

**REGISTRAR OF COMPANIES**

**The Hoddesdon School Trust**

**Annual Report and Financial  
Statements**

31 August 2018

Company Limited by Guarantee  
Registration Number  
07555066 (England and Wales)

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## Reference and administrative information

<b>Members</b>	Mrs A M Pask Mrs F L Ives Mr M J Sturgeon Mr N R Chaaban
<b>Trustees</b>	Mrs J E M Carson Cert. Ed. (Co-opted) Mr P Cuffaro BSc, MPhil Mr G A Dykes BSc, FCA Mrs A E Heal Ms S A Hurwood BA Mrs F L Ives (Chair) Mr D J Kennedy BA, FRSA (Accounting Officer) Mr A C Lebaigue Mr R J McCarthy MCMI, MCIWEM Mrs R E Semark BEd NPQH (Co-opted) Mrs M C Sykes BA MCIPR
<b>Company Secretary</b>	Mr D A Allman BSc, MA, NPQH, FRSA
<b>Trust Senior Management Team</b> CEO and Executive Headteacher Deputy CEO and Co-Headteacher Headteacher – Roselands Primary School Co-Headteacher – The John Warner School Headteacher – The Cranbourne Primary School	Mr D J Kennedy BA, FRSA Mr D A Allman BSc, MA, NPQH, FRSA Mrs J E M Carson Cert. Ed Mr J M Scott BA, MA, NPQH Mrs R E Semark BEd NPQH
CFO and Director of Finance and Resources (1 September 2017 to 31 December 2017)	Mrs S J Pringle DSBM, AinstAM(Dip), ACIM
CFO (from 1 January 2018) Director of Finance and Resources (from 1 January 2018)	Mr D A Allman BSc, MA, NPQH, FRSA Mrs G A Knights AAT DSBM
<b>Registered address</b>	The Hoddesdon School Trust Stanstead Road Hoddesdon Hertfordshire EN11 0QF
<b>Company registration number</b>	07555066

## **Reference and administrative information**

**Auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Bankers** Lloyds TSB Bank Plc  
Hitchin Branch  
PO Box 1000  
BX1 1LT

**Solicitors** Stone King LLP  
16 St John's Lane  
London  
EC1M 4BS

**Chartered surveyors** Lambert Smith Hampton  
45 Grosvenor Road  
St Albans  
Hertfordshire  
AL1 3AW

## **Trustees' report (including the strategic report) Year to 31 August 2018**

The Trustees of The Hoddesdon School Trust ('the Academy Trust') present their annual report together with the financial statements of the Academy Trust 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.

On 16 July 2016 the members of The John Warner School agreed that the name of the Company should be changed to The Hoddesdon School Trust. This followed the Company's successful transition to Multi-Academy Trust status and the agreement of two local primary schools to join the Academy Trust on 1 September 2016.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the attached financial statements and comply with the Academy Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Hoddesdon School Trust is an exempt charity and a company limited by guarantee, not having share capital. The Memorandum and Articles of Association are the primary governing document of the Academy Trust. The Trustees of The Hoddesdon School Trust are also the directors of the Academy Trust for the purposes of company law.

#### **History**

The Academy Trust runs three Academies: The John Warner School, The Cranbourne Primary School and Roselands Primary School. All three are co-educational and are in Hoddesdon, Hertfordshire. The John Warner School was a local authority operated school founded in 1953 and converted to Academy Trust status on 1 April 2011. It then became The Hoddesdon School Trust, a Multi-Academy Trust, on 1 September 2016 comprising of The John Warner School and the two primary schools who became Academies themselves on 1 September 2016.

The John Warner School was incorporated on 8 March 2011 and was governed by the rules and regulations set down in its company Memorandum and Articles of Association dated 8 March 2011 and which were subsequently replaced by new Articles of Association on 27 July 2016 as part of the process of conversion to Multi-Academy Trust status.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Members' liability**

The members of the Academy Trust are Mrs A M Pask, Mrs F L Ives, Mr M R Sturgeon and Mr N R Chaaban.

