
HERTS FOR LEARNING MULTI ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

HERTS FOR LEARNING MULTI ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

| | |
|--|---|
| Members | R N Barrett (resigned 27 September 2018) S M Jarvis G W Lane (resigned 10 December 2017) A Simmons S Selman (appointed 1 October 2018) Herts for Learning Limited |
| Trustees | J E Paine, Chair G W Lane, Vice Chair ¹ A L Thomas, Chief Executive Officer (appointed 4 September 2017) T J Bailey ¹ J D Foy ¹ S G Hall (resigned 16 May 2018) ² P J Martin ² P J McAteer ² J M Shepard ¹ A Simmons ² ¹ Finance, Audit and Risk Committee ² Human Resources Committee |
| Company registered number | 10290954 |
| Company name | Herts for Learning Multi Academy Trust |
| Principal and registered office | Robertson House SROB 218 Six Hills Way Stevenage Hertfordshire SG1 2FQ |
| Company secretary | J D Goodhall |
| Chief executive officer | A L Thomas |
| Senior management team | A L Thomas, Chief Executive Officer |
| Independent auditors | Hillier Hopkins LLP Chartered Accountants Radius House 51 Clarendon Road Watford Hertfordshire WD17 1HP |
| Bankers | Lloyds PLC 3 Town Square Stevenage SG1 1BG |

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REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors

Winckworth Sherwood LLP
Minerva House
5 Montague Close
London
SE1 9BB

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

There were six academies within the Multi Academy Trust on 1 September 2017 and a further three academies joined the Multi Academy Trust on 1 January 2018.

Structure, governance and management

CONSTITUTION

The Multi Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Multi Academy Trust. The Trustees of Herts for Learning Multi Academy Trust (or the 'Trust') are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

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

TRUSTEES' INDEMNITIES

There are no qualifying third-party indemnity provisions in respect of Trustees, other than Trustees' and Officers' insurance which is provided by the DfE's Risk Protection Arrangement (RPA) for academies.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

Trustees are appointed, elected or co-opted under the terms of the Trust deed (Articles paragraphs 46 to 49 and 57).

The Board currently consists of nine Trustees appointed as outlined under paragraph 46, with the CEO also acting as a Trustee. Any further potential Trustees would be identified to ensure that the skills and experience they brought would be complementary to those of existing Board members. A process for Trustee appointments has been agreed by Members (who may appoint up to 4 Trustees) and the founding sponsor (who may appoint up to 8 Trustees). Trustees may also co-opt Trustees (no limit specified in the Articles).

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The initial nine Trustees undertook induction according to their experience and skills in autumn 2016. The Trust Board has adopted a comprehensive induction programme for new Trustees proposed by the Board's HR Committee to the Board of Trustees in December 2017. Induction for all Trustees depends on their existing experience and is tailored accordingly. Appropriate ongoing training is also available as necessary.

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TRUSTEES' REPORT (continued)
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ORGANISATIONAL STRUCTURE

The governance structure of the Trust consist of Members, Trustees, the Senior Management Team and the Academy Governing Boards (AGBs).

The Members are the guardians of the Trust's constitution, determining the principles of the Trust's governance structure and providing oversight and challenge of the Trustees to ensure the charitable object of the Trust is being fulfilled.

The Trustees oversee the management and administration of the Trust and the Academies run by the Trust.

The Board of Trustees has three core functions:

- Ensuring clarity of vision, ethos and strategic direction;
- Holding executive leaders to account for the educational performance of the Trust and its pupils, and the performance management of staff; and
- Overseeing the financial performance of the Trust and making sure its money is well spent.

The Chief Executive Officer (CEO) is the Accounting Officer for the Trust. The central team for the Trust consists of the CEO supported by a Chief Finance Officer (CFO), Academy Improvement Lead and Company Secretary/Policy Officer. Additional services are procured depending on need.

Academy Governing Boards are local governing bodies with new functions and different delegated responsibilities and accountabilities to their former local authority governing body functions. Their role is to steer, challenge and support the leadership, contribute to the success of their academy and to recommend and contribute to the work of the Trust thereby benefitting all academies across the Trust.

A comprehensive scheme of delegation outlines the decisions reserved for the Board of Trustees and those that are delegated to the Executive, along with those delegated to Academy Governing Boards. The Scheme of Delegation is published on the Trust's website:
[http://www.hflmat.co.uk/joining the hfl mat/scheme of delegation/](http://www.hflmat.co.uk/joining%20the%20hfl%20mat/scheme%20of%20delegation/)

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The position of Trustee in the HfL MAT is not remunerated. The pay and remuneration of the CEO is determined by the Board of Trustees, following an annual review of pay and performance by the Remuneration Committee made up of the Chairs of the Board, the Finance, Audit, Risk and Estates Committee and the HR Committee. Pay arrangements for other members of the Executive team are outlined in the Trust's 'Pay and appraisal – Cross MAT employees' policy.

Terms of reference for all the Board's committees, along with the Trust's policies, can be found on the Trust's website.

The Chief Executive Officer determines the pay and remuneration of management posts and other staff in consultation with the Trustees, taking into account a variety of contributing factors including responsibilities, market sector and performance against agreed objectives.

TRADE UNION FACILITY TIME

Relevant union officials

| | |
|---|---|
| Number of employees who were relevant union officials during the year | - |
| Full-time equivalent employee number | - |

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

£

| | |
|---|-------|
| Total cost of facility time | - |
| Total pay bill | 4,683 |
| Percentage of total pay bill spent on facility time | - % |

Paid trade union activities

| | |
|---|-----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - % |
|---|-----|

The Trade Union (Facility Time Publication requirements) Regulations 2017 came into force on 1 April 2017. These regulations require relevant public sector employers, including academy trusts, to publish specified information relating to facility time provided to trade union officials.

The following information is published for the Herts for Learning Multi Academy Trust in respect of the year 1 April 2017 to 31 March 2018 (the first schools joined the Trust on 1 September 2017, part way through this reporting period).

Percentage of time spent on facility time

The number of employees who were relevant union officials employed during the relevant period who spent a) 0%, b) 1% to 50%, c) 51% to 99%, or d) 100% of their working hours on facility time.

Facility time in this context includes:

- Paid time off for the purpose of carrying out trade union duties as a union representative, union learning representative or union health and safety representative
- Paid time off for the purpose of undergoing training relevant to the carrying out of trade union duties
- Paid time off for accompanying another of the employer's workers to grievance or disciplinary hearings
- Paid and unpaid time off for taking part in trade union activities when acting as a union representative

Percentage of pay bill spent on facility time

The percentage of the total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Paid trade union activities

Hours spent by employees who were relevant union officials during the relevant period on paid trade union activities as a percentage of total paid facility time hours.

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TRUSTEES' REPORT (continued)
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CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

Owing to the nature of the Trust, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations which take account of the Trust's legal obligations.

The founding sponsor of the Trust is Herts for Learning Limited, a company owned by its member schools (80%) and Hertfordshire County Council (20%) and operated on a "not for profit" basis, providing school improvement and education services to schools within Hertfordshire and beyond.

