
HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Charitable company, its Trustees and Advisers	1 - 2
Trustees' Report (incorporating Directors' and Strategic reports)	3 - 14
Independent Auditor's Report on the Financial Statements	15 - 19
Statement of Financial Activities	20 - 21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 - 51

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2021

Trustees

Jennifer Scott
David Cathie
Ian Forbes
William Keil
Gillian Cockburn
Anna Vaughan
Ann Jacob-Chandler
Elizabeth Anne Gibson

Company registered number

SC162021

Charity registered number

SC024256

Registered office and principal trading address

Harmeny School
Mansfield Road
Balerno
Midlothian
EH14 7JY

Company secretary

Nicky Findlay

Chief executive

Neil Squires

Senior Management team

Nicky Findlay, Head of Finance and Estates
Sean McCahill, Head of HR and Organisational Development
Craig Paul, Head of Care
Mandy Shiel, Head of Education

Independent auditor

French Duncan LLP
Chartered Accountants & Statutory Auditor
56 Palmerston Place
Edinburgh
EH12 5AY

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITABLE COMPANY, ITS TRUSTEES AND
ADVISERS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2021

Bankers

The Royal Bank of Scotland
239 St John's Road
Edinburgh
EH12 7XA

Solicitors

Morton Fraser LLP
Quartermile Two
2 Lister Square
Edinburgh
EH3 9GL

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The Trustees (who are also Directors for the purposes of Company Law) present their annual report together with the audited financial statements of the charitable company for the year 1 April 2020 to 31 March 2021. The Annual Report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Objectives and activities

The company was incorporated on 6 December 1995 and is a registered Scottish charity. The assets and liabilities of its predecessor organisation, Harmeny School, were transferred to the company on 21 December 1995.

Harmeny is one of seven grant aided schools in Scotland. A proportion of operating income comes from a block maintenance grant from the Scottish Government with the balance of costs being charged out in fees to local authorities.

The principal activity of the company is to advance the education and care of children and young people in Scotland with additional support needs on a residential and day basis.

There are two constituent functions within the company:

- Harmeny School (which incorporates Harmeny Outdoors)
- SQA (Scottish Qualification Authority) Centre

Harmeny School

The school provides specialist education and care services on a day and all year round residential basis, for children of primary up to early secondary age. As a Grant Aided Special School, we work with children who have complex social, emotional and behavioural needs. Services are provided on both a national and regional basis, with children being referred by local authorities throughout the whole of Scotland. The school is registered with the Care Inspectorate for up to 32 residential places and also provides day places for up to 6 children.

Harmeny Outdoors, which is part of Harmeny School, provides a range of adventurous and environmental activities, which are fully integrated into the curriculum, for all children who attend Harmeny. This service, which is accredited by AALA (Adventure Activities Licensing Authority) is also offered to external groups.

SQA Centre

Harmeny's Scottish Qualifications Authority (SQA) approved centre aims to offer training opportunities to care and education professionals and students, in order to further increase the skills and knowledge in their areas of work. We offer a range of accredited courses to staff in house based on an individual training needs analysis, as well as externally to professionals within the social care and education sectors.

Following market research and an options appraisal, the decision was made by the Trustees, in May 2020, to wind down the SQA Centre, by December 2020, in order to focus on the internal delivery of learning and development, continuing to provide Harmeny staff with sector leading development opportunities. This was achieved with positive feedback from the remaining SQA candidates regarding the quality of services received through the Centre. A wider range of learning and development opportunities were developed and delivered in-house, including Project Management Training, HR workshops and the PDA in supervision.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Objectives and activities (continued)

Strategic plan and performance management

The Trust's three-year Strategic Plan (August 2020 - July 2023) includes the following overarching strategic aim:

"Harmeny will extend its services to include continuing care and learning for children and young people up to the age of 18, establish and implement our therapeutic practice model (The Harmeny Way), and further improve our profile and influence nationally, thus helping even more children and young people reach their full potential."

A regular review of activities detailed in the Strategic Plan is carried out by the directors and management team in order to measure the success of the Trust in achieving their set objectives. A summary of achievements in relation to goals set for the financial year to March 2021 is contained within the section entitled 'Review of Significant Achievements and Performance'.

The priorities for the year 2022-23 are outlined within the section entitled 'Plans for future periods'.

Overall measurement of the performance of the school is assessed by way of reports resulting from external reviews carried out by the Care Inspectorate, Education Scotland and AALA, as well as through Harmeny's own internal quality assurance systems including progress on each child's personal plans.

Achievements and performance

Harmeny School

Despite the continuing challenge of responding to, and managing the Covid-19 pandemic, there were many achievements of note during the financial year 2020-21.

Covid-19

We continued to manage the impact of the Covid-19 crisis well, maintaining the health and safety of children and staff through robust policies and procedures, Winter Flu and Covid vaccines for staff, a range of wellbeing initiatives and a considerable whole-team effort. Our Covid-19 Risk Assessment was regularly updated and regular communications were maintained with parents/carers, local authorities, Scottish Government, Lothian Health Protection Team and regulatory bodies.

High Quality Services

We continued to provide high quality education and care services for children with complex social, emotional and behavioural needs, from primary through to early secondary age, with a healthy rate of referrals, including placements during the national Lockdown period, evidencing the ongoing demand for our services. Pupils received cottage-based learning as a result of Covid restrictions and around four pupils, at any one time, were supported to transition to, and sustain placements within, local primary or secondary schools, whilst remaining at Harmeny on a residential only basis.

Due to the Covid pandemic, there were no on-site education or care inspections, however, we kept in regular touch with the Care Inspectorate and Education Scotland who indicated they were pleased with the quality of care and learning children continued to receive. The Trust's most recent education and care inspections, in April and July 2018, respectively, highlighted continued excellent quality care and support, a strong relational approach, innovative practice in relation to assessment and planning, reflective and supportive staff supervision, ensuring wellbeing as a strength of the school, and a very caring ethos, placing children at the heart of everything we do.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

A review of Night Awake function revealed Harmeny's model as being very robust, ensuring the safe care of children at night time, and we refreshed our Child Protection Policy – further embedding GIRFEC (Getting it right for every child) and increasing the number of Child Protection Officers in line with the increasingly complex needs of our children. An array of creative and supportive activities was offered to children, including adventurous and environmental learning, creative arts and play therapy.

Children's Rights and Participation

We continued to ensure that the voices of children were at the heart of our services, in line with our Promise pledge (the ten-year strategy which followed the Independent Care Review), with The Promise recommendations being incorporated into our Care and Education Improvement Plans, and the Chief Executive being appointed to The Promise Oversight Board. The Education Management Team engaged with children regarding how they felt during the Covid pandemic, and although they would have liked to have seen more of their families face-to-face, they enjoyed maintaining contact virtually, and felt safe and cared for by those key staff who looked after and educated them on a daily basis. The Board consulted with both children and parents/carers virtually, with positive feedback. Both children and parents/carers felt listened to and that their views were taken account of.

Service Developments

Very good progress was made regarding the key strategic priority to develop continuing care and learning services for young people, aged 15+, already placed at Harmeny. Engagement with local authorities evidenced the demand for these services, which will collectively be known as 'Acorn', and practice models were developed for both the care and education elements. Key to successfully delivering Acorn is the development of a brand new Learning Hub in the grounds of the school, allowing a highly vocational secondary curriculum to be delivered. A beautiful design was completed by Loader Monteith Architects, in consultation with staff and pupils, and planning permission as well as the building warrant were both achieved. A major fundraising appeal made excellent progress in securing the funds for the Learning Hub (see 'Fundraising' section below).