Every member of the Academy Trust undertakes to contribute an amount not exceeding £10 to the assets of the Academy Trust in the event of the Academy Trust being wound up during the year of membership, or within one year thereafter.

### **Trustees' indemnities**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. From March 2015, the Academy Trust was part of the Academies Risk Protection Arrangement (RPA). The cost of this insurance is included within the total insurance cost.

### **Principal activities**

The principal activity of the Academy Trust is to run three schools: The John Warner School, The Cranbourne Primary School and Roselands Primary School. All three are co-educational and are in Hoddesdon, Hertfordshire.

In accordance with its charitable objectives,<sup>1</sup> the Academy Trust seeks to advance the education of the children attending the Academies within it. The Academy Trust's primary beneficiaries are therefore the students and their parents. The principal means whereby this activity is carried out is by maintaining a high standard of education for all within the Academy Trust.

In addition, the Academy Trust operates the John Warner School Sports Centre for the benefit of the Academy Trust's pupils and also other primary school pupils in the locality and the wider community.

The Sports Centre is a joint venture with the Borough of Broxbourne governed by a dual-use agreement. This agreement allows the Sports Centre to operate for the benefit of the local community and for the Academy Trust. The Academy Trust provides the Sports Centre with an appropriate amount of funding to support its maintenance and running. In return the Borough of Broxbourne operates the Sports Centre and maintains it for the benefit of both the pupils of the Academy Trust and the local community. It is not possible to quantify the financial benefit of this arrangement but it is undoubtedly the case that both the Academy Trust's population and the local community benefit from the dual-use facility.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Trustees

The Trustees are directors of the Academy Trust for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2018 and served throughout the year.

#### Trustee

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Mrs J E M Carson Cert. Ed. (Co-opted)  
Mr P Cuffaro BSc, MPhil.  
Mr G A Dykes BSc, FCA  
Mrs A E Heal  
Ms S A Hurwood BA  
Mrs F L Ives (Chair)  
Mr D J Kennedy BA, FRSA (Accounting Officer)  
Mr A C Lebaigue  
Mr R J McCarthy MCMI, MCIWEM  
Mrs R E Semark BEd NPQH (Co-opted)  
Mrs M C Sykes BA MCIPR

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Mr A Shah-Cundy was appointed after the year end.

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

The Trustees regularly review the mix of skills that should be available to the Board. New Trustees are then sought with these skills, either as additional Trustees or replacements when existing Trustees stand down and it is anticipated that the great majority of new Trustees will be drawn from the local community, being either parents or guardians of pupils at the Academy Trust or others that have shown an interest in the future well-being of the Academy Trust and its pupils. Recruitment is therefore through a combination of approaches to individuals with known skills and by wider communications to those within the Hoddesdon area of Hertfordshire.

In accordance with the Academy Trust's Articles of Association and Terms of Reference, new Trustees are appointed to the Board by the existing Trustees until the date of the next Annual General Meeting, at which time they are eligible for re-election for a period of four years. At the end of a four year term, retiring Trustees are eligible for re-election for a further term. Individual Trustees attend training courses and conferences organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date. A series of briefings for the Board and the senior management team of the Academy Trust as a whole is being designed that is based on areas of potential interest and/or concern.

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

New Trustees are provided with an Induction Pack comprising all relevant documentation relating to the recent work of the Trustees, together with the Trust's Articles of Association, the current Trustee Handbook and all policies in operation at the Academy Trust. A regular skills audit is undertaken which, with the current competency matrix identifies future training needs which are addressed through internal training or that are provided by nationally accredited trainers.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Organisational structure**

The Trustees have responsibility for setting and monitoring the overall strategic direction of the Academy Trust, approving decisions reserved to Trustees and appointing key members of staff.

The retained responsibilities of the Trust Board are set out in its Terms of Reference and its Schedule of Delegation.