Objectives and Activities

OBJECTS AND AIMS

Objects and Aims

The Trust's Articles outline the Object of the Trust as follows:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the Mainstream Academies") or educational institutions which are principally concerned with providing full time or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the Alternative Provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

Objectives

The Trust's primary objective is to benefit and add value for every child, member of staff and our wider community. Further details can be found on the 'Our Objectives' page of our website:
<http://www.hflmat.co.uk/our approach/our objectives/>

Vision and Aims

The Trust's vision is to be one of the highest performing and constantly improving Trusts in the country with capacity and capability to support others for the benefit of all children.

It aims to achieve its vision by bringing together a range of unique schools, each with their own ethos, strengths and areas for development to work together, learn together and succeed together in achieving the very best outcomes for every single child in every single academy.

'Work together, learn together, succeed together'

OBJECTIVES, STRATEGIES AND ACTIVITIES

This has been a successful year for the Trust and its first operating with open academies. Systems, structures, policies and procedures were established in 2016/17 and a Chief Executive Officer recruited in April 2017. The first schools joined in September 2017 with three further joining in January 2018.

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The key priority in 2017/18 was to develop a strong infrastructure to support the academies and ensure that senior leaders maintained their focus on provision for children. An Executive team has been recruited that meets the needs of the Trust and the expectations of the Academies Financial Handbook. This includes the appointment of a permanent Chief Financial Officer and senior education lead (Academy Improvement Lead); – both took up post in September 2018. During the year the Chief Executive Officer worked with convertor schools configuring processes and systems in addition to driving school improvement. Measures of success were developed to track each academy's performance across a range of areas including, but not limited to, educational outcomes and financial management and sustainability. The Trust will track the impact of its actions over time and anticipates that this will increase the longer academies are a part.

For each school making an application to convert during 2017/18 a full due diligence process took place to ensure that the Trust could effectively support it without prejudicing existing academies. The Board considered what the Trust could add to each school and the value each would bring before approving its conversion.

The Trust is mindful of the challenging financial outlook for schools. Executive team members worked with the academies to ensure that existing and new contracts provided good value for money. Additionally, the Chief Executive Officer worked with senior academy leaders to plan joint procurement projects for the coming financial year.

A key philosophy of the Trust is developing a collaborative ethos. Senior leaders across the Trust meet regularly and have supported other academies in developing provision. The Chief Executive Officer has a deep understanding of the strengths and areas for development in each school and is using this to identify good practice to share. This has included using leaders in one academy to support those in another. The Trust has also used leadership resources in one academy to address a Headteacher vacancy within another via Executive Headteacher arrangements. As the Trust develops, it anticipates that there will be more cross-MAT use of resources to meet its strategic objectives.

In December 2017 the Trust Board approved a long term strategic plan which:

- Shares and defines the vision of the Board for the next three years
- Expands on the Trust's strategic objectives
- Defines the key goals and performance measures that will demonstrate overall successes and the success of the individual academies
- Explains how the Trust tracks opportunities and mitigate risks in a continually changing environment
- Builds upon the individual academy successes already achieved.

Within the plan strategic priorities for the period 2017-2020 were set to enable the HfL MAT to achieve its vision. These are to be reviewed and measured annually and include:

- Build a strong infrastructure in the Multi Academy Trust to ensure that every child in a MAT school is safe and supported to become the best they can be
- Raise attainment and improve progress in each school so that every child, whatever their background, achieves the best outcomes they can and gaps between groups are narrowed
- Recruit and sponsor a range of schools across phases and across the region that subscribe to the MAT vision so that the MAT is sustainable with sufficient resources and reach to positively affect the overall local provision
- Develop a range of shared strategies to add value for every child, member of staff and our wider community
- Foster innovation and collaboration across the MAT and beyond to impact positively on all aspects of provision within the MAT, with a particular focus on the recruitment and retention of good and effective staff and the effective use of resources, and play a part in shaping the national agenda

The Trust Board reviews its effectiveness as part of an annual away day. As part of this a skills audit has been undertaken to ensure that the necessary knowledge and experience is available to set an appropriate strategic

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direction and effectively hold executive team members to account. An internal review of governance is also taking place during the academic year 2018-19.

PUBLIC BENEFIT

The Board confirms that the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Strategic report

Achievements and performance

KEY PERFORMANCE INDICATORS

The Board agreed the Trust's Key Performance Indicators (KPIs) at their meeting in December 2017. It was agreed that the Trust would track a range of measures to assess its impact across its remit. These areas are:

- Trust scale and financial / scale
- Outcomes at Key Stage 1 and 2 – reflecting the Trust's current profile
- External evaluation (Ofsted)
- Pupil absence
- The gap between the performance of disadvantaged and non-disadvantaged pupils
- The quality of safeguarding practice within schools
- Staff well-being
- Pupil experience
- Employee perceptions of the effectiveness of the Trust

Outcomes for children across the Trust at national assessment points have been collated and are recorded below. The outcomes data is provisional as the validated scores have not yet been published. Trust outcomes are shown on a weighted average basis. There is no comparable Trust data from 2016/17.

1. MAT Financial / scale

Schools (No.)

The number of schools in the Trust increased from 6 on 1 September 2017 to 9 by 31 August 2018. All of the schools are 'convertor academies' and have chosen to join the Trust from the maintained sector.

Learners: Children/students (No.)

There were approximately 2,800 learners in the Trust on 31 August 2018.

Total income (£'000)

Total income rose to over £12m for 2017/18. This figure should not be compared to 2016/17 when there were no schools in the Trust.

Reserves as a proportion of income (%)

The restricted and unrestricted income funds excluding pension liability as a proportion of total income was 11%.

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2a. (Unvalidated) Key Stage 2 Outcomes

| | |
|---|-------|
| Proportion meeting the expected standard in reading, writing and mathematics (%) | 58 |
| Proportion achieving at a higher standard in reading, writing and mathematics (%) | 9 |
| Progress score reading | -1.70 |
| Progress score writing | +0.65 |
| Progress score mathematics | -0.97 |

2b. Key Stage 1 Outcomes and Year 1 Phonics

| | |
|---|------|
| Yr1 phonics - proportion meeting expected (%) | 85.9 |
| KS1 Expected standard reading (%) | 79.0 |
| KS1 Expected standard writing (%) | 75.7 |
| KS1 Expected standard maths (%) | 77.8 |

3. External evaluation indicator

| | |
|---------------------------------|--|
| Proportion (%) of schools good+ | No academy had a visit from Ofsted in 2017/18. |
|---------------------------------|--|

4. Pupil Absence

| | |
|-----------------------|-----|
| Infant and Junior (%) | 4.3 |
|-----------------------|-----|

5. Narrowing the Gap

The outcomes data is provisional and validated scores including those that permit gaps data to be calculated have not yet been published at the time of preparing this report.

