils aged 11-18 serving a catchment area of Hertford, Ware and the surrounding villages. It has a pupil capacity of 1,220 and had a roll of 1,192 as at 1 November 2020.

Structure, Governance and Management

The Academy is a Company limited by guarantee and an exempt Charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is known as Richard Hale School (the School).

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

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice the 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 details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

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

Trustees are appointed for a fixed term of 4 years. The Headteacher is an ex officio member of the Board of Trustees. The Articles of Association make provision for a minimum of 4 Community Trustees who are appointed by the Governing Body, a minimum of 4 elected Parent Trustees, a minimum of 1 and a maximum of 4 elected Staff Trustees and a maximum of 3 Partnership Trustees. Parent Trustees and Staff Trustees can be appointed if there are insufficient candidates offering themselves for election.

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Induction training is available for new Trustees from the Headteacher, the Clerk to the Trustees and the Chair of Trustees. Mentoring from existing Trustees is also available for new Trustees. All Trustees attend at least one of the committees which support the work of the Board of Trustees.

Trustee training is provided by Herts For Learning Ltd and the School subscribes to their Governor Service to ensure that all Trustees have access to their training courses.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Organisational Structure

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

The Board of Trustees, which meets on at least five occasions per year and each individual committee at least three times per year, is responsible for the strategic direction of the Academy. Trustees review progress towards educational objectives and results; approve major expenditure requests; set the budget for the following year; set the organisational staffing structure; agree the performance objectives of the Head Teacher with the School Improvement Partner, and reviews them.

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

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

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and the SLT. The Personnel Committee determine a 5-point pay range for Deputy Heads and a further 5-point range for Assistant Heads. The range for individual posts will be determined according to the duties and responsibilities of the post and may vary between posts. In addition, pay levels may be affected by nationally agreed pay awards and the ability to recruit and retain for specific posts.

The Headteacher's pay award is managed in a meeting between the Chair of the Personnel Committee and the Chair of Governors, following an annual performance review meeting.

Further details can be found in the Staff Pay Policy.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures. The Academy works closely with the other Hertford & Ware secondary schools and a number of local primary schools. Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

Objectives and Activities

Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 18.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives, Strategies and Activities

During the year the School has worked towards these aims by:

- ensuring that every pupil enjoys the same high quality education in terms of resourcing, tuition and care;
- raising the standard of educational achievement of all pupils;
- improving the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- providing value for money for the funds expended;
- complying with all appropriate statutory and curriculum requirements; and
- conducting the Academy's business in accordance with the highest standards of integrity.

The School continues to work hard towards achieving significant improvements in sports facilities and negotiations continue with the DfE to try to agree funding for a new sports hall. Existing funding includes a CIF grant from the DfE, commitments from the Academy's reserves and donations from the local community. It is hoped that further news will be available in late 2020.

Public Benefit

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

Strategic Report

Achievements and Performance

An Ofsted inspection was carried out during the year and the outcome was that the School "continues to be good". A copy of the inspection can be found at <https://www.richardhale.herts.sch.uk/wp-content/uploads/2020/08/10110256-Richard-Hale-School-139873-Final-PDF.pdf>.

Achievements and opportunities throughout the year were hampered by the COVID outbreak which resulted in the School closing from mid-March and only re-opening in a reduced capacity by the end of the year. Exams were cancelled as were School trips and many extra-curricular options. Whilst we hope to return to our usual provision as soon as the regulations allow, the first few months of the new year have, unfortunately, followed the same pattern.

GCSE results	<u>2019/2020</u>	<u>2018/2019</u>
Grade 4+ including English and Maths	92%	80%
Grade 5+ including English and Maths	70%	55%
Attainment 8	59.7	51.5
Average point score	5.87	

A Level results	<u>2019/2020</u>	<u>2018/2019</u>
% A*-B	62%	46%
% A*-C	86%	74%
% A*-E	100%	99%
APS per entry	39.29	33.76
APS per entry as a grade	B	C

This year's examination results are based on centre assessed grades.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Key Performance Indicators

The Trustees receive regular information at each Committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers, this is a key performance indicator. Financial stability depends on the ability to ensure a full School so we will continue to accept extra pupils into Y7 up to a total of 180 to help to achieve this. In turn, this is expected to lead to increased 6th Form numbers from 2021 onwards.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2019/20 this was 76%. The Board of Trustees is confident that staffing levels are closely monitored to agreed full time equivalent posts and staffing structures all approved by the Board of Trustees.

The Finance Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

Going Concern

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

In making this statement the Board of Trustees have taken into due consideration the effects upon the Trust of the COVID-19 pandemic, the partial closure of the School during the period and the changes in practices introduced from the 2020 Autumn term.