The Board of Trustees meets five times each year. All decisions reserved to the Trustees are taken by the Board as a whole, in accordance with its Terms of Reference and its Schedule of Delegation. Board sub-committees meet during the year to consider detailed matters and recommend decisions to the full Board.

During the period for which this report accounts, the Trust Board operated a Risk and Audit sub-committee to consider issues relating to the systems and processes of control and risk management that operated throughout The Hoddesdon School Trust, and to make recommendations to the Board.

The Trust Board retained the decision not to convene additional regular sub-committee meetings in order to maximise Trustee first hand engagement with work of the Trust, however a Sports Centre committee and ad hoc groups of Trustees are established, as and when required, to consider specific issues and make recommendations to the Board.

The CEO and Executive Headteacher of The Hoddesdon School Trust was the Accounting Officer during the year and worked closely with the other Trustees and the senior staff of the Academy Trust. The day-to-day management of the Academy Trust rests with the Headteachers of the constituent Academies, the Chief Financial Officer and the Director of Finance and Resources. This Senior Management Team has the overall responsibility for operations, across the Trust.

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

Key management personnel comprise the Trustees and the Senior Management Team listed on page 1.

Pay and remuneration for key management staff are determined in accordance with the Academy Trust's Pay Policy pursuant to the Trust's Terms of Reference and its Schedule of Delegation. The Trustees monitor the outcomes of pay decisions, ensuring the school's continued compliance with equalities legislation.



## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Trade union facility time**

The Academy Trust had no relevant trade union officials in the year.

### **Connected organisations, including related party relationships**

The Academy Trust has a relationship with the Borough of Broxbourne which involves a dual-use agreement whereby the Borough operate the Academy Trust's Sports Centre. This agreement has a 21 year timespan and was signed on 13 February 2002. There is a Trustee and councillor oversight group that meets twice a year.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The charitable objectives for which the Academy Trust was established are set down in the governing document 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 a school offering a broad and balanced curriculum ("the Academy"); and
- ◆ To promote for the benefit of the inhabitants of Hoddesdon and the surrounding area the provision of facilities, for recreation or other leisure time occupation of individuals who have a need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare, and with the object of improving the condition of life of the said inhabitants.

### **Objectives, strategies and activities**

Students of the Academies within the Academy Trust will be given every opportunity to fulfil their potential in the areas of academic performance, sporting and artistic endeavour. The students of the Academies within the Academy Trust will make a worthwhile contribution to their local community and to the wider community both in the United Kingdom and abroad. The quality of education that they receive will allow them to develop into citizens who can make a useful contribution to their local community and wider afield. The Academy Trust is committed to valuing all of its students in their achievement and to provide them a platform for future success.

### **Public benefit**

The Trustees have taken The Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit contained within this Trustees' Annual Report.

## **OBJECTIVES AND ACTIVITIES (continued)**

### ***Benefits and beneficiaries***

In accordance with its charitable objectives, the Academy Trust strives to advance the education of the attending pupils. The Academy Trust's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the Academy Trust.

### ***Trustees' assessment of public benefit***

In order to determine whether or not the Academy Trust has fulfilled its charitable objectives for public benefit, the Trustees scrutinise external performance data published nationally by the Department for Education, internal data presented to them through the work of the Local Governing Bodies of the constituent Academies and the Head Teachers thereof, all of whom are accountable directly to the CEO and Executive Head Teacher of the Academy Trust. Evidence of this may be seen in the minutes and associated papers for each of the Local Governing Body meetings, and in those of the Trust itself.

## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Review of activities***

This is the second annual report of The Hoddesdon School Trust as a Multi-Academy Trust which commenced operationally on 1 September 2016 and represents the joining together of three schools who have a long and distinguished history of working together. These are The John Warner School, The Cranbourne Primary School and Roselands Primary School.

All three schools are co-educational comprehensive schools that are located in north Hoddesdon, Hertfordshire.

All three were designated as 'Good' at their most recent Ofsted inspections, which took place before the coming together to form the Trust, and the vast majority of children leaving The Cranbourne Primary School and Roselands Primary School subsequently join The John Warner School for their secondary education, though this is not an automatic right and the admissions processes for all three schools are published clearly on their respective websites.