6. Safeguarding indicators

| | |
|---|--|
| % Trust schools with outstanding safeguarding audit recommendations | All schools converting have a safeguarding audit within 12 months of academisation. All recommendations from the reports have been implemented and confirmed by a follow up visit. |
| Proportion with Ofsted s/g <3 | No academy had a visit from Ofsted in 2017/18. |

7. Well-being indicators

| | |
|--|------|
| Staff retention: In post for 2+ years (%) | 70 |
| The HfL MAT demonstrates a commitment to the principles of equality and diversity (staff survey) | 83 |
| I have adequate opportunities for professional growth within the HfL MAT (staff survey) | 59 |
| The HfL MAT works to attract, develop and retain people (staff survey) | 52 |
| Staff with at least one period of sickness absence (%) | 57.5 |
| Av. days lost for those taking sickness absence (No.) | 12.7 |

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TRUSTEES' REPORT (continued)
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8. Student experience

Staff survey: Pupils' needs are the top priority of the HfL MAT 85

9. Staff perception (staff survey)

Proportion of staff agreeing with statement: 'I am proud to work for the HfL MAT' 82

Proportion of staff agreeing with the statement: 'I am aware of and understand the mission, vision and values of the HfL MAT and know what we are trying to achieve' 83

Proportion of staff agreeing with the statement: 'I would recommend the trust as a place to work' 79

OTHER

For those academies which joined the Trust in September 2017 a consultation on their pupil admissions policies for 2019/20 was undertaken. This resulted in their policies being amended to include a prioritisation for children whose parents / guardians are employees of the particular Trust academy. This provision is designed to encourage staff recruitment and retention.

GOING CONCERN

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

Financial review

Six schools converted to academy status on 1 September 2017 and a further three schools converted on 1 January 2018. The total funds on conversion was £41,234k which largely consisted of restricted fixed asset funds (£42,746k) in respect of the 125 year land and building leases, the LGPS pension liability on conversion of £2,882k and unrestricted funds of £1,310k.

The majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

In accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with Financial Reporting Standard 102 and the Academies Accounts Direction, grants for fixed assets are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected life of the assets concerned and capital projects works not capitalised in the financial statements.

During the year to 31 August 2018, the net deficit of expenditure over income (excluding restricted fixed assets funds, pension liability and donations on conversion) was a deficit of £48k. The reserves (restricted general funds, excluding pension reserves, plus unrestricted funds) as at 31 August 2018 was £1,304k. At 31 August

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TRUSTEES' REPORT (continued)
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2018, the net book value of fixed assets was £42,595k.

On conversion of the schools, the Trust inherited a staff body through the TUPE process. The staff body included membership to the Local Government Pension Scheme (LGPS). Under the Charities SORP it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. The valuation of the pension liability at 31 August 2018 is £2,553k.

RESERVES POLICY

Reserves at the end of the year amounted to £41,756k (2017: £43k). The value of free reserves held (unrestricted funds) was a surplus of £945k (2017: £nil) and the value of restricted funds (excluding pension liability) was £359k (2017: £43k). The level of reserves held takes into the account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. The Board of Trustees will keep this level under review

MATERIAL INVESTMENTS POLICY

The Trust does not hold any long-term investments. Any cash surpluses are placed on deposit with the Trust's bank.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees currently consider the following risks to be the most important risks facing the Trust at this stage in its development:

- Cash flow – Having an unfavourable cash flow position that prevents the Trust meeting its obligations
- Exposure to pension liabilities - Employer pension contribution increases impact sustainability
- Legal obligations – Academies failing to meet their statutory/financial obligation
- Infrastructure capacity - Insufficient capacity effects the Trust's development
- Phase profile of the Trust – The mix of academies deters other phase schools from joining the Trust
- School engagement – Government policy or local factors discourages conversions
- Balance of school finances – The financial health of academies impacts the overall Trust
- Approval for further conversions – Conversions depend on approval from RSC and Headteacher Board
- School building condition – Estate liabilities impact on the financial sustainability of the Trust
- Connected party activities – Trading with a connected party impacts the Trust negatively
- Unexpected costs arise – Unanticipated costs and liabilities affect financial modelling
- Leadership changes – Changes in key personnel impact the Trust's effectiveness
- Impact of government policy on funding – Changes of policy negatively affects funding
- Poor/deteriorating quality of provision – The leadership does not impact positively or sufficiently on provision
- Balance of school quality – Insufficient capacity to improve academies
- Local Authority capacity for timely conversions – HCC capacity to convert schools in a timely manner

The Trust reviews its risk register formally four times per year. Mitigating action is agreed and there is a focus on those risks with the greatest impact and likelihood.

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TRUSTEES' REPORT (continued)
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Fundraising

The Trust does not undertake large fundraising activities. Schools are involved in limited fundraising for their own schools or for local and national causes, typically through a Parent Teachers Association (PTA) or equivalent. The Trust does not work with any commercial participators or professional fundraisers and considers that any fundraising conforms to recognised standards. The Trust has received no complaints in respect of fundraising practices.

Plans for future periods

FUTURE DEVELOPMENTS

The Trust's role is to create the climate and systems for all schools to thrive, investing in a broad and balanced curriculum and assessment framework with associated professional development that will bring about the best teaching, and facilitate the greatest learning, so that every child achieves their potential. A key priority of our tracking is monitoring the performance of disadvantaged children and driving the conditions for improved social mobility.

The Trust is at an early stage in its development; pupil numbers in the Trust were 2,749 by September 2018. It is recognised that in order to provide the best structure to support its academies and pupils and enable economies of scale to be delivered, further schools will need to join the Trust. The Board will ensure that the addition of further schools will only be agreed where this is in the best interests of both the converting school and the existing academies. Herts for Learning Multi Academy Trust was set up with the intention of supporting and developing a family of schools across all phases: primary, secondary and special. The Trust has and welcomes interest from schools wishing to convert from each of the phases.

As the Trust grows the Board and Chief Executive Officer will plan and consider the appropriate central staffing structure, mindful that budgets are tight and its priority to ensure that children within its academies are its top priority.

FUNDS HELD AS CUSTODIAN

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

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TRUSTEES' REPORT (continued)
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DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have 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 charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2018 and signed on its behalf by:



.....
J E Paine
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Herts for Learning Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| J E Paine, Chair | 5 | 5 |
| G W Lane, Vice Chair | 3 | 5 |
| A L Thomas, Chief Executive Officer | 5 | 5 |
| T J Bailey | 4 | 5 |
| J D Foy | 3 | 5 |
| S G Hall | 2 | 3 |
| P J Martin | 4 | 5 |
| P J McAteer | 4 | 5 |
| J M Shepard | 4 | 5 |
| A Simmons | 4 | 5 |

Stephen Hall resigned as a Trustee in May 2018 due to work commitments; recruitment is currently under way to fill this vacancy. At the first meetings of the academic year Jan Paine was re-elected Chair of the Board, along with Graham Lane as Vice-chair and Chair of the Finance, Audit and Risk Committee and Patrick McAteer as Chair of the HR Committee.

Following the 2016/17 initial set up phase, the Board's work in 2017/18 moved towards operational matters with six schools joining the Trust in September 2017 and three further schools in January 2018. These included:

- strategic planning and growth strategy, due diligence for schools joining the Trust
- monitoring school effectiveness
- financial oversight
- risk register oversight
- Trust policies and procedures, including admissions, data protection, fraud, reserves, competitive tendering, donations and sponsorship, business continuity planning
- GDPR procedure implementation and compliance
- feedback from academy leaders and staff
- Scheme of Delegation review

The July meeting consisted of a whole day workshop style strategic review of the Trust's position of the first year of operation and included a governance review led by Members.

The July Board evaluation was preceded by a skills audit which identified a good coverage of the skills required, with the exception of marketing and communications. The Board is currently looking to recruit or co-opt a

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GOVERNANCE STATEMENT (continued)

Trustee with these skills. Following the skills audit a slight change to committee membership was agreed to map skills with committee remits. The new committee membership arrangements were implemented at the start of the 2018/19 academic year.