Support Services

In addition to further developing our finance, HR and learning and development systems, a 'communications audit' was carried out by Message Matters PR Consultancy which revealed the need for the development of a comprehensive Communications Strategy. Heart in Mouth Communications Consultancy were engaged to support us with this, with the aims of improving our internal communications as well as increasing our external profile.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

Fundraising

Covid had a significant impact on the second phase of the 'Harmeny Learning for Life' appeal, the aim of which is to raise £1.95 million towards the creation of a new Learning Hub in the grounds of the school. Our planned fundraising events, such as the Harmeny Wine Challenge, had to be cancelled and the appeal was paused while the Fundraising Team focused on securing funding to cover the additional costs incurred due to the pandemic.

£40,904 was donated to meet additional staffing, PPE and items for children and cottages to help increase our therapeutic work, keep children in touch with their families, and each other, and to allow activities to be delivered within our cottage bubbles. Donations included £27,390 from the Government's Wellbeing Fund, £10,000 from the Robertson Trust plus funds raised through individual's efforts and donated by the St. James's Place Foundation, Currie and Balerno District Round table and Skipton Charitable Trust.

From October 2020 focus returned to the Learning for Life Appeal and by 31 March 2021 £1,180,750 was raised, in total, towards our £1.95 million target. This includes £872,750 received and £308,000 of pledged donations. Due to the impact of the pandemic on all areas of fundraising the decision was taken to extend the fundraising appeal from March 2021 to October 2021. Subsequently, a decision has been made to extend the fundraising appeal until October 2022."

We are very grateful to all who continue to support the appeal, both our new donors and funders who donated in 2020/21, and also our existing supporters who have continued to pledge their support despite the challenges of the last year. Special thanks go to The Robertson Trust, Garfield Weston Foundation, The Gloag Foundation, Leonardo UK, RS Macdonald Charitable Trust, The Ryvoan Trust, and Mazars Charitable Trust.

We would also like to thank the volunteer members of our Fundraising Development Group, Ambassadors and supporters who continue to help raise funds and awareness of our appeal throughout their networks. The appeal is supported by a small Fundraising Team, along with the Fundraising Development Group, chaired by Allan Cook CBE, and with members including individuals from the business community, Bill Keil, Trustee, and the Chief Executive. The Chief Executive provides regular reports to the Board members, who retain overall responsibility for monitoring and reviewing fundraising activities.

Grants and donations are included as restricted donations and legacies as disclosed in the Statement of Financial Activities.

We were very grateful to receive grants from: The Scottish Government Pupil Equity Fund, targeted towards improving children's attainment and achievement in literacy, numeracy, health and wellbeing; and The Scottish Government Learning Directorate, towards the costs of Covid, a Project Researcher and Project Management Officer, thus supporting the transition to a new commissioning model.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance (continued)

Public Benefit

Harmeny Education Trust Limited is one of seven national grant aided centres and provides education and care to children who have complex additional support needs that cannot be met in local authority provision.

The school is open to boys and girls from the whole of Scotland. Fees are subsidised by the Scottish Government and grants are paid by the referring Local Authorities. The school has no private pupils.

The directors consider that Harmeny Education Trust Limited provides significant public benefit in addition to the contribution it gives through the school's principal objectives and activities as described above. As well as the work we do with children attending the school, the facilities at Harmeny are also made available to children from other schools and to adults and children from the local community and beyond for training purposes, leisure and volunteering. Fees are charged for access to certain facilities but these are aimed at cost recovery rather than profit. The children at Harmeny Education Trust Limited are encouraged to take up any opportunities to participate in the wider community depending on the mutual benefit of such an undertaking.

Harmeny Education Trust Limited also provides training for Social Work, Teaching, Outdoor Education, Nursing and HND Social Services students, providing practical placements within our care and education settings for students from the UK and abroad. In addition, the school offers training opportunities for external agencies and organisations.

As a leader in the field of care and education for children with complex additional support needs, Harmeny actively contributes to improving the care and education of children in this sector by sharing experience and expertise within national working groups and through delivering presentations and workshops at national and international conferences. From March 2020, this has been within the confines of the Covid-19 restrictions.

Volunteers

During the Covid pandemic the use of volunteers has been understandably lower due to the need to restrict the number of people coming on campus. The full range of volunteers will resume when appropriate, in the areas of education support, photography, outdoor learning, gardening, a reading with dogs scheme, delivery of STEM subjects, writing and designing our newsletters, fundraising and corporate volunteering.

Financial review

Going concern

During the year the directors have reviewed financial results, taking into consideration the Covid-19 pandemic, and have considered any likely future impact on incoming and outgoing resources. The finances are reviewed regularly, with additional Covid-19 related costs to support the running of the school being secured and further successes in fundraised income towards achieving the capital appeal target. The directors are confident that the charity has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

As at the end of October 2021, the financial position for 2021-22 is currently showing a surplus position. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Financial review

The results for the year and the Trust's financial position at the end of the year are shown in the attached financial statements.

During the year, the Trust reported an operational surplus of £643,215 (2020 – deficit of £60,156). The level of income generated from government grants increased on the prior year, and fee income also increased significantly.

HETL made an overall net surplus for the year of £782,418 (2020 - net deficit of £114,136). Gain on investments in the year were £168,203 (2020 - loss of £78,980). The movement in the pension fund in the year was a decrease of £29,000 (2020 - increase of £25,000). At the year end the net funds of HETL were £7,320,942 (2020 - £6,538,524).

The Trust continues to work and liaise closely with local authorities across Scotland to ensure that the pupil numbers remains at capacity. Maximising income, generating additional funding and strict cost control remains a priority.

Reserves policy

The Directors have reviewed the reserves of the Trust in the knowledge that the Scottish Government revenue maintenance grant will continue to be paid at the same level as in the previous year to 31 March 2021. The current position in respect of this Grant, is that it is anticipated it will be withdrawn over a number of years commencing from April 2022.

The Directors are aware that the level of financial risk the Trust is exposed to is significant due to the potential decrease and loss of this Grant, along with ongoing financial pressures facing local authorities who are responsible for paying the fees for children placed at Harmeny, as well as the impact of Covid-19 and the current economic climate.

The Trust is also exposed to pension risk via the closed SVSPS (non-teaching staff) pension fund. Details of the scheme deficit and the annual contributions can be found in note 14.

Given these external long term risks, the Trustees consider it both prudent and essential to have between three to six months' unrestricted general reserves. This level of reserves would allow the Trust to take appropriate steps to reorganise Harmeny's activities to meet any major change in circumstances that it may face. These include:

- Providing a level of working capital that protects the continuity of school operations
- Providing cover for risks such loss of income or unforeseen expenditure
- Providing a level of funding for opportunities or developments
- Providing a level of funding to underpin longer term commitments

Having reviewed the above criteria, alongside the external risks, the current strategy and business plan, the Trustees believe that in 2020-21 the current level of unrestricted general reserves, equating to approximately four months of current operational running costs, are sufficient to cover any such eventualities.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

The total reserves at 31 March 2021 are £7,320,942 (2020 - £6,538,524).