#### ***Values***

The Trust benefits from a common ethos and shared values. The values embraced across the Trust are listed below:

**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

*Values (continued)*

We value aspiration which means we:

- ◆ Aim high in all that we do
- ◆ Prepare to succeed in school and in life
- ◆ Aim to create memories and futures together

We value creativity which means we:

- ◆ Believe that we are all creative
- ◆ Love learning and thinking deeply
- ◆ Acknowledge the importance of education for education's sake

We value participation which means we:

- ◆ Learn from each other to make a positive impact on our school, families and world
- ◆ Broaden our skills beyond the classroom
- ◆ Promote community links through charity work

We value respect which means we:

- ◆ Create a mutually respectful atmosphere
- ◆ Have respect for ourselves
- ◆ Form positive relationships in an environment that is free from prejudice, bullying and harassment

We value endeavour which means we:

- ◆ Believe hard work leads to success
- ◆ Service to achieve our targets, goals and ambitions
- ◆ Develop resilience to thrive in an ever-changing world

These values permeate every aspect of our work, and are manifest in the culture of the schools and the fabric of their buildings.

## STRATEGIC REPORT (continued)

### Achievements and performance (continued)

#### *Practices*

Induction and the secondary transfer process are seen as vital for the wellbeing and the future success of the children within the Trust and one of the major strategic decisions made by Trustees has been to develop a cross-phase curriculum which focuses on the work of children in years 5 and 6 at Roselands and Cranbourne, and in years 7 and 8 at John Warner.

In the first year teaching staff from all three schools planned for and piloted initiatives in the areas of English, mathematics, science, modern foreign languages, music and physical education. In this second year, all three schools took a strategic decision to focus on the knowledge curriculum, with whole Trust inset as well as a range of integrative strategies put in place for the subsequent academic year.

In the past year teachers have continued to share expertise and develop ideas, with children of secondary age greatly enjoying the opportunity to act as mentors to primary children in disciplines including languages and sports. Children of primary age continue to report that, whatever secondary school they eventually attend, the fears they may have had have dissipated due to familiarity with a secondary school environment.

In English, the set of shared 'non-negotiables' in writing agreed in the previous year across both primaries is now in the implementation phase in the secondary school and in mathematics, an action plan has been drawn up to ensure the sharing of expertise and a coherent planning framework is adopted for both primary schools. This framework then informs secondary transition.

In science, both primaries continue to draw on the secondary school's expertise and facilities to deliver high quality scientific activities within lessons and across the Trust in a science fair attended by parents and pupils from all three schools.

In modern foreign languages, children of primary age continued to benefit from specialist teaching in French and German by teachers provided by the secondary school which has directly impacted on their language learning, and had the additional indirect impact of providing curriculum enhancement whilst enabling teachers to use their planning, preparation and assessment time effectively.

In the creative arts a Trust highlight was the Trust Arts Festival, hosted at the John Warner School, and at which children from all three Trust schools and children from Westfield Primary School, a new associate member of the Trust, and Forres Primary School, both of which are local to the Trust. This was fully in accordance with the objects set out in the Trust's Articles of Association and very positively received by the whole community.

In sports, in accordance with the Joint Use Agreement with the Borough of Broxbourne for the John Warner Sports Centre, a large programme continued to provide opportunities and experiences both for children in the Trust schools and all other local primary schools. These included leadership opportunities for secondary age sports leaders, and enabled primary children to collaborate and compete in activities across shared days and special events that

## **STRATEGIC REPORT (continued)**

### **Achievements and performance (continued)**

have broadened and deepened their experiences of physical education in schools and beyond.