A detailed two part self-review on the impact and effectiveness of the Board of Trustees, was carried out in 2018. In May Trustees reviewed responses to a self-evaluation template along with the results of an ESFA Financial Management and Governance Self-assessment (FMGS). In July Members led a review of the Board based on the NGA/APPG 21 questions for MATs. Trustees reported they have been provided with good data on all aspects of operation, which is well explained and regularly re-visited. An action plan has been developed as a result of this review with development plans across the next year including:

- Reviewing the role of the Academy Governing Boards
- Improving communication between academies and the Trust
- Trustee individual contribution and succession planning

The actions recommended from the FMGS review have now all been completed.

As part of the review it was also agreed to introduce a new committee with responsibility for standards and curriculum; this became operational in the 2018/19 academic year. The committee's responsibilities include monitoring:

- Attainment and achievement, including specific pupil groups, at the Trusts academies
- Leadership and management at the Trust's academies
- Pupil development, behaviour and welfare
- Trust intervention strategies and plans
- The impact of cross - MAT partnership working

Membership of the committee will be the same as the HR Committee for the academic year 2018/19. An external evaluation is planned for 2019.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is a sub committee of the main Board of Trustees and was established in December 2016. Its purpose is to advise the Board of Trustees on the Trust's assurance framework and the provision of the opinion in the annual accounts. The Committee will also deal with such other financial or audit matters as may from time to time be referred to the Committee for consideration or approval. The Committee's main responsibilities are to:

- consider and advise the Board of Trustees on all aspects of the Trust's finances, financial policies, financial regulations, controls and strategy
- consider and advise the Board of Trustees on the adequacy and effectiveness of the Trust's audit arrangements, framework of governance, risk management and control and processes for the effective and efficient use of resources, the solvency of the Trust and the safeguarding of its assets

The work of the Committee in this period included:

- financial planning and modelling, including top slice
- oversight of the risk register
- procurement
- pensions
- management accounts, cash flow and financial forecasts
- school and central Trust budgets, including three year projections
- finance procedures manual
- reserves
- estates plan, capital works and funding bids
- Financial Management and Governance Self-assessment (FMGS)
- policies including fraud, reserves, donations

HERTS FOR LEARNING MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

- GDPR compliance
- CFO recruitment

In addition this Committee will add the oversight of estate management to its remit in 2018/19 and will be known as the Finance, Audit, Risk and Estates (FARE) Committee.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| T J Bailey | 3 | 3 |
| J D Foy | 3 | 3 |
| G W Lane | 3 | 3 |
| J M Shepard | 3 | 3 |

Human Resources Committee

The Human Resources Committee is a sub committee of the main Board of Trustees and was established in June 2016. Its main purpose is to be responsible for the detailed consideration as to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust's Human Resources. The Committee's main responsibilities are to review and recommend HR and organisational development policies and strategy and to monitor the impact on organisational performance, including pay, terms and conditions and performance management.

The work of the Committee in this period included:

- Trustee induction
- policies including safeguarding/child protection, complaints, whistleblowing, health and safety, equalities statement, pay and appraisal, code of conduct – employees and Trustees, capability, health and attendance, probation, online safety
- staff model contracts
- academy staffing profile
- central team staffing
- headteacher appraisal
- pay awards

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| S G Hall | 1 | 3 |
| P J Martin | 2 | 3 |
| P J McAteer | 3 | 3 |
| A B Simmons | 2 | 3 |
| A L Thomas | 3 | 3 |

REVIEW OF VALUE FOR MONEY

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

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

HERTS FOR LEARNING MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

The concepts of probity and value for money are a central focus of the Trust's Scheme of Delegation. For example, purchases over £5,000 require a minimum of three quotations and there is a process of purchase order approval for all purchases made across the Trust.

During the year, an audit was undertaken to review contracts in place across the Trust and to identify potential cost savings albeit in the context of honouring existing contracts which had been novated on conversion. This process resulted in schools renegotiating some of their contracts and has resulted in savings. The Trust continues to review contracts as they fall due and identify where bulk buying and economies of scale could result in cost savings for schools. In the first year of operations, the Trust has procured several key systems for all its schools (including financial and budgeting systems and management information systems) with the joint aim of ensuring ongoing compliance with legal and financial obligations and ensuring value for money.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Herts for Learning Multi Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Herts Financial Services (part of Herts for Learning Ltd) as internal auditor.

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

HERTS FOR LEARNING MULTI ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

- testing of payroll systems
- testing of purchase systems
- testing of month end reconciliations
- testing of fixed assets

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

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on their behalf, by:



.....
J E Paine
Chair of Trustees



.....
A L Thomas
Accounting Officer

HERTS FOR LEARNING MULTI ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Herts for Learning Multi Academy Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



.....
A L Thomas
Accounting Officer

Date: 12 December 2018

HERTS FOR LEARNING MULTI ACADEMY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

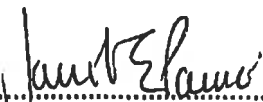
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:


.....
J E Paine
Chair of Trustees

HERTS FOR LEARNING MULTI ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERTS
FOR LEARNING MULTI ACADEMY TRUST**

OPINION

We have audited the financial statements of Herts for Learning Multi Academy Trust (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

HERTS FOR LEARNING MULTI ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERTS
FOR LEARNING MULTI ACADEMY TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

HERTS FOR LEARNING MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF HERTS
FOR LEARNING MULTI ACADEMY TRUST**

accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *19th December 2018*

HERTS FOR LEARNING MULTI ACADEMY TRUST
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HERTS FOR LEARNING MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 2 June 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Herts for Learning Multi Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE HERTS FOR LEARNING MULTI ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Herts for Learning Multi Academy Trust's funding agreement with the Secretary of State for Education dated 23 August 2017, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

HERTS FOR LEARNING MULTI ACADEMY TRUST
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HERTS FOR LEARNING MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Hillier Hopkins LLP

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Hertfordshire
WD17 1HP

Date: *19th November 2018*

HERTS FOR LEARNING MULTI ACADEMY TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Donations on conversion | 2 | 1,310,438 | (2,822,000) | 42,746,000 | 41,234,438 | - |
| Other donations and capital grants | 2 | 13,962 | - | 417,063 | 431,025 | - |
| Charitable activities | 3 | 618,056 | 11,487,644 | 100,177 | 12,205,877 | 250,000 |
| Other trading activities | 4 | 87,326 | - | - | 87,326 | - |
| Investments | 5 | 1,839 | - | - | 1,839 | 46 |
| TOTAL INCOME | | 2,031,621 | 8,665,644 | 43,263,240 | 53,960,505 | 250,046 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 1,086,392 | 11,563,077 | 305,055 | 12,954,524 | 207,263 |
| TOTAL EXPENDITURE | 6 | 1,086,392 | 11,563,077 | 305,055 | 12,954,524 | 207,263 |
| NET BEFORE TRANSFERS | | 945,229 | (2,897,433) | 42,958,185 | 41,005,981 | 42,783 |
| Transfers between Funds | 18 | - | (45,449) | 45,449 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 945,229 | (2,942,882) | 43,003,634 | 41,005,981 | 42,783 |
| Actuarial gains on defined benefit pension schemes | 23 | - | 707,000 | - | 707,000 | - |
| NET MOVEMENT IN FUNDS | | 945,229 | (2,235,882) | 43,003,634 | 41,712,981 | 42,783 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 46 | 42,084 | 653 | 42,783 | - |
| TOTAL FUNDS / (DEFICIT) CARRIED FORWARD | | 945,275 | (2,193,798) | 43,004,287 | 41,755,764 | 42,783 |

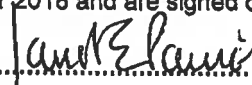
The notes on pages 29 to 60 form part of these financial statements.