Further consideration on the Trust's ability to continue as a going concern as a result of the COVID-19 pandemic can be found in Note 1.3.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding agency (ESFA). For the year ended 31 August 2020 the Trust received £6,564,064 of GAG and other funding (excluding capital funding). A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,848,767 on general running costs (excluding capital expenditure and depreciation). The Academy brought forward from 18/19, £992,641 unrestricted funds and £14,096,401 total restricted funding. The carry forward for 19/20 is £924,886 in unrestricted funding (including £167,020 of capital improvements) and £13,885,102 total restricted assets.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £2,935,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £993,907 (including £167,020 of capital improvements). This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

The Trustees have made a decision to designate unrestricted balances of £167,020 for future capital projects, and is holding other unrestricted funds of £826,887 to cover future increases in costs and expenditure that may arise from uninsurable losses. This includes £75,000 which is designated for the 3G pitch sinking fund. Much of the remaining reserves is earmarked to support the sports hall project which has been ongoing for some time. However, it is hoped that progress can be made during Autumn 2020 which will bring the project to fruition in 2021.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £907,918.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £2,484,405. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. Much of this cash is a restricted sports hall grant from the DfE. The Trustees monitor cash flow as part of committee reports and their aim is to hold a minimum of £300,000 of income as a reserve (unless unforeseen expenditure or budgetary shortfalls require the Finance Committee to agree a lower, temporary level of reserves) with the aspiration of a reserve large enough to cover a typical month's expenditure. Taking the money earmarked for the sports hall project into account, the remaining reserves are in excess of the £300,000 minimum as stated in the reserves policy.

Investment Policy

The aim of the policy is to ensure funds that the Academy does not immediately need to cover anticipated expenditure are invested to maximise the Academy's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow. Some money has been held in bank accounts yielding a slightly higher rate of interest but without increasing the risk. However, with virtually no interest available due to Bank of England rate cuts, there is very little extra being received.

Principal Risks and Uncertainties

The principal ongoing risk remains COVID and the impact on the ability of the School to operate normally. Staff and students spent many months during 2020 working remotely and the School was able to purchase technology to allow them to do this. Many activities have been cancelled including those which engage with the wider community. The financial impact was a loss of income from catering and lettings and increased costs in cleaning, PPE, free school meals and IT. However, savings made in other areas largely helped to counter-act some of this in the 2019/20 financial year. No School staff were furloughed during the period. We applied for a grant to cover the additional costs and, to date, have received support for free school meals but are awaiting the outcome for exceptional costs.

As we started the 2020/21 year with a full School, those cost savings do not exist and COVID related costs have risen. It is hoped that a further grant will be available from the DfE to mitigate these extra costs.

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

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

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TRUSTEES' REPORT (CONTINUED)
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It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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

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

- the Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed Price Bailey to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

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

Plans for Future Periods

The Academy has a three year planning cycle to ensure direction and focus for financial and building plans alongside the core educational purpose to obtain the best results it can for all pupils. We were granted permission for a sports hall which is a project that has been ongoing for some time. However, progress continues to be made with the DFE and the local planning office and we sincerely hope to bring this project to fruition during 2021.

We are researching a CIF bid to support improvements in site safety and are also awaiting the outcome of an Urgent Capital Support bid for a replacement DT roof which has failed.

There are medium term plans to renovate the Technology and Mathematics blocks in the next few years. The School Development Plan continues to focus on building on the improvements made in teaching and learning and leadership and management through the promotion of good practice and co-operative working.

Funds Held as Custodian Trustee on Behalf of Others

There are no assets or arrangements for safe custody where the Academy Trust or its Trustees are acting as a custodian trustee.

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TRUSTEES' REPORT (CONTINUED)
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Provision of information to auditors

Insofar as the Trustees are aware:

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

The Auditors Price Bailey 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 order of the Board of Trustees, as the company directors, on 13 January 2021 and signed on its behalf by:

B Holm
Chair of Trustees

RICHARD HALE SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Richard Hale 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 Head Teacher, 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 Richard Hale 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 7 times during the year.

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

Trustee	Meetings attended	Out of a possible
I Hawkins, Head Teacher	7	7
N Hanlon	6	7
P Clay	5	7
D Greenfield	7	7
B Holm, Chair of Trustees	7	7
C MacLeod	5	7
J Thornton	6	7
A Tyrer, Chair of Finance	5	7
H Brown	6	7
G Anderson, Vice Chair	7	7
R Gambles	7	7
V Goddard	5	7
H Moore	7	7
L Riley	7	7
J McCallig	5	7
L Hosking	6	7

At the end of the academic year, Vic Goddard resigned from the Governing Body and this was the only change to the composition that took place.