Total reserves less restricted reserves of £494,786 (2020 - £365,110), less endowment fund of £38,401 (2020 - £38,401), less designated LFLA fund of £109,694 (2020 - £99,878), less net book value of fixed assets of £4,963,541 (2020 - £4,981,551) results in free reserves (including the pension reserve) of £1,714,520 (2020 - £1,053,584).

This represents approximately 4 months of total expenditure in respect of the year ended 31 March 2021.

Investments

HETL has an investment portfolio which is managed by Rathbones Investment Management.

The portfolio is managed at a medium risk level. In practice this means that there is a spread of equity and pooled funds covering various markets, sectors and asset classes subject to certain restrictions that the Board have placed on the investment managers.

During the year, the value of investments has increased from £644,287 to £821,939 at 31 March 2021. This was primarily due to the recovery of the markets, following the Covid-19 pandemic.

The movement in the year represents net additions to the portfolio in the year totalling £33,227 (2020 - net disposals of £35,359) and an unrealised gain of £172,258 (2020 - loss of £49,352).

All investment income is re-invested in the portfolio to maximise future growth.

The Board receives regular reports from the investment managers and are satisfied with the performance of the portfolio during 2020-21 taking into account the general performance of the market.

The value of the investment portfolio has increased since the end of the financial year, and at 30 November 2021 was valued at £878,711.

Structure, governance and management

Constitution

Harmeny Education Trust Limited is registered as a charitable company limited by guarantee and governed by a Memorandum and Articles of Association.

Setting pay and remuneration

The remuneration of key management personnel is reviewed on an annual basis and is benchmarked against the pay scales and increases set by the Scottish Joint Council for Local Government Employees and the Scottish Negotiating Committee for Teachers.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

Methods of appointment or election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

Harmeny Education Trust Limited (HETL) is a company limited by guarantee and does not have a share capital. The governing documents are the company's Memorandum and Articles of Association, and during the financial year 2018-19, it was agreed by the Trustees to commence a review of these, through a sub group of the Board, supported by an external consultant. The review was paused due to the pressures on the organisation as a result of the Covid-19 pandemic, however, has resumed once again and it is hoped this will be concluded by December 2021.

The directors of the company are chosen for appointment with reference to their experience and their ability to contribute to the work of the Trust. The Board of Directors meets regularly, and has continued to meet virtually as a result of the pandemic, and has appointed the following sub committees covering the principal aspects of the company's operation:

- Business Group, chaired by Graeme Dalziel, Trustee - succeeded by Gillian Cockburn, Trustee
- Policy and Practice Group, chaired by Joanne McMeeking, Trustee - succeeded by Anne Gibson, Trustee

Prior to becoming an independent charity, Harmeny School was previously run by Save the Children and part of the arrangement when assets were gifted, was that they continue to have the right to appoint a Director. The day to day running of the company is managed by the Chief Executive and a team of senior managers (as detailed on page 1).

Succession planning and the recruitment process of Trustees are very thorough and focus on required skill sets. An induction pack is provided for new Board members and an induction programme is provided, which includes an overview of the operational and strategic elements of the organisation as well as meetings with key staff. The induction programme may include additional elements which are tailored to the needs of the new Board member.

The Board continuously reviews the blend of skills and experience of Directors relevant to the Trust's core services. A 'matrix of skills' is therefore regularly reviewed to ensure Trustees hold operational and strategic knowledge, skills and experience at a senior level across the following areas: education, care, governance, finance, fundraising, legal, buildings and estates, health and safety, HR and learning and development.

The directors, none of whom has a beneficial interest in Harmeny Education Trust Limited (HETL), who served during the year and up to the date of signing are:

Jennifer Scott, Chair
Graeme Dalziel - resigned 4 November 2021
David Cathie
Ian Forbes
William Keil
Louise Kelly - resigned 24 June 2021
Joanne McMeeking - resigned 24 June 2021
Kathryn Black - resigned 7 May 2020
Elizabeth Anne Gibson - appointed 28 January 2021
Anna Vaughan - appointed 24 June 2021
Gillian Cockburn - appointed 24 June 2021
Ann Jacob-Chandler - appointed 24 June 2021

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

Risk Assessment and Management

The directors give high priority to evaluating the risks to which the Trust is exposed and ensuring that there are effective systems in place to mitigate those risks. The Trust's risk register is reviewed by the Board annually or as high priority risks emerge.

The Board has conducted its annual review of the major risks to which the Trust is exposed along with the associated actions, procedures and contingency plans put in place to mitigate those risks and is satisfied with the management of those risks.

Covid-19

Since March 2020, the organisation has had to respond to the many challenges resulting from the Covid-19 pandemic. As a critical service caring for vulnerable children, we were required to continuously provide care and education to both our residential and day pupils, during periods of lockdown and restriction. Additional costs have been incurred due to the requirement to provide staff cover for those isolating, Personal Protective Equipment (PPE), enhanced cleaning and hygiene measures, additional ICT, and therapeutic support for children and staff. Whilst there was an initial surge in referrals during and shortly after lockdown, the economic uncertainty brought on by the pandemic, on top of austerity, could lead to reduced demand from local authorities as they seek alternatives to residential placements. Fundraised income could also be adversely affected through a lower return on invested funds within trust and grant-making bodies, reduced community fundraising opportunities and the challenge in following up major donor prospects due to Covid-19 restrictions.

Scottish Child Abuse Inquiry

In September 2018, HETL was named, alongside many other organisations, by the Scottish Child Abuse Inquiry, the timeline for which relates to young people who were in residential care up to December 2014. Harmeny is highly supportive of the Inquiry, and has fully cooperated through the thorough preparation of a formal response, which was submitted in September 2019. It is likely to take considerable time for the Inquiry Team to assess the response, along with those submitted by the other organisations named. Until that process is complete and more information is received regarding the nature of any potential historic allegations, the directors consider a key risk to be the potential reputational and/or financial damage leading to reduced income.

Statutory Redress Scheme

The Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act received Royal Assent in April 2021. This means that the law is now in place to establish a Redress Scheme for survivors of past child abuse in care in Scotland, with the scheme being launched on 8 December 2021. HETL is fully supportive of the aims of the Redress Scheme which will play a vital role in acknowledging and repairing the abuse suffered by children and young people in care settings in the past. The legislation and launch of the scheme is outwith the timescale of this report but it should be noted the Board is currently considering both the financial and reputational risks of participating in the scheme. The Chief Executive is also maintaining an open dialogue with the Scottish Government as assurance of our co-operation.

Staffing Costs

Payroll costs currently represent approximately 84% of our expenditure budget, reflecting the 24-hour, intense and specialist nature of our work with highly complex children, along with the heavily operational and regulated nature of our sector. The rates of pay for the majority of posts are allied to national pay SNCT and SJC scales, with Harmeny also being a living wage employer. Together with a slightly reduced rate of referrals and placements, the unexpected awards for the three-year period 2018-2021 had a significant impact on our 2019-20 results and contributed to the deficit position at that year end. Consequently, a decision was made to consider

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

staffing efficiencies and following a formal consultation a number of redundancies were made, resulting in annual savings of c.£0.35million. The SMT and Board are deeply appreciative of those affected staff and to the significant contributions they made to the work of the school.

Other Risks

Other risks, as assessed by the directors, relate to the pension scheme risk associated with being members of a last man standing scheme with a significant deficit, the withdrawal of Scottish Government funding combined with pressure on local authority funding, and organisational change in order to ensure the ongoing sustainability and growth of the Trust.