#### ***Professional development***

Shared continuing professional development in this second year focused on developing the individual school's capacities for learning from one another and to that end the whole Trust Training Day in October involved staff from each of the three schools working with one another to deliver workshops on identified Trust priorities. These were:

- Disengaged boys
- Subject leadership
- Homework
- Girls' confidence in STEM
- Arts integration
- Mental health
- SEND strategies

In addition, there were cross-phase subject forums for each of the national curriculum subjects, namely, English, mathematics, science, languages, humanities, ICT/computing, art, design and technology, physical education and lifelong learning.

In terms of building leadership capacity, the SSAT programmes 'Leaders for the Future' and The National Award for Middle Leaders were delivered by qualified in-house facilitators. Sharing expertise and building safeguarding capacity across the Trust was a priority throughout the year to continually evaluate and improve colleagues' practice. Work also continues in partnership with Prince's Teaching Institute and Leading Edge to enhance classroom practice across the curriculum.

#### ***Organisation***

Organisationally the Trust is relatively unusual in that there is no pre-determined 'top-slice' for central services, however, a redistribution of central costs has been applied through discussion and mutual consent of the constituent Headteachers based on the principles of reasonability and affordability.

The drive for ever greater efficiency and value for money remains a collaborative one based on emergent need as well as strategic planning.

Improving and maintaining high levels of attendance at all schools within the Trust continued to be a key priority, with the Trust's attendance officer providing valuable family support to the families of vulnerable children, works with each of the schools to improve attendance of children at risk of underachievement because of perceived patterns of absence.

Children with special educational needs or disabilities are supported by SENCOs in each of the schools who meet regularly to share expertise and support one another with routine and more challenging work.

**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

**Organisation (continued)**

Safeguarding is similarly approached from a corporate perspective, with key personnel in each of the schools routinely sharing advice and information. CPOMS, the online information management system introduced in the previous year, was fully embedded and its application extended to provide a broader pastorally related recording mechanism.

In terms of finance and resources, this financial year saw some significant changes to systems, staffing and operational procedures. The Trust's long serving Chief Financial Officer retired on 31 December 2017 and the succession planning put in place by Trustees came into effect. This meant a new Chief Financial Officer, a new Director of Finance and Resources for the Trust and staffing reorganisation at each of the three schools to better align roles and responsibilities in terms of finance and human and physical resource management.

Staffing costs have been closely monitored and managed. In some cases significant savings have been made through the sharing of staff between schools in order to cover for prolonged absences, and as a result of the curriculum enrichment activities provided by the secondary school the primaries have been able to ensure that teaching staff receive their entitlement to planning, preparation and assessment time at a vastly reduced financial cost.

***Leadership and management***

This financial year saw changes to the leadership roles at Trust level and at the John Warner School. The Chief Executive Officer focused solely on Trust wide activities. New leadership structures were put in place at the John Warner School through a Co-Headteacher model and the Trust's Chief Financial Officer retired and was replaced internally through a planned succession process.

Regular Trust Senior Leadership Team meetings continue to provide for a well-established, efficient and effective structure for internal communication and prompt action that benefits the Trust as a whole. Working knowledge of each of the individual schools is strengthened, as leaders at all levels have been able to offer and benefit from highly valued support through challenging circumstances and this has led to energized enthusiasm for developing and extending excellent practices within individual schools and across the Trust itself.

***Indicators, milestones and benchmarks***

All three of the Academies in the Academy Trust adhere to the same planning framework as that of the Academy Trust itself, and the same is the case for its self-evaluative procedures.

The indicators are therefore those set out in the evaluation schedule and grade descriptors of the most recent Ofsted 'School Inspection Handbook'.

**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

***Indicators, milestones and benchmarks (continued)***

Milestones for each aspect are set out in the relevant management level plan, and the benchmarks by which performance is evaluated are those of the relevant grade descriptors.

**Financial review**

***Financial report for the year***

The results for the year are shown on page 29.

The operational activities of the Academy Trust during the year ended 31 August 2018 generated total income of £10.743m (2017 - £22.548m, including conversion income of £9.590m and capital grants of £2.341m), which was primarily derived from core GAG funding of £9.5m (2017 - £9.7m).