HERTS FOR LEARNING MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10290954

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|--------------------|--------------------------|------------------|----------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 42,595,085 | | 653 |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 931 | | - | |
| Debtors | 16 | 659,627 | | 35,087 | |
| Cash at bank and in hand | | 2,274,619 | | 231,259 | |
| | | <u>2,935,177</u> | | <u>266,346</u> | |
| CREDITORS: amounts falling due within one year | 17 | <u>(1,221,498)</u> | | <u>(224,216)</u> | |
| NET CURRENT ASSETS | | | <u>1,713,679</u> | | <u>42,130</u> |
| NET TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>44,308,764</u> | | <u>42,783</u> |
| Defined benefit pension scheme liability | 23 | | <u>(2,553,000)</u> | | - |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>41,755,764</u></u> | | <u><u>42,783</u></u> |
| FUNDS OF THE TRUST | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 18 | 359,202 | | 42,084 | |
| Restricted fixed asset funds | 18 | 43,004,287 | | 653 | |
| Restricted income funds excluding pension liability | | <u>43,363,489</u> | | <u>42,737</u> | |
| Pension reserve | | <u>(2,553,000)</u> | | - | |
| Total restricted income funds | | | <u>40,810,489</u> | | <u>42,737</u> |
| Unrestricted income funds | 18 | | <u>945,275</u> | | <u>46</u> |
| TOTAL FUNDS | | | <u><u>41,755,764</u></u> | | <u><u>42,783</u></u> |

The financial statements on pages 26 to 60 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

.....

J E Paine
Chair of Trustees

HERTS FOR LEARNING MULTI ACADEMY TRUST
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £ | 2017 £ |
|--|------|-------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | <u>367,331</u> | <u>231,866</u> |
| Cash flows from investing activities: | | | |
| Interest received | | 1,839 | 46 |
| Purchase of tangible fixed assets | | (153,487) | (653) |
| Capital grants from DfE Group | | 517,240 | - |
| Cash inherited on conversion | | <u>1,310,438</u> | <u>-</u> |
| Net cash provided by/(used in) investing activities | | <u>1,676,030</u> | <u>(607)</u> |
| Change in cash and cash equivalents in the year | | 2,043,361 | 231,259 |
| Cash and cash equivalents brought forward | | <u>231,259</u> | <u>-</u> |
| Cash and cash equivalents carried forward | 21 | <u><u>2,274,620</u></u> | <u><u>231,259</u></u> |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Multi Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Herts for Learning Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All income is recognised once the Trust 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 are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------|---|-------------------------|
| Leasehold property | - | 125 years straight line |
| Furniture and fixtures | - | 6 years straight line |
| Office equipment | - | 3 years straight line |

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

HERTS FOR LEARNING MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.11 Taxation

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

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, what are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Valuation of tangible fixed assets

The Trustees have considered the value of tangible fixed assets. Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The Trustees have concluded that the valuation of the tangible fixed assets at the year end is appropriate.

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | <i>Total funds 2017 £</i> |
|-------------------------|------------------------------------|----------------------------------|---|-----------------------------|---------------------------------------|
| Donations on conversion | 1,310,438 | (2,822,000) | 42,746,000 | 41,234,438 | - |
| Donations | 13,962 | - | 17,063 | 31,025 | - |
| Capital Grants | - | - | 400,000 | 400,000 | - |
| Subtotal | 13,962 | - | 417,063 | 431,025 | - |
| | 1,324,400 | (2,822,000) | 43,163,063 | 41,665,463 | - |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 9,030,893 | 9,030,893 | - |
| Other Dfe Grants | - | 321,639 | 321,639 | - |
| Start up Grants | - | 75,000 | 75,000 | 250,000 |
| Rates relief | - | 32,116 | 32,116 | - |
| | <u>-</u> | <u>9,459,648</u> | <u>9,459,648</u> | <u>250,000</u> |
| Other government grants | | | | |
| Other Government Grants | - | 358,261 | 358,261 | - |
| LA Nusery income | - | 543,836 | 543,836 | - |
| Pupil Premium | - | 878,734 | 878,734 | - |
| Universal free school meals | - | 266,686 | 266,686 | - |
| | <u>-</u> | <u>2,047,517</u> | <u>2,047,517</u> | <u>-</u> |
| Other funding | | | | |
| Catering Income | 207,339 | - | 207,339 | - |
| Self generated income | 296,428 | - | 296,428 | - |
| Staff consultancy | - | 7,136 | 7,136 | - |
| Trip Income | 114,289 | - | 114,289 | - |
| Supply teacher insurance income | - | 73,520 | 73,520 | - |
| | <u>618,056</u> | <u>80,656</u> | <u>698,712</u> | <u>-</u> |
| | <u>618,056</u> | <u>11,587,821</u> | <u>12,205,877</u> | <u>250,000</u> |
| <i>Total 2017</i> | <u>-</u> | <u>250,000</u> | <u>250,000</u> | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-----------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings Income | 87,326 | - | 87,326 | - |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 1,839 | - | 1,839 | 46 |
| <i>Total 2017</i> | 46 | - | 46 | |

6. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Educational activities: | | | | | |
| Direct costs | 7,928,907 | - | 861,933 | 8,790,840 | - |
| Support costs | 1,715,961 | 1,052,963 | 1,394,760 | 4,163,684 | 207,263 |
| | 9,644,868 | 1,052,963 | 2,256,693 | 12,954,524 | 207,263 |
| <i>Total 2017</i> | - | - | 207,263 | 207,263 | |

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2018 £ | Support costs 2018 £ | Total 2018 £ | Total 2017 £ |
|------------------------|---|-------------------------------|--------------------|--------------------|
| Educational activities | 8,790,840 | 4,163,684 | 12,954,524 | 207,263 |
| <i>Total 2017</i> | - | 207,263 | 207,263 | |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of direct costs

| | Educational activities £ | Total 2018 £ | Total 2017 £ |
|-----------------------------------|--------------------------------|--------------------|--------------------|
| Teaching and Educational Supplies | 26,719 | 26,719 | - |
| Educational Consultancy | 314,828 | 314,828 | - |
| Staff Development | 208,267 | 208,267 | - |
| Trip Expenditure | 156,025 | 156,025 | - |
| Other Direct Costs | 40,996 | 40,996 | - |
| Technology Costs | 115,098 | 115,098 | - |
| Agency supply costs | 299,304 | 299,304 | - |
| Wages and salaries | 6,003,428 | 6,003,428 | - |
| National insurance | 521,134 | 521,134 | - |
| Pension cost | 1,105,041 | 1,105,041 | - |
| At 31 August 2018 | <u>8,790,840</u> | <u>8,790,840</u> | <u>-</u> |