The Board mitigates these risks as follows:

- Managing the Covid-19 crisis, through stringent hygiene measures, enhanced cleaning, isolation of staff and children when required, detailed risk assessments, policies, procedures and contingency planning.
- Research shows a correlation between poverty and numbers of children who have social, emotional and behavioural needs. Harmeny has a strong reputation and track record and is well placed to work with those in greatest need, further compounded by the impact of the Covid-19 crisis.
- Optimal levels of staffing, despite some staff efficiencies, will allow redeployment and staff cover, during the Covid-19 crisis, as required.
- Additional funding has been secured from the Scottish Government to support the additional costs associated with Covid-19. There is also increased public support for children and families impacted by the virus.
- Our formal response to the Scottish Child Abuse Inquiry was based on comprehensive analysis of our historic records and specialist legal advice is being provided by our lawyers, Morton Fraser, in relation to the Inquiry as well as the Redress Scheme.
- Harmeny is highly committed to the safeguarding and welfare of the children and young people who are placed with us. We adhere to National Child Protection guidelines, and to our own Child Protection procedures, which are reviewed on a regular basis. Strong inspection reports reflect very good care and education of children, and continuous improvement.
- Continued proactive marketing of Harmeny's services, including growing the service in future to include continuing care, and education service will allow a healthy flow of pupil numbers.
- A robust approach to maximising income, alongside careful cost control and making efficiencies wherever possible.
- By having adequate levels of reserves, strong financial management and cost control in place. The charity aims to hold within unrestricted reserves, between three and six months of expenditure to cover any unforeseen major change in circumstances
- The Head of Finance and Estates is a member of the pension scheme's Employer Consultative Group which provides access to the details of methods and assumptions used for the actuarial valuation in addition to the current strategy and plans for the management of the pension scheme deficit.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management (continued)

- We continue to maintain good working relationships with local authorities, ensuring our fees remain competitive, alongside reducing the reliance on Scottish Government funding to cover operational expenditures in a move to a full cost recovery model of school fees for core services in future years.
- A skilled Senior Management Team, including a Head of HR and Organisational Development and support from a specialist HR Consultancy, Navigator Employment Law, ensures good practice, clear communication and a range of organisational supports during change processes.

Plans for future periods

Our three-year Strategic Plan (August 2020 - July 2023) focuses on sustaining our core service for children, aged 5 to 14, alongside the development of a continuing care and education service for young people aged 15+, already placed at Harmeny. A key part of this exciting development, is the creation of a new Learning Hub in the grounds of the school, with the funds to build it currently being raised through a major capital appeal.

Our priorities for the coming year, outlined within the Strategic Plan, are as follows:

1. Further develop participation policy and practice, ensuring that children and their families are involved as much as possible within current and future service provision.
2. Engage staff in the further development of the Harmeny Way (therapeutic practice model) and explore marketing it externally.
3. Ensure commitment from local authorities for funded referrals to the continuing care and learning services and source fundraised income towards the first two years' costs.
4. Engage with local authorities and funders regarding the demand for community support services.
5. Complete the Learning for Life appeal, achieving the fundraising target, and appointing a building contractor for the Learning Hub Newbuild.
6. Further increase the organisation's profile, through refreshed branding and marketing materials including a redeveloped website, seminars and workshops on our work.

A three-year Business Plan (April 2020 – March 2023) has been approved which outlines the resources and systems required to achieve our ambitious Strategic Plan. In particular, we will ensure our much valued estate, which is central to the wellbeing of our children, receives the necessary investment to meet our needs and objectives.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

Disclosure of information to auditor

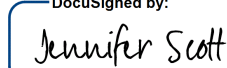
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, French Duncan LLP, has indicated their willingness to continue in office. The Trustees will propose a motion re-appointing the auditor at the charity's AGM.

Approved by order of the members of the board of Trustees and signed on their behalf by:

DocuSigned by:

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Jennifer Scott

Trustee

Date: 14 December 2021

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMENY EDUCATION TRUST LIMITED

Opinion

We have audited the financial statements of Harmeny Education Trust Limited (the 'charitable company') for the year ended 31 March 2021 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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMENY EDUCATION TRUST LIMITED
(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 Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper 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.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMENY EDUCATION TRUST LIMITED
(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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Care Inspectorate, data protection, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMENY EDUCATION TRUST LIMITED
(CONTINUED)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims;
- reading the minutes of meetings of those charged with governance; and
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.


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 Auditor's Report.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARMENY EDUCATION TRUST LIMITED
(CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, its members, as a body, and its trustees, as a body for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Antony J Sinclair (Senior Statutory Auditor)

for and on behalf of

French Duncan LLP

Chartered Accountants & Statutory Auditor

56 Palmerston Place

Edinburgh

EH12 5AY

Date: 14 December 2021

French Duncan LLP are eligible to act as auditor in terms of section 1212 of the Companies Act 2006.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:						
Donations and legacies	4	1,156,393	467,659	-	1,624,052	1,659,199
Charitable activities	5	4,643,184	-	-	4,643,184	3,824,877
Investments	6	16,526	-	-	16,526	20,709
Total income and endowments		5,816,103	467,659	-	6,283,762	5,504,785
Expenditure on:						
Raising funds	7,8	6,647	88,067	-	94,714	125,771
Charitable activities	9	5,336,849	208,984	-	5,545,833	5,439,170
Total expenditure		5,343,496	297,051	-	5,640,547	5,564,941
Net gains/(losses) on investments		168,203	-	-	168,203	(78,980)
Net income/(expenditure)		640,810	170,608	-	811,418	(139,136)
Transfers between funds	20	40,932	(40,932)	-	-	-
Net movement in funds before other recognised gains/(losses)		681,742	129,676	-	811,418	(139,136)
Other recognised gains/(losses):						
Other (losses)/gains		(29,000)	-	-	(29,000)	25,000
Net movement in funds		652,742	129,676	-	782,418	(114,136)
Reconciliation of funds:						
Total funds brought forward		6,135,013	365,110	38,401	6,538,524	6,652,660
Net movement in funds		652,742	129,676	-	782,418	(114,136)
Total funds carried forward		6,787,755	494,786	38,401	7,320,942	6,538,524

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

The operating surplus before investment gains and losses was £643,215 (2020-operating deficit £60,156).

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 51 form part of these financial statements.


HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: SC162021

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	4,963,541	4,981,551
Investments	16	821,939	644,287
		<u>5,785,480</u>	<u>5,625,838</u>
Current assets			
Stocks	17	2,582	3,815
Debtors	18	912,676	814,502
Cash at bank and in hand		1,640,749	1,038,695
		<u>2,556,007</u>	<u>1,857,012</u>
Creditors: amounts falling due within one year	19	(383,545)	(244,326)
Net current assets		<u>2,172,462</u>	<u>1,612,686</u>
Total assets less current liabilities		<u>7,957,942</u>	<u>7,238,524</u>
Defined benefit pension scheme liability	14	(637,000)	(700,000)
Total net assets		<u><u>7,320,942</u></u>	<u><u>6,538,524</u></u>
Charity funds			
Endowment funds	20	38,401	38,401
Restricted funds	20	494,786	365,110
Unrestricted funds	20	6,787,755	6,135,013
Total funds		<u><u>7,320,942</u></u>	<u><u>6,538,524</u></u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:

DocuSigned by:

 21E520F6A845477...
Jennifer Scott

Date: 14 December 2021

The notes on pages 24 to 51 form part of these financial statements.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash generated from operating activities	23	740,986	495,193
Cash flows from investing activities			
Dividends, interests and rents from investments		16,526	20,709
Purchase of tangible fixed assets		(146,492)	(122,222)
Proceeds from sale of investments		315,044	450,153
Purchase of investments		(324,010)	(460,850)
Net cash used in investing activities		(138,932)	(112,210)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Change in cash and cash equivalents in the year		602,054	382,983
Cash and cash equivalents at the beginning of the year		1,038,695	655,712
Cash and cash equivalents at the end of the year	24	1,640,749	1,038,695

The notes on pages 24 to 51 form part of these financial statements

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

The Trust is a charitable company limited by guarantee, incorporated in the UK and registered in Scotland (Company No. SC162021) and is a registered Scottish Charity (Charity No. SC024256). The registered office is Harmeny School, Mansfield Road, Balerno, Midlothian, EH14 7JY.