Total expenditure for the year ended 31 August 2018 amounted to £11.786m (2017 - £12.478m) including depreciation on tangible fixed assets of £0.788m (2017 - £0.806m).

The Academy Trust continues to recognise its liability in respect of the Hertfordshire Local Government Pension Scheme on its balance sheet, which as at 31 August 2018 amounted to £1.322m (2017 - £1.578m). The Academy Trust makes contributions to this pension scheme in accordance with the advice of the actuary and these contributions are funded from the General Annual Grant.

***Key financial performance indicators***

In terms of financial key performance indicators, the Trustees' main goal is to maintain a balanced budget at all times and to therefore undertake the Academy Trust's educational operations in such a way that all costs incurred are fully funded by an identified and receivable source of income.

The Trustees monitor expenditure against budget during the year and look at forecast cash flows to ensure continuing solvency.

Key ratios reviewed by Trustees are actual, budgeted and forecast staff costs as a proportion of revenue income with the aim that these ratios should be maintained between 77% and 82% in each case.

***Going concern***

After making appropriate enquiries, the Trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trustees have adopted the going concern basis in preparing the financial statements.

**STRATEGIC REPORT (continued)**

**Financial review (continued)**

***Financial and risk management objectives and policies***

The Trustees have a robust attitude to risk management. The risk register matrix defines and considers risk, its potential impact, control procedures, monitoring and responsibility. The register is reviewed annually by the Audit and Risk Committee. The risk register matrix categorises risk under the following headings: strategic; reputational; operational and compliance risks. Trustees additionally consider business continuity planning.

Trustees complete criminal records bureau checks as they undertake site visits in respect of their work in safeguarding, health and safety, admissions and other relevant activities. Trustees receive regular reports from staff and Trustee feedback following onsite visits.

A comprehensive insurance policy is in place providing cover for the main risks, alongside statutory requirements.

***Reserves policy***

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the Academy Trust and to fund future projects. The Trustees intend to review the reserves policy annually to ensure that this aim can be achieved.

At the balance sheet date, the Academy Trust had free reserves of £925,668 (2017 - £977,059).

The Trustees intend to utilise these reserves in the near future to improve the infrastructure of the Academy Trust's premises that were inherited from the local authority whilst maintaining sufficient working capital for the Trust.

***Investment policy***

The Trustees' investment powers are set down in the Academy Trust's Memorandum and Articles of Association, which permit the investment of monies of the Academy Trust which are not immediately required for its purposes in such investments, securities or property as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The Academy Trust's current policy is to invest surplus funds in short-term cash deposits.



## **STRATEGIC REPORT (continued)**

### **Principal risks and uncertainties**

As mentioned previously, the Academy Trust has a comprehensive risk management approach embedded throughout all of its operations. The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching and other operational areas of the Trust and its finances. Appropriate systems, policies, procedures and controls have been put in place so as to ensure that the various risks do not impact adversely on the Trust's operations.

The major risks to which the Academy Trust is exposed are:

- ◆ The Trust receiving an unfavourable OFSTED report or insufficient demand for services creating unsustainability;
- ◆ A macro-economic or natural disaster affecting the Trust's operations;
- ◆ Human resources related risks affecting staff management, integrity, succession planning, recruitment and retention;
- ◆ Employee legislation impacting on pension funding and contributions to the LGPS; and
- ◆ Fluctuations in government funding methodology.

### **FUNDRAISING**

The Academy Trust does not conduct fundraising itself, however each of the constituent schools benefits, from time to time, from funds raised by charities whose objects are to do so in support of the schools' aims. These are Parent-Teacher Associations regulated by the Charities Commission and are linked to and share the name of the related individual schools. They are independent of those schools.

### **Plans for future years**

#### ***Future strategy***

The Academy Trust is enjoined, through its Articles of Association, to adhere to the following charitable objectives:

- ◆ 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; and
- ◆ To promote for the benefit of the inhabitants of Hoddesdon and the surrounding area the provision of facilities, for recreation or other leisure time occupation of individuals who have a need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare, and with the object of improving the condition of life of the said inhabitants.