The main challenge during the year was COVID-19 and the impact it had on the ability of the School to operate normally. Staff and students spent many months during 2020 working remotely and the School was able to purchase technology to allow them to do this. Many activities have been cancelled including those which engage with the wider community. The financial impact was a loss of income from catering and lettings and increased costs in cleaning, PPE, free school meals and IT. However, savings made in other areas largely helped to counter-act some of this in the 2019/20 financial year.

School funding continues to prove very difficult and the School is working hard to return to a balanced budget.

The ongoing sports hall project continues to be a major priority and we are very hopeful of bringing the project to a successful conclusion during 2021.

An internal audit took place into the ESFA's AFH 'musts' during the year and was found to be "highly compliant".

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

We plan to undertake a review of governance by the end of 2021.

The Finance Committee is a sub-committee of the Board of Trustees. Its purpose is to ensure that the School maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management.

The main functions are ensuring that the grant from the EFA is used only for the purposes intended, to agree and approve the annual budget, approval of the Annual Report and Accounts, appointment of the internal and external Auditors, appointment of the Accounting Officer, on-going review of financial performance, monitoring of income and expenditure, to consider funding requests from the B&G and Personnel Committees, to approve virements between agreed budgets, to ensure the Register of Business Interests is kept up to date, to ensure the School has appropriate insurance in place, to receive comment on and agree audit reports, to review and approve applicable finance policies and procedures, to review the Finance Committee's Terms of Reference, to assess and manage risk, to oversee the finance of major projects and to agree and approve any investments.

There were no changes to the Finance Committee during the 2019-20 financial year. School funding remains very difficult and deficit budgets are having to be agreed and managed.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
B Holm	2	6
G Anderson	4	6
I Hawkins	5	6
A Tyrer	4	6
H Brown	5	6
R Gambles	6	6
H Moore	6	6

Review of value for money

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

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

- Ensuring that expenditure was reduced to a minimal level during the period of School closure.
- Ensuring that the relevant number of quotes are received for contracted work.
- On-going monitoring of staffing levels to ensure that our staffing model is efficient.
- Comparing insurance renewal prices against the Risk Protection Arrangement which is available through the DfE.
- Searching for and securing discounts on purchases of departmental resources and books.

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GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Richard Hale School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes 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; and
- identification and management of risks.

The Board of Trustees has decided to employ Price Bailey LLP as Internal Auditor. The Board of Trustees understands that following the new Ethical Standards, new internal scrutiny arrangements will need to be made for next year.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In 2019/20, the Internal Auditor reviewed the Human Resources and Payroll systems; overall, for both areas, there is a sound control framework in place to achieve system objectives and the controls to manage the risks audited are being consistently applied.

This is a separate department from the external Auditors to avoid a conflict of interest. The next internal audit is due in 2021.

Regular checks of bank statements are carried out by the Chair of the Finance Committee.

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

No material issues were found during internal audits during 2019/2020.

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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- the work of the Internal Auditor;
- the work of the external Auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 13 January 2021 and signed on their behalf by:

B Holm
Chair of Trustees

I Hawkins
Accounting Officer

RICHARD HALE SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Richard Hale School I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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

I Hawkins
Accounting Officer
Date: 13 January 2021

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 13 January 2021 and signed on its behalf by:

B Holm
Chair of Trustees

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Richard Hale School (the 'Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

RICHARD HALE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RICHARD HALE SCHOOL (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

RICHARD HALE SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RICHARD HALE SCHOOL (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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

Gary Miller (Senior statutory auditor)

for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

13 January 2021

RICHARD HALE SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RICHARD HALE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29 August 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Richard Hale School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Richard Hale School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Richard Hale School's funding agreement with the Secretary of State for Education dated 12 June 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

The work undertaken to draw our conclusion includes:

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

Conclusion

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

Reporting Accountant
Price Bailey LLP

Date: 13 January 2021

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	85,696	144,546	285,732	515,974	612,109
Charitable activities	4	288,548	5,870,387	-	6,158,935	5,993,228
Other trading activities	5	92,178	82,709	-	174,887	131,525
Investments	6	3,881	-	-	3,881	5,938
Total income		<u>470,303</u>	<u>6,097,642</u>	<u>285,732</u>	<u>6,853,677</u>	<u>6,742,800</u>
Expenditure on:						
Charitable activities		538,058	6,310,709	302,294	7,151,061	6,955,932
Total expenditure		<u>538,058</u>	<u>6,310,709</u>	<u>302,294</u>	<u>7,151,061</u>	<u>6,955,932</u>
Net movement in funds before other recognised gains/(losses)		<u>(67,755)</u>	<u>(213,067)</u>	<u>(16,562)</u>	<u>(297,384)</u>	<u>(213,132)</u>
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(243,000)	-	(243,000)	(503,000)
Net movement in funds		<u>(67,755)</u>	<u>(456,067)</u>	<u>(16,562)</u>	<u>(540,384)</u>	<u>(716,132)</u>
Reconciliation of funds:						
Total funds brought forward		992,641	(2,046,701)	16,143,102	15,089,042	15,805,174
Net movement in funds		(67,755)	(456,067)	(16,562)	(540,384)	(716,132)
Total funds carried forward		<u>924,886</u>	<u>(2,502,768)</u>	<u>16,126,540</u>	<u>14,548,658</u>	<u>15,089,042</u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 24 to 49 form part of these financial statements.