The members of the charitable company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Accounts Scotland Regulations 2006 (as amended) and the Companies Act 2006.

Harmeny Education Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

The charity's activities and principal risks are described in the Trustees report. The Trustees have considered forecast results for the school taking into account the impact of the Covid-19 pandemic. The school has continued to operate effectively throughout the pandemic and continues to receive the support of Government including additional funding to cover Covid related costs. The pupil numbers have been and are expected to remain stable. The school has maintained its free reserves in line with its reserves policy backed by liquid assets of cash and an investment portfolio which can be used to support the schools activities if required. The school has reviewed and will continue to review its cost base to ensure it continues to operate efficiently. Taking the above factors into account, the directors have a reasonable expectation that the charity has adequate resources to meet its liabilities as they fall due and to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of the accounts. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Consolidation

The charitable company is the parent undertaking of a group which only includes one dormant subsidiary and has therefore taken an exemption from preparing consolidated accounts. These financial statements therefore present information about the charitable company as an individual undertaking and not about its group.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Income

All income is recognised once the charitable company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants receivable are recognised as incoming resources when the conditions for their receipt have been satisfied. Grants received for specific purposes are accounted for as restricted funds. Any grants restricted to future accounting periods are deferred, and recognised in the period to which they relate. Grants for capital projects are credited to a separate restricted fund.

Local Authority fees represent the amounts receivable against the school's net costs for the period and relative to the school's academic year.

Investment income is recognised in the Statement of Financial Activities (SOFA) in the year it is receivable.

Interest receivable relates to interest on funds held on deposit and is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Donated services or facilities are recognised when the charitable company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charitable company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised and refer to the Trustees' Report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charitable company which is the amount the charitable company would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

2.5 Expenditure

Expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for the expenditure. The charity is not registered for VAT and accordingly expenditure is shown including irrecoverable VAT.

Support costs are those costs that, whilst necessary to deliver an activity, do not themselves produce or constitute the output of the charitable activity. Support costs include the central office functions such as general management, payroll administration, budgeting and accounting, information technology, human resources, learning and development and fundraising. Fundraising expenditure has been included within the Learning for Life appeal costs and will equate to approximately 15% of the overall appeal budget. The development and investment in the fundraising infrastructure will stand us in good stead beyond the lifetime of the appeal and are considered essential for future fundraising efforts. Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.5 Expenditure (continued)

Governance costs are the costs associated with the governance arrangements of the charity and are related to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. The costs include external audit, legal advice for trustees and costs associated with constitutional and statutory requirements. Included within this category are any costs associated with the strategic as opposed to day-to-day management of the charity's activities.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the charitable company's objectives, as well as any associated support costs.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature, including in relation to the Coronavirus Job Retention Scheme, are recognised in the Statement of financial activities in the same period as the related expenditure.

2.7 Tangible fixed assets and depreciation

On incorporation, the charity was gifted the land and existing property at Harmeny School on the condition that should the asset cease to be used for the purposes of Special Needs Education, the property would revert to Save the Children Fund.

The original cost of the asset is not available and only costs incurred by the predecessor organisation, Harmeny School, were capitalised on incorporation.

Since incorporation all additions and improvements to land and buildings have been included at cost.

All assets costing more than £500 are capitalised.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Heritable property	- 2% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line
Fixtures and fittings	- 25% straight line
Computer equipment	- 25% straight line
Assets under construction	- Not depreciated

2.8 Investments

Investments are stated at market value at the balance sheet date. The Statement of Financial Activities (SOFA) includes net gains and losses on revaluation and disposals throughout the year.

Investments held as fixed assets are shown at cost less provision for impairment.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

2.10 Debtors

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

2.11 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.

2.12 Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2.13 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.14 Pensions

The charity contributes to the Scottish Teachers' Superannuation Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator.

The charity also contributes to a multi-employer scheme for non-teaching staff.

In both of these pension schemes it is not possible for the charity to obtain sufficient information to enable it to account for the schemes as defined benefit schemes therefore they are treated for accounting purposes as defined contribution schemes.

Contributions to both schemes are charged to the Statement of Financial Activities (SOFA) as they become payable in accordance with the rules of the schemes.

The deficit on the now closed SVSPS defined benefit scheme for non-teaching staff is being paid off over a period of years calculated by the Scheme Actuaries to eradicate the deficit in 2029. Payments towards the deficit are included in the Statement of Financial Activities (SOFA).

In accordance with FRS 102, the charity makes provision within the financial statements of the present value of the deficit reduction contributions payable under this agreement.

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

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.15 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

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 funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charitable company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent the book value of property and other assets acquired by the charity on the date of incorporation in December 1995.

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

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical conditions of the assets. See note 15 for carrying amounts of tangible assets.

(ii) Defined benefit pension scheme

The charity operates both a defined benefit pension scheme providing benefits based on final pensionable earnings and a defined contribution scheme. The determination of any pension scheme surplus/deficit is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. Refer to note 14 for details of post retirement benefits.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4. Income from donations and legacies

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Donations	40,133	234,593	274,726	460,401
Grants	-	28,195	28,195	33,202
Government grants	1,116,260	204,871	1,321,131	1,165,596
	<u>1,156,393</u>	<u>467,659</u>	<u>1,624,052</u>	<u>1,659,199</u>
<i>Total 2020</i>	<u><u>1,116,189</u></u>	<u><u>543,010</u></u>	<u><u>1,659,199</u></u>	

5. Income from charitable activities

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Local authority fees	4,486,924	4,486,924	3,740,491
SQA and Learning & development	2,087	2,087	44,589
Other	154,173	154,173	39,797
	<u>4,643,184</u>	<u>4,643,184</u>	<u>3,824,877</u>
<i>Total 2020</i>	<u><u>3,824,877</u></u>	<u><u>3,824,877</u></u>	

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Dividends	16,096	16,096	17,917
Bank interest	430	430	2,792
	<u>16,526</u>	<u>16,526</u>	<u>20,709</u>
<i>Total 2020</i>	<u>20,709</u>	<u>20,709</u>	

7. Expenditure on raising funds

Costs of raising voluntary income

	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Fundraisers' costs	88,067	88,067	118,546
	<u>118,546</u>	<u>118,546</u>	
<i>Total 2020</i>	<u>118,546</u>	<u>118,546</u>	

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Investment management costs

	Unrestricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Investment management fees	6,647	6,647	7,225
<i>Total 2020</i>	<u>7,225</u>	<u>7,225</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Harmeny School	5,301,183	208,984	5,510,167	5,343,460
SQA	35,666	-	35,666	95,710
	<u>5,336,849</u>	<u>208,984</u>	<u>5,545,833</u>	<u>5,439,170</u>
<i>Total 2020</i>	<u><u>5,340,811</u></u>	<u><u>98,359</u></u>	<u><u>5,439,170</u></u>	