**STRATEGIC REPORT (continued)**

The Academy Trust is required to adhere to its Funding Agreement with the Department for Education, and to comply with the regulations set out in the Academies Financial Handbook.

The Academy Trust's strategy, therefore, is to deliver on the objectives set out in its Articles and reproduced above in accordance with the prevailing funding and regulatory frameworks.

***Future activities and events***

The Academy Trust's future activities and events will be those that Trustees consider most likely to ensure that the Academy Trust delivers on the future strategy articulated above.

***Impact of future activities and events***

The impact of future activities and events will be evaluated in accordance with the indicators, milestones and benchmarks set out in the 'Achievements and Performance' element of this Strategic Report.

**Funds held as custodian trustee on behalf of others**

Although the Academy Trust maintains restricted funds to deal with income that are earmarked for a particular purpose by donors, sponsors, and other funders, the Academy Trust does not hold, and the Trustees do not anticipate that it will in the future hold, any funds as custodian for any third party.

**AUDITOR**

In so far as the Trustees are aware:

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

The Trustees' Annual Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 6 December 2018 and signed on its behalf by:



Chair of Trustees

Mrs F.L. Ives

### **Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Hoddesdon School 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 CEO and Executive Headteacher of The Hoddesdon School Trust, 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 the Academy Trust and the Secretary of State for Education. The CEO and Executive Headteacher is 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.

All decisions reserved to the Trustees are taken by the Board as a whole, in accordance with its Terms of Reference and its Schedule of Delegation. Board sub-committees meet during the year to consider detailed matters and recommend decisions to the full Board.

During the period for which this report accounts, the Trust Board convened a Risk and Audit sub-committee to consider issues relating to the systems and processes of control and risk management that operated throughout The Hoddesdon School Trust, and to make recommendations to the Board. It met twice in this accounting period, and will meet at least three times in future accounting periods.

The Trust Board retained the decision not to convene additional regular sub-committee meetings in order to maximise Trustee first hand engagement with work of the Trust, however a Sports Centre committee and ad hoc groups of Trustees are established, as and when required, to consider specific issues and make recommendations to the Board.

The Board of Trustees has formally met five times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mrs A E Heal	3	5
Mr A C Lebaigue	4	5
Mr D J Kennedy BA, FRSA (Accounting Officer)	5	5
Mrs F L Ives (Chair)	4	5
Mr G A Dykes BSc, FCA	5	5
Mrs J E M Carson Cert. Ed. (Co-opted)	5	5
Mrs M C Sykes BA MCIPR	2	5
Mr P Cuffaro BSc, MPhil.	1	5
Mrs R E Semark BEd NPQH (Co-opted)	5	5
Mr R J McCarthy MCMI, MCIWEM	3	5
Ms S A Hurwood BA	4	5

## Governance statement 31 August 2018

The Risk and Audit committee met twice during the year. Attendance at the Risk and Audit committee meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A E Heal	2	2
Mr A C Lebaigue	2	2
Mr R J McCarthy MCMI, MCIWEM	2	2

The Academy Trust continues to review the effectiveness of the Board of Trustees and its sub-committees

### Review of Value for Money

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

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

- ♦ The allocation of resources to best promote the aims and values of the Academy Trust;
- ♦ The targeting of resources to best improve standards and the quality of provision; and
- ♦ The use of resources to best support the various educational needs of all students;

### ***Example 1: Educational Outcomes – Disadvantaged Pupils***

Across the Academy Trust, spending is guided by The Sutton Trust-EEF Teaching and Learning Toolkit (<http://educationendowmentfoundation.org.uk/toolkit/>). This provides a summary of educational research and so offers guidance for teachers and schools on how to use their resources to improve the attainment of disadvantaged pupils, both in terms of making an initial choice between strategies, and in implementing a strategy as effectively as possible.