RICHARD HALE SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 8572898

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	14,428,744	14,661,808
Current assets			
Debtors	14	815,959	569,391
Cash at bank and in hand		2,484,405	2,480,570
		3,300,364	3,049,961
Creditors: amounts falling due within one year	15	(696,303)	(576,888)
Net current assets		2,604,061	2,473,073
Total assets less current liabilities		17,032,805	17,134,881
Creditors: amounts falling due after more than one year	16	(89,147)	(117,839)
Net assets excluding pension liability		16,943,658	17,017,042
Defined benefit pension scheme liability	24	(2,395,000)	(1,928,000)
Total net assets		14,548,658	15,089,042
Funds of the Trust			
Restricted funds:			
Fixed asset funds	17	16,126,540	16,143,102
Restricted income funds	17	(107,768)	(118,701)
Restricted funds excluding pension liability	17	16,018,772	16,024,401
Pension reserve	17	(2,395,000)	(1,928,000)
Total restricted funds	17	13,623,772	14,096,401
Unrestricted income funds	17	924,886	992,641
Total funds		14,548,658	15,089,042

The financial statements on pages 21 to 49 were approved by the Trustees, and authorised for issue on 13 January 2021 and are signed on their behalf, by:

B Holm
Chair of Trustees

RICHARD HALE SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(247,216)	105,288
Cash flows from investing activities	21	279,742	(27,507)
Cash flows from financing activities	20	(28,691)	(28,689)
Change in cash and cash equivalents in the year		3,835	49,092
Cash and cash equivalents at the beginning of the year		2,480,570	2,431,478
Cash and cash equivalents at the end of the year	22, 23	<u>2,484,405</u>	<u>2,480,570</u>

The notes on pages 24 to 49 form part of these financial statements

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

Richard Hale School meets the definition of a public entity under FRS 102. The financial statements of the Trust have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Company status

The Trust is a Company limited by guarantee. The Members of the Company are named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member.

The Academy's registered office is Richard Hale School, Hale Road, Hertford, SG13 8EN

1.3 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

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

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Income

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

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

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

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

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

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

1.5 Expenditure

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

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.7 Interest receivable

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

1.8 Taxation

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

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

1.9 Tangible fixed assets

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

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

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

Freehold property	- 50 years straight line
Furniture and equipment	- 5 - 10 years straight line
Computer equipment	- 7 - 13 years straight line
Motor vehicles	- 10 years straight line

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

1.10 Debtors

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

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities

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

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Operating leases

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

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.16 Agency arrangements

The 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 incorporating Income and Expenditure Account, as the Academy does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

Where the funds have not been fully applied in the accounting period then an amount will be included in the Balance Sheet as an other creditor.

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.17 Fund accounting

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

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

RICHARD HALE SCHOOL
(A company limited by guarantee)

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

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	85,696	144,546	-	230,242	495,684
Capital grants	-	-	285,732	285,732	116,425
Total 2020	<u>85,696</u>	<u>144,546</u>	<u>285,732</u>	<u>515,974</u>	<u>612,109</u>
Total 2019	<u>99,114</u>	<u>396,570</u>	<u>116,425</u>	<u>612,109</u>	

In 2019, income from donations was £495,684 of which £99,114 was unrestricted and £396,570 was restricted.

In 2019, capital grants of £116,425 were in relation to restricted fixed assets.

4. Funding for the Trust's provision of education

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,396,807	5,396,807	5,390,326
Other DfE / ESFA grants	-	464,073	464,073	181,086
	-	<u>5,860,880</u>	<u>5,860,880</u>	<u>5,571,412</u>
Other Government grants				
Local Authority grants	-	3,959	3,959	5,755
	-	<u>3,959</u>	<u>3,959</u>	<u>5,755</u>
Other income				
Catering income	288,548	-	288,548	416,061
Exceptional Government funding	-	5,548	5,548	-
Total 2020	<u>288,548</u>	<u>5,870,387</u>	<u>6,158,935</u>	<u>5,993,228</u>
Total 2019	<u>416,061</u>	<u>5,577,167</u>	<u>5,993,228</u>	

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4. Funding for the Trust's provision of education (continued)

The Academy Trust has been eligible to claim additional funding during the year from Government support schemes in response to the coronavirus outbreak. The funding received is shown above under 'exceptional Government funding'. The funding received for coronavirus exceptional support covers £5k of costs. These costs are included in notes 7 and 8 below.