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Harmeny School	5,277,755	232,412	5,510,167	5,343,460
SQA	6,150	29,516	35,666	95,710
	<u>5,283,905</u>	<u>261,928</u>	<u>5,545,833</u>	<u>5,439,170</u>
<i>Total 2020</i>	<u><u>5,185,205</u></u>	<u><u>253,965</u></u>	<u><u>5,439,170</u></u>	

Analysis of direct costs

	Harmeny School 2021 £	SQA 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	4,406,493	-	4,406,493	4,364,107
Depreciation	164,502	-	164,502	149,150
Consumables	103,432	6,150	109,582	176,386
Operating charges	603,328	-	603,328	495,562
	<u>5,277,755</u>	<u>6,150</u>	<u>5,283,905</u>	<u>5,185,205</u>
<i>Total 2020</i>	<u><u>5,122,994</u></u>	<u><u>62,211</u></u>	<u><u>5,185,205</u></u>	

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Harmeny School 2021 £	SQA 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	199,409	29,516	228,925	187,229
Other SQA costs	-	-	-	5,144
Inquiry costs	725	-	725	25,230
Professional fees	1,195	-	1,195	15,051
Governance costs	31,083	-	31,083	21,311
	<u>232,412</u>	<u>29,516</u>	<u>261,928</u>	<u>253,965</u>
<i>Total 2020</i>	<u>220,466</u>	<u>33,499</u>	<u>253,965</u>	

Inquiry costs relate to costs incurred in relation to the Scottish Child Abuse Inquiry.

11. Auditor's remuneration

	2021 £	2020 £
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	10,475	9,483

12. Staff costs

	2021 £	2020 £
Wages and salaries	4,045,200	3,977,428
Social security costs	371,741	364,965
Contribution to defined contribution pension schemes	279,306	268,447
	<u>4,696,247</u>	<u>4,610,840</u>

In addition to the above noted pension costs the charity has made pension deficit contributions of £108,000 (2020 - £104,000) which have been offset against the liability provided within the financial statements during the year.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Staff costs (continued)

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

	2021	<i>2020</i>
	No.	<i>No.</i>
Education staff	33	32
Care staff	81	86
Domestic staff	17	17
Administrative staff	18	19
Estate staff	4	5
	<u>153</u>	<u>159</u>

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

	2021	<i>2020</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	-	2
In the band £70,001 - £80,000	2	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-

Total pension costs to higher paid employees amounted to £27,312 (2020 - £22,089) in the year.

During the financial year, the total remuneration (inclusive of Employers National Insurance and Pension contributions) for Key Management Personnel comprising the Chief Executive, Head of Care, Head of Education, Head of Finance and Estates and Head of HR was £417,910 (2020 - £385,590).

13. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

Transactions with Trustees

During the year, fees for architectural services of £3,435 (2020 - £Nil) were paid to Ian Forbes, Chartered Architect which includes services pro bono.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Trustees' remuneration and expenses (continued)

During the year ended 31 March 2021, expenses totalling £NIL were reimbursed or paid directly to any Trustee (2020 - £609 to 1 Trustee).

Amounts due to Trustees at the 31 March 2021 amounted to £NIL (2020 - £Nil).

14. Pensions

Teaching Staff - The Scottish Teachers Superannuation Scheme

Harmeny Education Trust Limited participates in the Scottish Teachers' Superannuation Scheme. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an increase in the employer contribution rate from 17.2% to 23.0% of pensionable pay from September 2019 and an anticipated yield of 9.4% employees contributions.

Harmeny Education Trust Limited has no liability for other employers' obligations to the multi-employer scheme.

As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where Harmeny Education Trust Limited is unable to identify its share of the underlying assets and liabilities on the scheme.

The employer contribution rate for the period from 1 April 2020 is 23% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.4% of pensionable pay.

Whilst a valuation was carried out as at 31 March 2016, it is not possible to say what deficit or surplus may affect future contributions. Work on the valuation was suspended by the UK Government pending the decision from the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that held that the transitional protections provided as part of the 2015 reforms was unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

Non-Teaching Staff – Scheme: The Pensions Trust Scottish Voluntary Sector Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 102 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the charitable company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Pensions (continued)

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 30 September 2007. From October 2007, there were two benefit structures available, final salary with a 1/60th accrual rate and final salary with a 1/80th accrual rate, until the date of Scheme closure on 31 March 2010.

The Scheme closed to future accrual on 31 March 2010. There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2017.

This actuarial valuation was certified on 19 December 2018 and showed assets of £120m, liabilities of £145.9m and a deficit of £25.9m. To eliminate this funding shortfall, the Trustees and the participating Employers have agreed that additional contributions will be paid in combination from all employers to the scheme as follows:

Defined contributions

From 1 April 2019 to 30 September 2026	£1,404,638 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2019 to 30 September 2027	£136,701 per annum (payable monthly and increasing by 3% each on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014; this valuation showed assets of £88.2m, liabilities of £122.1m and a deficit of £33.9m. To eliminate this funding shortfall, the Trustees asked the participating employers to pay additional contributions to the scheme as follows:

Defined contributions

From 1 April 2016 to 31 October 2029	£1,323,116 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2031	£292,376 per annum (payable monthly and increasing by 3% each on 1 April)
From 1 April 2016 to 30 September 2031	£37,475 per annum (payable monthly)

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Pensions (continued)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Defined Contribution Schedule

Year ending	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Year 1	110,803	107,575	104,442
Year 2	114,127	110,803	107,575
Year 3	117,551	114,127	110,803
Year 4	121,077	117,551	114,127
Year 5	124,709	121,077	117,551
Year 6	64,225	124,709	121,077
Year 7	-	64,225	124,709
Year 8	-	-	64,225
Year 9	-	-	-
Year 10	-	-	-
Year 11	-	-	-
Year 12	-	-	-

The charitable company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

Present values of provision

	31 March 2021 (£s)	31 March 2020 (£s)	31 March 2019 (£s)
Present value of provision	637,188	699,595	818,034

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Pensions (continued)

Reconciliation of opening and closing provisions

	Period ending 31 March 2021 (£s)	Period ending 31 March 2020 (£s)
Provision at start of period	699,595	818,034
Unwinding of the discount factor (interest expense)	16,487	11,119
Deficit contribution paid	(107,575)	(104,442)
Remeasurements - impact of any change in assumptions	28,681	(25,116)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	637,188	699,595

Income and expenditure impact

	Period ending 31 March 2021 (£s)	Period ending 31 March 2020 (£s)
Interest expense	16,487	11,119
Remeasurements - impact of any change in assumptions	28,681	(25,116)
Remeasurements - amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

Assumptions

	31 March 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.86	2.57	1.46

The discount rates shown above are the equivalent single discount rates which, when used to discount future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Defined Contribution Scheme

A new scheme was provided for non-teaching staff with effect from 1 April 2010. The scheme is a defined contribution scheme, which will accumulate no further risk or liability for Harmeny Education Trust Limited.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Tangible fixed assets