Analysis of support costs

| | Educational activities £ | Total 2018 £ | Total 2017 £ |
|----------------------------------|--------------------------------|--------------------|--------------------|
| Pension expense | 65,000 | 65,000 | - |
| Staff costs | 1,650,961 | 1,650,961 | - |
| Depreciation | 305,055 | 305,055 | - |
| Recruitment | 8,782 | 8,782 | 4,467 |
| Premises and Maintenance Costs | 250,097 | 250,097 | - |
| Rent and Rates | 53,170 | 53,170 | - |
| Catering Costs | 576,226 | 576,226 | - |
| Technology Costs | 200,037 | 200,037 | 34,826 |
| Insurance | 105,058 | 105,058 | - |
| Heat and Light | 162,721 | 162,721 | - |
| Printing, Postage and Stationery | 144,659 | 144,659 | 242 |
| Cleaning and Caretaking | 176,862 | 176,862 | - |
| Professional Fees | 307,088 | 307,088 | 160,627 |
| Other Support Costs | 127,492 | 127,492 | 2,528 |
| Bank interest and charges | 1,976 | 1,976 | 73 |
| Governance costs | 28,500 | 28,500 | 4,500 |
| At 31 August 2017 | <u>4,163,684</u> | <u>4,163,684</u> | <u>207,263</u> |
| At 31 August 2017 | <u>207,263</u> | <u>207,263</u> | |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 | 2017 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 305,055 | - |
| Auditors' remuneration - audit | 28,500 | 4,500 |
| | <u> </u> | <u> </u> |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Wages and salaries | 6,989,329 | - |
| Social security costs | 573,452 | - |
| Operating costs of defined benefit pension schemes | 1,702,448 | - |
| | 9,265,229 | - |
| Agency staff costs | 299,304 | - |
| Staff restructuring costs | 15,335 | - |
| Pension cost | 65,000 | - |
| | 9,644,868 | - |

Staff restructuring costs comprise:

| | 2018 £ | 2017 £ |
|--------------------|-----------|-----------|
| Severance payments | 15,335 | - |
| | 15,335 | - |

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,335 (2017: £nil). Individually, the payments were: £15,335 made on 31 August 2018.

c. Staff numbers

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

| | 2018 No. | 2017 No. |
|----------------------------|-------------|-------------|
| Teachers | 147 | - |
| Administration and support | 293 | - |
| Management | 29 | - |
| | 469 | - |

d. Higher paid staff

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

| | 2018 No. | 2017 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 2 | 0 |
| In the band £80,001 - £90,000 | 1 | 0 |
| In the band £100,001 - £200,000 | 1 | 0 |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS (continued)

Of the above employees, all participated in the Teachers Pension Scheme (2017: nil). During the year ended 31 August 2018, employers pension contributions for these staff amounts to £55,778 (2017: £nil).

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £145,600 (2017: £nil).

10. CENTRAL SERVICES

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

- Human resources
- Financial services
- Legal services
- Educational support services
- Others as arising

The Trust charges for these services on the following basis:

Flat percentage of 4.5% of GAG income.

The actual amounts charged during the year were as follows:

| | 2018 | 2017 |
|----------------------------|-----------------------|-----------------|
| | £ | £ |
| Alban Wood Primary School | 44,051 | - |
| Bromet Primary School | 43,646 | - |
| Meryfield Primary School | 49,630 | - |
| The Orchard Primary School | 47,637 | - |
| Oxhey Wood Primary School | 76,095 | - |
| Grange Junior School | 39,822 | - |
| Waterside Academy | 24,330 | - |
| Warren Dell Primary School | 57,969 | - |
| Wilbury Junior School | 51,942 | - |
| | <u>435,122</u> | <u>-</u> |
| Total | <u><u>435,122</u></u> | <u><u>-</u></u> |

11. TRUSTEES' REMUNERATION AND EXPENSES

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

| | | 2018 £ | 2017 £ |
|-------------|----------------------------|-----------------|-----------|
| Alex Thomas | Remuneration | 120,000-125,000 | |
| | Pension contributions paid | 20,000-25,000 | |

During the year ended 31 August 2018, expenses totalling £227 (2017 - £NIL) were reimbursed to 1 Trustee (2017 - Nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13. OTHER FINANCE EXPENSE

| | 2018 £ | 2017 £ |
|--|---------------|-----------|
| Interest income on pension scheme assets | (79,000) | - |
| Interest expense on pension scheme liabilities | 144,000 | - |
| | <u>65,000</u> | <u>-</u> |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. TANGIBLE FIXED ASSETS

| | Leasehold property £ | Furniture and fixtures £ | Computer equipment £ | Assets under construction £ | Total £ |
|-----------------------|----------------------------|--------------------------------|----------------------------|-----------------------------------|-------------------|
| Cost | | | | | |
| At 1 September 2017 | - | - | 653 | - | 653 |
| Additions | 9,933 | 124,985 | 1,200 | 17,369 | 153,487 |
| Donated on conversion | 42,746,000 | - | - | - | 42,746,000 |
| At 31 August 2018 | <u>42,755,933</u> | <u>124,985</u> | <u>1,853</u> | <u>17,369</u> | <u>42,900,140</u> |
| Depreciation | | | | | |
| At 1 September 2017 | - | - | - | - | - |
| Charge for the year | 300,086 | 4,651 | 318 | - | 305,055 |
| At 31 August 2018 | <u>300,086</u> | <u>4,651</u> | <u>318</u> | <u>-</u> | <u>305,055</u> |
| Net book value | | | | | |
| At 31 August 2018 | <u>42,455,847</u> | <u>120,334</u> | <u>1,535</u> | <u>17,369</u> | <u>42,595,085</u> |
| At 31 August 2017 | <u>-</u> | <u>-</u> | <u>653</u> | <u>-</u> | <u>653</u> |

15. STOCKS

| | 2018 £ | 2017 £ |
|-------------------------------------|------------|-----------|
| Finished goods and goods for resale | <u>931</u> | <u>-</u> |

16. DEBTORS

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|---------------|
| Trade debtors | 1,014 | - |
| VAT recoverable | 223,471 | 29,201 |
| Prepayments and accrued income | 435,142 | 5,886 |
| | <u>659,627</u> | <u>35,087</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. CREDITORS: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|--------------------------------------|------------------|----------------|
| Trade creditors | 246,216 | 128,012 |
| Other taxation and social security | 156,648 | - |
| Other creditors | 176,063 | 55,000 |
| Accruals and deferred income | 642,571 | 41,204 |
| | <u>1,221,498</u> | <u>224,216</u> |
| | 2018 £ | 2017 £ |
| Deferred income | | |
| Deferred income at 1 September 2017 | 25,000 | - |
| Resources deferred during the year | 326,364 | 25,000 |
| Amounts released from previous years | (25,000) | - |
| Deferred income at 31 August 2018 | <u>326,364</u> | <u>25,000</u> |