In 2019, income from DFE/ESFA grants was £5,571,412 of which all was restricted.

In 2019, income from other Government grants was £5,755 of which all was restricted.

In 2019, income from catering was £416,061 of which all was unrestricted.

5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Hire of facilities	54,876	-	54,876	69,550
Other income	37,302	82,709	120,011	61,975
Total 2020	<u>92,178</u>	<u>82,709</u>	<u>174,887</u>	<u>131,525</u>
Total 2019	<u>131,525</u>	<u>-</u>	<u>131,525</u>	

In 2019, rental income was £69,550 of which all was unrestricted.

In 2019, other income was £61,975 of which all was unrestricted.

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	3,881	3,881	5,938
Total 2019	<u>5,938</u>	<u>5,938</u>	

In 2019, the total of £5,938 of investment income was unrestricted funds.

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7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Provision of Education:					
Direct costs	4,903,576	-	545,214	5,448,790	5,042,335
Allocated support costs	725,608	516,274	460,389	1,702,271	1,913,597
Total 2020	<u>5,629,184</u>	<u>516,274</u>	<u>1,005,603</u>	<u>7,151,061</u>	<u>6,955,932</u>
Total 2019	<u>4,851,472</u>	<u>677,033</u>	<u>1,427,427</u>	<u>6,955,932</u>	

In 2020, of the total expenditure, £538,058 (2019 - £604,700) was made from unrestricted funds, £6,310,709 (2019 - £6,089,005) was made from restricted funds, and £302,294 (2019 - £262,227) was made from restricted fixed asset funds.

In 2019, direct expenditure consisted of £4,299,282 staff costs and £743,053 other costs.

In 2019, support expenditure consisted of £684,560 staff costs, £524,502 premises costs and £704,535 other costs.

8. Charitable activities

	2020 £	2019 £
Direct costs	5,448,790	5,042,335
Support costs	1,702,271	1,913,597
	<u>7,151,061</u>	<u>6,955,932</u>

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Charitable activities (continued)

	2020 £	2019 £
Analysis of support costs		
Support staff costs	725,608	684,560
Depreciation	242,935	236,570
Governance costs	15,220	14,445
Technology costs	42,182	43,259
Premises costs	251,671	400,752
Legal costs	563	220
Other support costs	424,092	533,791
	1,702,271	1,913,597

9. Net expenditure

Net expenditure for the year includes:

	2020 £	2019 £
Operating lease rentals	5,622	5,657
Depreciation of tangible fixed assets	242,935	236,570
Fees paid to Auditors for:		
- audit	8,397	7,165
- other services	6,823	4,990
	1,702,271	1,913,597

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,947,332	3,791,920
Social security costs	403,286	380,201
Pension costs	1,105,312	780,870
	5,455,930	4,952,991
Agency staff costs	173,254	30,851
	5,629,184	4,983,842

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10. Staff (continued)

b. Staff numbers

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

	2020 No.	2019 No.
Teaching	72	66
Administration & Support	37	39
Management	2	8
	<u>111</u>	<u>113</u>

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the 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 Trust was £819,810 (2019 - £784,980).

Included in this figure are employer national insurance contributions of £72,433 (2019 - £72,004) and employer pension contributions of £143,849 (2019 - £105,325).

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11. Trustees' remuneration and expenses

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

		2020	2019
		£	£
I Hawkins, Head Teacher	Remuneration	90,000 - 95,000	85,000 - 90,000
	Pension contributions paid	20,000 - 25,000	10,000 - 15,000
T Brownlee (resigned 11 July 2019)	Remuneration	Nil	45,000 - 50,000
	Pension contributions paid	Nil	5,000 - 10,000
K Webster (resigned 11 July 2019)	Remuneration	Nil	20,000 - 25,000
	Pension contributions paid	Nil	5,000 - 10,000
P Clay (appointed 1 September 2019)	Remuneration	50,000 - 55,000	
	Pension contributions paid	10,000 - 15,000	
D Greenfield (appointed 1 September 2019)	Remuneration	30,000 - 35,000	
	Pension contributions paid	5,000 - 10,000	

During the year, retirement benefits were accruing to 3 Trustees (2019 - none) in respect of defined benefit pension schemes.

During the year ended 31 August 2020, expenses totalling £111 were reimbursed or paid directly to 2 Trustees (2019 - £471 to 3 Trustees) in relation to out of pocket expenses incurred as part of their role as staff members.

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £10,229 (2019 - £29,336). The cost of this insurance is included in the total insurance cost.