	Heritable Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation							
At 1 April 2020	5,510,201	12,802	150,648	537,303	366,523	18,081	6,595,558
Additions	27,075	4,653	-	18,786	20,158	75,820	146,492
At 31 March 2021	<u>5,537,276</u>	<u>17,455</u>	<u>150,648</u>	<u>556,089</u>	<u>386,681</u>	<u>93,901</u>	<u>6,742,050</u>
Depreciation							
At 1 April 2020	658,069	5,223	145,515	483,788	321,412	-	1,614,007
Charge for the year	110,363	4,061	1,925	23,595	24,558	-	164,502
At 31 March 2021	<u>768,432</u>	<u>9,284</u>	<u>147,440</u>	<u>507,383</u>	<u>345,970</u>	<u>-</u>	<u>1,778,509</u>
Net book value							
At 31 March 2021	<u>4,768,844</u>	<u>8,171</u>	<u>3,208</u>	<u>48,706</u>	<u>40,711</u>	<u>93,901</u>	<u>4,963,541</u>
At 31 March 2020	<u>4,852,132</u>	<u>7,579</u>	<u>5,133</u>	<u>53,515</u>	<u>45,111</u>	<u>18,081</u>	<u>4,981,551</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

15. Tangible fixed assets (continued)

Save the Children, who previously ran Harmeny School, has been granted a Standard Security over the whole of the heritable property transferred to the charitable company on 21 December 1995.

The charitable company owns the original main building and lodge house, which are both listed. These properties were included in the gift of land and buildings by Save The Children when the company was incorporated in 1995. The value of the assets taken over at that date was recorded as £35,734 in the records of the previous organisation, Harmeny School, and this figure has been included as cost in the balance sheet and the value has been credited to the Endowment Fund. Heritable Property is insured for £10,385,913 which is an estimate of replacement cost and which excludes Value Added Tax.

The proceeds from heritable property, if sold, can only be applied to further the objectives of the school. Otherwise Save the Children may require consideration to be paid in exchange for their consent to the disposals.

16. Fixed Asset Investments

	Listed securities £	Unlisted securities £	Trade investment £	Total £
Market value				
At 1 April 2020	605,676	38,609	2	644,287
Additions	164,465	159,545	-	324,010
Disposals	(131,238)	(187,378)	-	(318,616)
Revaluations	<u>172,258</u>	<u>-</u>	<u>-</u>	<u>172,258</u>
At 31 March 2021	<u>811,161</u>	<u>10,776</u>	<u>2</u>	<u>821,939</u>
Historical cost	<u>604,975</u>	<u>38,609</u>	<u>-</u>	<u>643,584</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Fixed asset investments (continued)

Principal subsidiaries

The following was a subsidiary undertaking of the charitable company:

Name	Holding
Harmeny Services Ltd	100%

The financial results of the subsidiary for the year were:

Name	Net assets £
Harmeny Services Ltd	2

Profit/loss of Harmeny Services Ltd for the year ended 31 March 2021 was £Nil.

17. Stocks

	2021 £	2020 £
Kitchen consumables	2,582	3,815

18. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	855,311	709,052
Other debtors	825	1,135
Prepayments and accrued income	56,540	104,315
	912,676	814,502

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

19. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	145,003	74,415
Amounts owed to group undertakings	2	2
Other taxation and social security	92,363	95,691
Pension fund loan payable	37,711	35,446
Other creditors	3,232	419
Accruals and deferred income	105,234	38,353
	<u>383,545</u>	<u>244,326</u>
	2021 £	2020 £
Deferred income at 1 April 2020	2,317	5,553
Resources deferred during the year	21,420	2,317
Amounts released from previous periods	(2,317)	(5,553)
	<u>21,420</u>	<u>2,317</u>

Deferred income in the current year is in respect of Scottish Government project funding.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Statement of funds

Statement of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Unrestricted funds						
Designated funds						
Capital Fund	3,064,806	-	(86,228)	18,932	-	2,997,510
Learning for Life Appeal Fund	99,878	-	(12,184)	22,000	-	109,694
	<u>3,164,684</u>	<u>-</u>	<u>(98,412)</u>	<u>40,932</u>	<u>-</u>	<u>3,107,204</u>
General funds						
General Funds - all funds	2,376,396	5,816,103	(5,229,084)	(70,555)	-	2,892,860
Revaluation Reserve - Investments	(41,264)	-	-	(7,100)	168,203	119,839
Pension Reserve	(700,000)	-	(16,000)	108,000	(29,000)	(637,000)
Revaluation Reserve - Property	1,335,197	-	-	(30,345)	-	1,304,852
	<u>2,970,329</u>	<u>5,816,103</u>	<u>(5,245,084)</u>	<u>-</u>	<u>139,203</u>	<u>3,680,551</u>
Total Unrestricted funds	<u>6,135,013</u>	<u>5,816,103</u>	<u>(5,343,496)</u>	<u>40,932</u>	<u>139,203</u>	<u>6,787,755</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Statement of funds (continued)

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Endowment funds						
Permanent Endowment Fund	38,401	-	-	-	-	38,401
Restricted funds						
Scottish Government - Transition Grant	1,281	11,123	(11,123)	-	-	1,281
Edinburgh Airport Grant	1,660	-	(424)	-	-	1,236
SG Covid 19 & Wellbeing fund	-	198,814	(187,490)	-	-	11,324
Pupil Equity Fund	21,040	28,195	(25,786)	-	-	23,449
Learning for Life Appeal Fund	341,129	205,927	(70,560)	(22,000)	-	454,496
Scottish Government - Capital Grant	-	20,600	(1,668)	(18,932)	-	-
Anonymous donation	-	3,000	-	-	-	3,000
	<u>365,110</u>	<u>467,659</u>	<u>(297,051)</u>	<u>(40,932)</u>	<u>-</u>	<u>494,786</u>
Total of funds	<u><u>6,538,524</u></u>	<u><u>6,283,762</u></u>	<u><u>(5,640,547)</u></u>	<u><u>-</u></u>	<u><u>139,203</u></u>	<u><u>7,320,942</u></u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2020</i>
	£	£	£	£	£	£
Unrestricted funds						
Designated funds						
Capital Fund	3,125,358	-	(86,054)	25,502	-	3,064,806
Learning for Life Appeal Fund	107,181	-	(12,060)	4,757	-	99,878
	<u>3,232,539</u>	<u>-</u>	<u>(98,114)</u>	<u>30,259</u>	<u>-</u>	<u>3,164,684</u>
General funds						
General Funds - all funds	2,680,205	4,961,775	(5,238,922)	(26,662)	-	2,376,396
Revaluation Reserve - Investments	85,593	-	-	(47,877)	(78,980)	(41,264)
Pension Reserve	(818,000)	-	(11,000)	104,000	25,000	(700,000)
Revaluation Reserve - Property	1,365,542	-	-	(30,345)	-	1,335,197
	<u>3,313,340</u>	<u>4,961,775</u>	<u>(5,249,922)</u>	<u>(884)</u>	<u>(53,980)</u>	<u>2,970,329</u>
Total Unrestricted funds	<u>6,545,879</u>	<u>4,961,775</u>	<u>(5,348,036)</u>	<u>29,375</u>	<u>(53,980)</u>	<u>6,135,013</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Statement of funds (continued)