At the balance sheet date the Trust was holding funds of £326,364 received in advance for pupil premium, rates relief, clubs, trips and lettings.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|---|-------------------|---------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Self generated income | - | 296,428 | (296,428) | - | - | - |
| Other income | 46 | 424,755 | (424,801) | - | - | - |
| Funds donated on conversion | - | 1,310,438 | (365,163) | - | - | 945,275 |
| | <u>46</u> | <u>2,031,621</u> | <u>(1,086,392)</u> | <u>-</u> | <u>-</u> | <u>945,275</u> |
| Restricted funds | | | | | | |
| General Annual Grant | - | 9,030,893 | (8,626,242) | (45,449) | - | 359,202 |
| Other DfE grants | - | 428,755 | (428,755) | - | - | - |
| Pupil premium | - | 878,734 | (878,734) | - | - | - |
| Other government grants | - | 1,068,606 | (1,068,606) | - | - | - |
| Other funding | - | 80,656 | (80,656) | - | - | - |
| Reserves | 42,084 | - | (42,084) | - | - | - |
| Pension reserve | - | (2,822,000) | (438,000) | - | 707,000 | (2,553,000) |
| | <u>42,084</u> | <u>8,665,644</u> | <u>(11,563,077)</u> | <u>(45,449)</u> | <u>707,000</u> | <u>(2,193,798)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset fund | 653 | 42,746,000 | (305,055) | 153,487 | - | 42,595,085 |
| Capital grants | - | 400,000 | - | (13,734) | - | 386,266 |
| Devolved formula capital grant | - | 100,177 | - | (77,241) | - | 22,936 |
| Donated fixed assets | - | 17,063 | - | (17,063) | - | - |
| | <u>653</u> | <u>43,263,240</u> | <u>(305,055)</u> | <u>45,449</u> | <u>-</u> | <u>43,004,287</u> |
| Total restricted funds | <u>42,737</u> | <u>51,928,884</u> | <u>(11,868,132)</u> | <u>-</u> | <u>707,000</u> | <u>40,810,489</u> |
| Total of funds | <u>42,783</u> | <u>53,960,505</u> | <u>(12,954,524)</u> | <u>-</u> | <u>707,000</u> | <u>41,755,764</u> |

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

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the Education & Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

normal running costs of the academy.

The capital grant relates to capital improvement funds in relation to Wilbury Junior School and Meryfield Primary School which is to be used to maintain and improve the school buildings.

The other material restricted general funds represent incoming resources for the following specific purposes:

- (a) The Devolved Forumula Grant is a capital grant to be used for school improvements and capital items.
- (b) Pupil premium grant allocated for students known to have been eligible for free school meals in any of the previous 6 years. The funding is provided to raise the attainment of disadvantaged pupils and to close the gap between them and their peers.
- (c) Other government grants include special education needs funding which is used to support students with high level statements of special educational needs.

The restricted fixed asset fund includes the leasehold land and buildings. Depreciation charged on assets is allocated to the fund.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £ | <i>Total 2017 £</i> |
|--|-----------------------------|-----------------------------|
| Herts for Learning Multi Academy Trust | 21,044 | 42,130 |
| Alban Wood Academy | 175,272 | - |
| Bromet Primary School | 77,939 | - |
| The Grange Junior School | 220,828 | - |
| Meryfield Primary School | 187,636 | - |
| The Orchard Primary School | 289,497 | - |
| Oxhey Wood Primary School | 8,405 | - |
| Warren Dell Primary School | 36,980 | - |
| Waterside Academy | 184,922 | - |
| Wilbury Junior School | 101,954 | - |
| Total before fixed asset fund and pension reserve | 1,304,477 | 42,130 |
| Restricted fixed asset fund | 43,004,287 | 653 |
| Pension reserve | (2,553,000) | |
| Total | 41,755,764 | 42,783 |

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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2018 £ | Total 2017 £ |
|--|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Herts for Learning Multi Academy Trust | 196,516 | 14,500 | 12,747 | 378,846 | 602,609 | 207,263 |
| Alban Wood Academy | 744,142 | 183,195 | 37,989 | 216,367 | 1,181,693 | - |
| Bromet Primary School | 749,282 | 171,892 | 60,019 | 273,876 | 1,255,069 | - |
| The Grange Junior School | 685,673 | 136,548 | 52,030 | 257,460 | 1,131,711 | - |
| Meryfield Primary School* | 955,518 | 119,630 | 32,692 | 197,442 | 1,305,282 | - |
| The Orchard Primary School* | 787,396 | 191,809 | 49,368 | 173,983 | 1,202,556 | - |
| Oxhey Wood Primary School | 1,322,436 | 317,555 | 81,464 | 392,666 | 2,114,121 | - |
| Warren Dell Primary School | 1,063,658 | 263,192 | 157,366 | 241,800 | 1,726,016 | - |
| Waterside Academy* | 398,863 | 89,751 | 14,031 | 93,414 | 596,059 | - |
| Wilbury Junior School | 1,025,423 | 227,889 | 49,398 | 231,645 | 1,534,355 | - |
| | <u>7,928,907</u> | <u>1,715,961</u> | <u>547,104</u> | <u>2,457,499</u> | <u>12,649,471</u> | <u>207,263</u> |

* Schools joined the Trust on 1 January 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | <i>Balance at 21 July 2016</i> | <i>Income</i> | <i>Expenditure</i> | <i>Transfers in/out</i> | <i>Gains/ (Losses)</i> | <i>Balance at 31 August 2017</i> |
|-------------------------------------|------------------------------------|----------------|--------------------|-----------------------------|----------------------------|--|
| | £ | £ | £ | £ | £ | £ |
| General funds | - | 46 | - | - | - | 46 |
| Restricted funds | | | | | | |
| Start up grants | - | 250,000 | (207,263) | (653) | - | 42,084 |
| Restricted fixed asset funds | | | | | | |
| Restricted fixed asset funds | - | - | - | 653 | - | 653 |
| Total of funds | - | 250,046 | (207,263) | - | - | 42,783 |

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 | Restricted funds 2018 | Restricted fixed asset funds 2018 | Total funds 2018 |
|--|--|--------------------------------------|--|---------------------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 42,595,085 | 42,595,085 |
| Current assets | 945,275 | 1,580,700 | 409,202 | 2,935,177 |
| Creditors due within one year | - | (1,221,498) | - | (1,221,498) |
| Provisions for liabilities and charges | - | (2,553,000) | - | (2,553,000) |
| | 945,275 | (2,193,798) | 43,004,287 | 41,755,764 |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | <i>Unrestricted funds 2017</i> | <i>Restricted funds 2017</i> | <i>Restricted fixed asset funds 2017</i> | <i>Total funds 2017</i> |
|-------------------------------|--|--------------------------------------|--|---------------------------------|
| | £ | £ | £ | £ |
| Tangible fixed assets | - | - | 653 | 653 |
| Current assets | 46 | 266,300 | - | 266,346 |
| Creditors due within one year | - | (224,216) | - | (224,216) |
| | 46 | 42,084 | 653 | 42,783 |

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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Net income for the period (as per Statement of Financial Activities) | 41,005,981 | 42,783 |
| Adjustment for: | | |
| Depreciation charges | 305,055 | - |
| Interest received | (1,839) | (46) |
| Increase in stocks | (931) | - |
| Increase in debtors | (624,539) | (35,087) |
| Increase in creditors | 997,282 | 224,216 |
| Capital grants from DfE and other capital income | (517,240) | - |
| Defined benefit pension scheme obligation inherited | 2,822,000 | - |
| Defined benefit pension scheme cost less contributions payable | 373,000 | - |
| Defined benefit pension scheme finance cost | 65,000 | - |
| Donated building | (42,746,000) | - |
| Funds inherited on conversion | (1,310,438) | - |
| Net cash provided by operating activities | 367,331 | 231,866 |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|--------------|------------------|----------------|
| Cash in hand | 2,274,620 | 231,259 |
| Total | 2,274,620 | 231,259 |

22. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 Alban Wood Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

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22. CONVERSION TO AN ACADEMY TRUST (continued)

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|----------------------------|--------------------------|---|---------------------|
| Leasehold land and buildings | - | - | 3,286,000 | 3,286,000 |
| Budget surplus on LA funds | 132,945 | - | - | 132,945 |
| LGPS pension deficit | - | (394,000) | - | (394,000) |
| | <u>132,945</u> | <u>(394,000)</u> | <u>3,286,000</u> | <u>3,024,945</u> |

The above surplus on LA funds include £132,945 transferred as cash.