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13. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2019	15,286,461	359,706	346,805	42,658	16,035,630
Additions	-	5,543	4,328	-	9,871
At 31 August 2020	<u>15,286,461</u>	<u>365,249</u>	<u>351,133</u>	<u>42,658</u>	<u>16,045,501</u>
Depreciation					
At 1 September 2019	987,215	142,285	225,364	18,958	1,373,822
Charge for the year	177,644	33,870	28,255	3,166	242,935
At 31 August 2020	<u>1,164,859</u>	<u>176,155</u>	<u>253,619</u>	<u>22,124</u>	<u>1,616,757</u>
Net book value					
At 31 August 2020	<u><u>14,121,602</u></u>	<u><u>189,094</u></u>	<u><u>97,514</u></u>	<u><u>20,534</u></u>	<u><u>14,428,744</u></u>
At 31 August 2019	<u><u>14,299,246</u></u>	<u><u>217,421</u></u>	<u><u>121,441</u></u>	<u><u>23,700</u></u>	<u><u>14,661,808</u></u>

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2020 £	2019 £
Freehold land	<u><u>6,906,000</u></u>	<u><u>6,906,000</u></u>

14. Debtors

	2020 £	2019 £
Trade debtors	4,062	1,625
VAT recoverable	14,263	44,351
Prepayments and accrued income	142,337	129,448
Grants receivable	655,297	393,967
	<u><u>815,959</u></u>	<u><u>569,391</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	28,688	28,688
Trade creditors	53,686	80,764
Other taxation and social security	101,838	99,996
Other creditors	197,892	159,714
Accruals and deferred income	314,199	207,726
	696,303	576,888
	696,303	576,888

Included within other loans are interest free Salix loans totalling £28,691 (2019 - £28,691) which are repayable by 2025.

	2020 £	2019 £
Deferred income at 1 September 2019	150,225	162,526
Resources deferred during the year	214,191	150,225
Amounts released from previous periods	(150,225)	(162,526)
	214,191	150,225
	214,191	150,225

Resources deferred at the year ended 31 August 2020 relate to contributions towards future educational visits, catering income, music tuition and examination income.

16. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Other loans	89,147	117,839
	89,147	117,839

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020 £	2019 £
Payable or repayable by instalments	-	3,075
	-	3,075
	-	3,075

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

17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Designated funds						
3G pitch sink fund	50,000	-	-	25,000	-	75,000
Deficit contribution	74,746	-	-	(105,809)	-	(31,063)
Sports hall fund	416,089	-	-	64,969	-	481,058
	<u>540,835</u>	<u>-</u>	<u>-</u>	<u>(15,840)</u>	<u>-</u>	<u>524,995</u>
General funds						
Unrestricted funds	451,806	470,303	(538,058)	15,840	-	399,891
Total Unrestricted funds	<u>992,641</u>	<u>470,303</u>	<u>(538,058)</u>	<u>-</u>	<u>-</u>	<u>924,886</u>
Restricted general funds						
GAG	-	5,396,807	(5,396,807)	-	-	-
Other DfE/ ESFA grants	-	386,842	(386,842)	-	-	-
Pupil Premium	-	77,231	(77,231)	-	-	-
LA grants	-	3,959	(3,959)	-	-	-
Restricted donations	27,826	227,255	(245,010)	-	-	10,071
Salix fund	(146,527)	-	28,688	-	-	(117,839)
Exceptional funding	-	5,548	(5,548)	-	-	-
Pension reserve	(1,928,000)	-	(224,000)	-	(243,000)	(2,395,000)
	<u>(2,046,701)</u>	<u>6,097,642</u>	<u>(6,310,709)</u>	<u>-</u>	<u>(243,000)</u>	<u>(2,502,768)</u>

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Restricted fixed asset funds						
Restricted fixed assets	14,661,809	-	(242,935)	9,871	-	14,428,745
Devolved Formula Capital (DFC)	44,828	24,402	(59,359)	(9,871)	-	-
Other capital income	167,911	-	-	(167,911)	-	-
Sports hall fund	1,268,554	261,330	-	167,911	-	1,697,795
	<u>16,143,102</u>	<u>285,732</u>	<u>(302,294)</u>	<u>-</u>	<u>-</u>	<u>16,126,540</u>
Total Restricted funds	<u>14,096,401</u>	<u>6,383,374</u>	<u>(6,613,003)</u>	<u>-</u>	<u>(243,000)</u>	<u>13,623,772</u>
Total funds	<u><u>15,089,042</u></u>	<u><u>6,853,677</u></u>	<u><u>(7,151,061)</u></u>	<u><u>-</u></u>	<u><u>(243,000)</u></u>	<u><u>14,548,658</u></u>

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

Deficit Contribution

Accumulated underspend to be offset against, as agreed, for 2019/20.