	<i>Balance at 1 April 2019</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 March 2020</i>
	£	£	£	£	£	£
Endowment funds						
Permanent Endowment Fund	38,401	-	-	-	-	38,401
Restricted funds						
Erasmus+ Fund	9,809	-	(10,610)	801	-	-
Pupil Equity Fund	26,835	31,200	(36,995)	-	-	21,040
Learning for Life Appeal Fund	31,736	447,199	(128,147)	(9,659)	-	341,129
Scottish Government - Capital Grant	-	20,600	-	(20,600)	-	-
Scottish Government - Transition Grant	-	42,009	(40,728)	-	-	1,281
Edinburgh Airport Grant	-	2,002	(425)	83	-	1,660
	<u>68,380</u>	<u>543,010</u>	<u>(216,905)</u>	<u>(29,375)</u>	<u>-</u>	<u>365,110</u>
Total of funds	<u><u>6,652,660</u></u>	<u><u>5,504,785</u></u>	<u><u>(5,564,941)</u></u>	<u><u>-</u></u>	<u><u>(53,980)</u></u>	<u><u>6,538,524</u></u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21. Summary of funds

Summary of funds - current year

	Balance at 1 April 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2021 £
Designated funds	3,164,684	-	(98,412)	40,932	-	3,107,204
General funds	2,970,329	5,816,103	(5,245,084)	-	139,203	3,680,551
Endowment funds	38,401	-	-	-	-	38,401
Restricted funds	365,110	467,659	(297,051)	(40,932)	-	494,786
	<u>6,538,524</u>	<u>6,283,762</u>	<u>(5,640,547)</u>	<u>-</u>	<u>139,203</u>	<u>7,320,942</u>

Summary of funds - prior year

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2020 £
Designated funds	3,232,539	-	(98,114)	30,259	-	3,164,684
General funds	3,313,340	4,961,775	(5,249,922)	(884)	(53,980)	2,970,329
Endowment funds	38,401	-	-	-	-	38,401
Restricted funds	68,380	543,010	(216,905)	(29,375)	-	365,110
	<u>6,652,660</u>	<u>5,504,785</u>	<u>(5,564,941)</u>	<u>-</u>	<u>(53,980)</u>	<u>6,538,524</u>

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21. **Summary of funds (continued)**

Designated funds

Capital Fund

This fund represents the net book value of tangible fixed assets which were funded through restricted income received and transferred into this fund when the restriction had been fully discharged. Depreciation incurred in respect of these tangible fixed assets is allocated to this fund during the year.

During the year, transfers have been made into this fund in respect of capital expenditure (net of the current year depreciation) incurred relating to the Learning for Life Appeal and Scottish Government Capital grant restricted funds.

Learning for Life Appeal Fund

This fund represents monies set aside by the Trustees in respect of the charity's fundraising appeal. In earlier years, the Trustees designated £116,000 of general funds for this purpose and a proportion of these funds were expended on capital expenditure with the net book value of these assets transferred to the Capital Fund at the year end.

Endowment Funds

Permanent Endowment Fund

This fund relates to the property and other assets acquired on the date of incorporation in December 1995.

Restricted Funds

Scottish Government - Capital Grant

This grant is given to deliver capital improvements which support children and young people with additional support needs overcome their barriers to learning and realise their potential.

The funds were fully spent during the year and this expenditure was accounted for within tangible fixed assets. At the year end, the net book value of these assets was transferred to the Capital Fund.

Learning for Life Appeal Fund

An appeal to build a Learning Hub to provide improved facilities for secondary education, skills based learning and creative arts, and also extend residential accommodation at our school. This will also allow us to develop and extend our expertise to work with older children and reach more young people in the community who have experienced adversity and are struggling to cope with school.

During the year, some funds raised were spent and accounted for within tangible fixed assets. At the year end, the net book value of these assets was transferred to the Capital Fund.

Pupil Equity Fund

A grant in connection with the Scottish Attainment Challenge Pupil Equity Funding. The funding is towards activities, interventions and resources, across five initiatives, targeting a reduction in the poverty related attainment gap, through supporting children to improve their educational outcomes in relation to all three core areas of the curriculum: literacy, numeracy and health and wellbeing.

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

21. Summary of funds (continued)

Transitional Fund

Grant funding from Scottish Government for a project researcher to explore and implement the development of a service for the 14+ age group.

Edinburgh Airport Community Fund

The grant relates to funding for the purchase of materials to replace the boardwalk and improve accessibility across the estate.

Anonymous donation

Funding to support our music therapy programme one day per week during school term time, to enable our children to express and communicate their feelings through music.

Covid 19 / Wellbeing Fund

This fund relates to two sources from the Scottish Government, the Wellbeing Fund and additional funding for Harmeny as a Grant Aided Special School (GASS). The Wellbeing fund was to enable national and local action by third sector organisations to reach the most vulnerable groups and to support them respond to the pandemic. We used these funds for specialist therapy work and to keep the children and young people connected virtually. The additional funding from Scottish Government as a GASS was to support Harmeny with additional costs relating to expenditure incurred as a result of responding to the Covid-19 pandemic, such as staff time, PPE, cleaning materials, IT resources and other equipment.

22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Endowment funds 2021 £	Total funds 2021 £
Tangible fixed assets	4,925,140	-	38,401	4,963,541
Fixed asset investments	821,939	-	-	821,939
Current assets	2,061,221	494,786	-	2,556,007
Creditors due within one year	(383,545)	-	-	(383,545)
Provisions for liabilities and charges	(637,000)	-	-	(637,000)
Total	6,787,755	494,786	38,401	7,320,942

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Endowment funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	4,943,150	-	38,401	4,981,551
Fixed asset investments	644,287	-	-	644,287
Current assets	1,491,902	365,110	-	1,857,012
Creditors due within one year	(244,326)	-	-	(244,326)
Provisions for liabilities and charges	(700,000)	-	-	(700,000)
Total	6,135,013	365,110	38,401	6,538,524

23. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 £	2020 £
Net income/expenditure for the year (as per Statement of Financial Activities)	811,418	(139,136)
Adjustments for:		
Depreciation charges	164,502	149,150
(Gains)/losses on investments	(168,203)	78,980
Dividends, interests and rents from investments	(16,526)	(20,709)
Decrease/(increase) in stocks	1,233	(1,803)
(Increase)/decrease in debtors	(98,174)	604,469
Increase/(decrease) in creditors	138,736	(82,758)
Defined benefit pension - unwinding of discount factor	16,000	11,000
Defined benefit pension - deficit contributions	(108,000)	(104,000)
Net cash provided by operating activities	740,986	495,193

HARMENY EDUCATION TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

24. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	1,428,494	826,568
Notice deposits (less than 3 months)	212,255	212,127
Total cash and cash equivalents	1,640,749	1,038,695

25. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	1,038,695	602,054	1,640,749
Debt due within 1 year	(35,446)	(2,265)	(37,711)
	1,003,249	599,789	1,603,038

26. Contingent liabilities

Harmeny Education Trust Limited (HETL) is a participating employer in the SVSPS Final Salary Pension Scheme. The scheme is now closed and plans are in place to meet the past service funding deficit (see note 14).

HETL has been notified by the Pensions Trust that the estimated employer debt which would have been payable if HETL had withdrawn from the SVSPS Scheme as 30 September 2020 was £4,216,435 (2019 - £5,392,559).

The employer debt figure is calculated on the 'withdrawal' basis or section 75 (s75) basis. The s75 debt calculation is based on the Scheme Actuary's estimate of the pricing basis used to secure pension liabilities in full, in one transaction, with an insurance company, including any orphan liabilities, as at 30 September 2020 for all current and former HETL's pension scheme members.

27. Controlling party

In the opinion of the directors there is no ultimate controlling party.