Bromet Primary School

On 1 September 2017 Bromet Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £141,125 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|----------------------------|--------------------------|---|------------------|
| Leasehold land and buildings | - | - | 3,639,000 | 3,639,000 |
| Budget surplus on LA funds | 141,125 | - | - | 141,125 |
| LGPS pension deficit | - | (153,000) | - | (153,000) |
| | <u>141,125</u> | <u>(153,000)</u> | <u>3,639,000</u> | <u>3,627,125</u> |

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Grange Junior School

On 1 September 2017 Grange Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £182,939 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|
| Leasehold land and buildings | - | - | 3,998,000 | 3,998,000 |
| Budget surplus on LA funds | 182,939 | - | - | 182,939 |
| LGPS pension deficit | - | (225,000) | - | (225,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets/(liabilities) | <u>182,939</u> | <u>(225,000)</u> | <u>3,998,000</u> | <u>3,955,939</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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Meryfield Primary School

On 1 January 2018 Meryfield Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £146,956 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|
| Leasehold land and buildings | - | - | 5,621,000 | 5,621,000 |
| Budget surplus on LA funds | 146,956 | - | - | 146,956 |
| LGPS pension deficit | - | (399,000) | - | (399,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets/(liabilities) | <u>146,956</u> | <u>(399,000)</u> | <u>5,621,000</u> | <u>5,368,956</u> |

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The Orchard Primary School

On 1 January 2018 The Orchard Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £287,737 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|
| Leasehold land and buildings | - | - | 6,587,000 | 6,587,000 |
| Budget surplus on LA funds | 287,737 | - | - | 287,737 |
| LGPS pension deficit | - | (336,000) | - | (336,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets/(liabilities) | 287,737 | (336,000) | 6,587,000 | 6,538,737 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

HERTS FOR LEARNING MULTI ACADEMY TRUST
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Oxhey Wood Primary School

On 01 September 2018 Oxhey Wood Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £34,954 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|
| Leasehold land and buildings | - | - | 6,971,200 | 6,971,200 |
| Budget surplus on LA funds | 35,954 | - | - | 35,954 |
| LGPS pension deficit | - | (416,000) | - | (416,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets/(liabilities) | 35,954 | (416,000) | 6,971,200 | 6,591,154 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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Warren Dell Primary School

On 01 September 2017 Warren Dell Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £63,602 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|
| Leasehold land and buildings | - | - | 3,817,000 | 3,817,000 |
| Budget surplus on LA funds | 63,602 | - | - | 63,602 |
| LGPS pension deficit | - | (346,000) | - | (346,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets/(liabilities) | 63,602 | (346,000) | 3,817,000 | 3,534,602 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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Waterside Academy

On 01 January 2018 Waterside Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £143,936 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|-------------------------------------|-----------------------------------|---|--------------------------|
| Leasehold land and buildings | - | - | 3,521,000 | 3,521,000 |
| Budget surplus on LA funds | 143,936 | - | - | 143,936 |
| LGPS pension deficit | - | (123,000) | - | (123,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net assets/(liabilities) | 143,936 | (123,000) | 3,521,000 | 3,541,936 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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Wilbury Junior School

On 01 September 2017 Wilbury Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from Hertfordshire County Council for £Nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

The below surplus on LA funds include £175,244 transferred as cash.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|----------------------------|--------------------------|---|------------------|
| Leasehold land and buildings | - | - | 5,294,000 | 5,294,000 |
| Budget surplus on LA funds | 175,244 | - | - | 175,244 |
| LGPS pension deficit | - | (334,000) | - | (334,000) |
| | <u>175,244</u> | <u>(334,000)</u> | <u>5,294,000</u> | <u>5,135,244</u> |
| Net assets/(liabilities) | <u>175,244</u> | <u>(334,000)</u> | <u>5,294,000</u> | <u>5,135,244</u> |

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £72,087 were payable to the schemes at 31 August 2018 (2017 - nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions

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23. PENSION COMMITMENTS (continued)

along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £677,814 (2017 - £nil).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £797,000 (2017 - £nil), of which employer's contributions totalled £646,000 (2017 - £nil) and employees' contributions totalled £151,000 (2017 - £nil). The agreed contribution rates for future years are 25.3% for employers and 5.5-12.5% for employees.

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

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23. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

| | 2018 | 2017 |
|--------------------------------------|--------|--------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 2.40 % | 2.50 % |
| Inflation assumption (CPI) | 2.30 % | 2.40 % |

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

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.5 | - |
| Females | 24.9 | - |
| Retiring in 20 years | | |
| Males | 24.1 | - |
| Females | 26.7 | - |

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

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|-------------------------------------|---|---|
| Equities | 2,175,120 | - |
| Property | 328,320 | - |
| Cash and other liquid assets | 164,160 | - |
| Bonds | 1,436,400 | - |
| Total market value of assets | 4,104,000 | - |

The actual return on scheme assets was £178,000 (2017 - £nil).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

| | 2018 £ | 2017 £ |
|----------------------|--------------------|-----------|
| Current service cost | (1,019,000) | - |
| Interest income | 79,000 | - |
| Interest cost | (144,000) | - |
| Total | (1,084,000) | - |

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23. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|-----------|
| Upon conversion | 5,951,000 | - |
| Current service cost | 1,019,000 | - |
| Interest cost | 144,000 | - |
| Employee contributions | 151,000 | - |
| Actuarial gains | (608,000) | - |
| | <u>6,657,000</u> | <u>-</u> |
| Closing defined benefit obligation | <u>6,657,000</u> | <u>-</u> |

Movements in the fair value of the Trusts's share of scheme assets:

| | 2018 £ | 2017 £ |
|-------------------------------------|------------------|-----------|
| Upon conversion | 3,129,000 | - |
| Interest income | 79,000 | - |
| Actuarial losses | 99,000 | - |
| Employer contributions | 646,000 | - |
| Employee contributions | 151,000 | - |
| | <u>4,104,000</u> | <u>-</u> |
| Closing fair value of scheme assets | <u>4,104,000</u> | <u>-</u> |

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2018 £ | 2017 £ |
|-------------------------|---------------|-----------|
| Amounts payable: | | |
| Within 1 year | 24,357 | - |
| Between 1 and 5 years | 15,177 | - |
| | <u>39,534</u> | <u>-</u> |
| Total | <u>39,534</u> | <u>-</u> |

25. MEMBERS' LIABILITY

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Multi Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

During the period purchases totalling £418,710 (2017: £43,142) were made from Herts for Learning Limited, the Trust's provider and sponsor. At period end, included within trade creditors is £43,982 (2017: £21,047) owing to Herts for Learning Limited.