Designated Sports Hall

This represents the Trust's future contributions towards sports hall project.

Other capital income

This represents other capital income received for the sports hall and the 3G football pitch.

Sinking fund for wasting assets

The Sinking fund for wasted assets was established in order to ring-fence funds for future anticipated refurbishment costs of the all weather pitch.

General Annual Grant (GAG)

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

Other DfE/ESFA grants and Pupil premium

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

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17. Statement of funds (continued)

Local Authority grants (LA)

This represents various grants from local and national Government bodies for the provision of specific services to pupils of the Academy.

Restricted trip donations

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

Restricted donation - sports hall fund

This represents donations made for the Sports Hall, transferred into other capital income fund.

Restricted donations

This represents other restricted donations for various specific activities.

Salix fund

This fund represents the balance of the Salix loan liability used to purchase the new boiler and new roof. The deficit on this fund will be cleared by the future energy savings relating to the boiler over the term of the Salix loan.

Pension reserve

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

Restricted fixed asset

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

Devolved formula capital (DFC) fund

The Academy is to use the DFC allocation to maintain and improve its buildings and facilities.

Capital Improvement Fund (CIF)

The Academy is required to use the funding for the specific project as defined within the funding agreement.

Sports hall restricted fixed asset fund

This fund includes all income received specifically for the purposes of spending towards the construction of a new sports hall.

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

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

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17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Capital improvements	44,785	-	-	(44,785)	-	-
3G pitch sink fund	25,000	-	-	25,000	-	50,000
Deficit contribution	68,280	-	-	6,466	-	74,746
Sports hall fund	416,089	-	-	-	-	416,089
	<u>554,154</u>	<u>-</u>	<u>-</u>	<u>(13,319)</u>	<u>-</u>	<u>540,835</u>
General funds						
Unrestricted funds	468,916	652,638	(604,700)	(65,048)	-	451,806
Total Unrestricted funds	<u>1,023,070</u>	<u>652,638</u>	<u>(604,700)</u>	<u>(78,367)</u>	<u>-</u>	<u>992,641</u>
Restricted general funds						
GAG	-	5,390,326	(5,388,942)	(1,384)	-	-
Other DfE/ ESFA grants	-	103,257	(103,257)	-	-	-
Pupil Premium	-	77,829	(77,829)	-	-	-
LA grants	-	5,755	(5,755)	-	-	-
Restricted trip donations	-	325,161	(325,161)	-	-	-
Restricted donation - sports hall fund	-	2,405	(2,405)	-	-	-
Restricted donations	8,503	69,004	(47,656)	(2,025)	-	27,826
Salix fund	(175,221)	-	-	28,694	-	(146,527)
Pension reserve	(1,287,000)	-	(138,000)	-	(503,000)	(1,928,000)
	<u>(1,453,718)</u>	<u>5,973,737</u>	<u>(6,089,005)</u>	<u>25,285</u>	<u>(503,000)</u>	<u>(2,046,701)</u>

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17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Restricted fixed assets	14,748,508	-	(236,570)	149,871	-	14,661,809
Devolved Formula Capital (DFC)	44,739	86,775	(22,000)	(64,686)	-	44,828
Capital Improvement Fund (CIF)	6,110	-	(3,657)	(2,453)	-	-
Other capital income	167,911	29,650	-	(29,650)	-	167,911
Sports hall fund	1,268,554	-	-	-	-	1,268,554
	<u>16,235,822</u>	<u>116,425</u>	<u>(262,227)</u>	<u>53,082</u>	<u>-</u>	<u>16,143,102</u>
Total Restricted funds	<u>14,782,104</u>	<u>6,090,162</u>	<u>(6,351,232)</u>	<u>78,367</u>	<u>(503,000)</u>	<u>14,096,401</u>
Total funds	<u><u>15,805,174</u></u>	<u><u>6,742,800</u></u>	<u><u>(6,955,932)</u></u>	<u><u>-</u></u>	<u><u>(503,000)</u></u>	<u><u>15,089,042</u></u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	14,428,744	14,428,744
Current assets	1,327,896	274,672	1,697,796	3,300,364
Creditors due within one year	(403,010)	(293,293)	-	(696,303)
Creditors due in more than one year	-	(89,147)	-	(89,147)
Provisions for liabilities and charges	-	(2,395,000)	-	(2,395,000)
Total	<u><u>924,886</u></u>	<u><u>(2,502,768)</u></u>	<u><u>16,126,540</u></u>	<u><u>14,548,658</u></u>

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18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,661,808	14,661,808
Current assets	1,016,744	551,923	1,481,294	3,049,961
Creditors due within one year	(24,103)	(552,785)	-	(576,888)
Creditors due in more than one year	-	(117,839)	-	(117,839)
Provisions for liabilities and charges	-	(1,928,000)	-	(1,928,000)
Total	<u>992,641</u>	<u>(2,046,701)</u>	<u>16,143,102</u>	<u>15,089,042</u>

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(297,384)	(213,132)
Adjustments for:		
Depreciation	242,935	236,570
Capital grants from DfE and other capital income	(285,732)	(116,425)
Interest receivable	(3,881)	(5,938)
(Increase)/decrease in debtors	(246,568)	38,204
Increase in creditors	119,414	28,009
Pension adjustment	224,000	138,000
Net cash (used in)/provided by operating activities	<u>(247,216)</u>	<u>105,288</u>

20. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(28,691)	(28,689)

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Cash flows from investing activities

	2020 £	2019 £
Interest received	3,881	5,938
Purchase of tangible fixed assets	(9,871)	(149,870)
Capital grants from DfE Group	285,732	116,425
Net cash provided by/(used in) investing activities	279,742	(27,507)

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	2,484,405	2,480,570

23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	2,480,570	3,835	2,484,405
Debt due within 1 year	(28,688)	-	(28,688)
Debt due after 1 year	(117,839)	28,692	(89,147)
	2,334,043	32,527	2,366,570

24. Pension commitments

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

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

Contributions amounting to £103,756 were payable to the schemes at 31 August 2020 (2019 - £88,160) and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £718,948 (2019 - £476,648).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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.

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

24. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £250,000 (2019 - £240,000), of which employer's contributions totalled £190,000 (2019 - £193,000) and employees' contributions totalled £ 51,000 (2019 - £47,000). The agreed contribution rates for future years are 25.4 per cent for employers and 6.5 per cent for employees.

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

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.6	2.4
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.20	2.30
Inflation assumption (RPI)	3.20	3.30

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

	2020	2019
	Years	Years
Retiring today		
Males	21.9	21.5
Females	24.1	23.7
Retiring in 20 years		
Males	22.8	22.3
Females	25.5	25.0

As at 31 August 2020, the Trust had a pension liability of £2,395,000 (2019 - £1,928,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way:

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

24. Pension commitments (continued)

Sensitivity analysis

	2020 £	2019 £
Discount rate +0.1%	(124,000)	(97,000)
Discount rate -0.1%	124,000	97,000
Mortality assumption - 1 year increase	206,000	176,000
Mortality assumption - 1 year decrease	(206,000)	(176,000)
CPI rate +0.1%	103,000	79,000
CPI rate -0.1%	(103,000)	(79,000)
	<u><u> </u></u>	<u><u> </u></u>

Share of scheme assets

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

	2020 £	2019 £
Equities	1,464,000	1,209,000
Bonds	966,000	963,000
Property	248,000	197,000
Cash and other liquid assets	83,000	99,000
	<u><u> </u></u>	<u><u> </u></u>
Total market value of assets	<u><u>2,761,000</u></u>	<u><u>2,468,000</u></u>

The actual return on scheme assets was £119,000 (2019 - £187,000).

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

	2020 £	2019 £
Current service cost	(386,000)	(290,000)
Past service cost	-	(4,000)
Interest income	46,000	61,000
Interest cost	(83,000)	(98,000)
	<u><u> </u></u>	<u><u> </u></u>
Total amount recognised in the Statement of Financial Activities	<u><u>(423,000)</u></u>	<u><u>(331,000)</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

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

	2020 £	2019 £
At 1 September	4,396,000	3,371,000
Interest cost	83,000	98,000
Employee contributions	51,000	47,000
Actuarial losses	316,000	629,000
Benefits paid	(76,000)	(43,000)
Past service costs	-	4,000
Current service cost	386,000	290,000
At 31 August	<u>5,156,000</u>	<u>4,396,000</u>

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

	2020 £	2019 £
At 1 September	2,468,000	2,084,000
Interest income	46,000	61,000
Actuarial gains	73,000	126,000
Employer contributions	199,000	193,000
Employee contributions	51,000	47,000
Benefits paid	(76,000)	(43,000)
At 31 August	<u>2,761,000</u>	<u>2,468,000</u>

25. Operating lease commitments

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

	2020 £	2019 £
Not later than 1 year	3,924	3,924
Later than 1 year and not later than 5 years	3,924	7,848
	<u>7,848</u>	<u>11,772</u>

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FOR THE YEAR ENDED 31 AUGUST 2020

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.

27. Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 11.

28. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020, the Academy Trust received £11,604 (2019 - £12,124) and disbursed £2,711 (2019 - £2,301) from the fund. An amount of £50,410 (2019 - £41,517) is included in other creditors relating to undistributed funds that are repayable to ESFA.