The authors acknowledge that 'the relationship between spending and pupil outcomes is not simple' and that 'at school level, it is clear that different ways of spending school budgets can have very different impacts on pupil attainment, and choosing what to prioritise is not easy'. They accept that 'even once a decision to implement a particular strategy has been taken there are a wide variety of factors which determine its impact'.

We have made our decisions based on the average impact of a particular strategy on attainment, the strength of the evidence supporting the claim of impact, and the related cost, as set out in the toolkit, together with our own knowledge of the specific needs of eligible pupils. Further details about the impact of this are available under 'Pupil Premium' on the website of each of the constituent Academies.

**Review of Value for Money (continued)**

***Example 2: Continuing Professional Development of Staff***

The continuing professional development of staff is essential to building organisational capacity, and sustaining improvements in effectiveness and efficiency.

Teaching staff across the Trust have benefited from shared training in educational practice and in leadership development at significantly reduced costs because that training has either been provided in-house by existing trained facilitators, or by external trainers at reduced unit cost because of the opportunity to share and thus proportionately reduce the cost to individual schools.

The impact is both educational and cultural, enabling the Trust to develop internal coherence and strength by effecting real change in measurable outcomes for negligible expenditure and therefore represents excellent value for money.

***Example 3: Better Purchasing***

The Trust has recently completed a new Humanities Centre at The John Warner School which was funded by the ESFA. The building was designed to replace inefficient and unsuitable accommodation and address a pressing curriculum need within the school.

The building was constructed without interruption to the normal school business day, extremely high cost controls were placed on the project and the building was delivered with no additional costs to the funding agency.

It provides best value for money in that it replaced outdated, dilapidated buildings with new energy efficient rooms which provided a first class teaching environment for the use of the school and wider community in time, on budget and bringing about sustainable curriculum efficiencies in the coming years.

**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 the Academy Trust's 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 at the Academy Trust for the year ended 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 Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees considered the need for a specific internal audit function and decided for this year not to appoint an internal auditor or a Responsible Officer (RO) external to Trust staff as Trustees had in place a succession plan for the retirement of the existing CFO and Director of Finance and Resources on 31 December 2017. This plan involved the Deputy CEO and Co-Headteacher of The John Warner School adopting the role of CFO with effect from 1 January 2018, and the appointment of a separate Director of Finance and Resources who was in place from 1 January 2018, thereby securing effective succession planning and continuity of business.

Trustees exercised oversight of this transition process through the work of the Risk and Audit Committee and the reports provided to the board on progress toward Trust aims of business integration with specific focus on finance, HR and administration.

No changes were made to the existing systems of financial control or to the Trust staffing structure in the accounting period and the new CFO undertook relevant professional training at the Institute of Directors and at King's College London to ensure competence in that role. The latter course focused specifically on systems of internal control and on internal audit practice and informed the CFO's knowledge of assurance work. In the period 1 January 2018 – 31 August 2018 the CFO performed a Responsible Officer role by giving advice on financial matters, reviewing the Academy Trust's financial systems as well as reporting to the Risk and Audit Committee on the operation of the systems of control.

**The risk and control framework**

In addition, the Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. As permitted by the Financial Handbook of Academies, this task has been outsourced to the external auditors. On a periodic basis, the external auditors report to the Trustees on the operations of the system of control. During the year, no material weaknesses were identified.

**Review of effectiveness**

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

- The work of the new CFO who was informed by two sets of relevant professional training in order to review and evaluate existing practice, and make recommendations for future action;
- The work of the Risk and Audit Committee;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board of Trustees on 6 December 2018 and signed on its behalf by:



(Chair of Trustees)

Mrs F.L. Ives



(Accounting Officer)

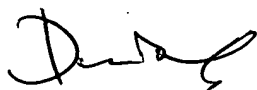
Mr D.J. Kennedy

**Statement on regularity, propriety and compliance 31 August 2018**

As Accounting Officer of The Hoddesdon School Trust, I have considered my responsibility to notify the Academy Trust's Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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.



Accounting Officer  
**Mr. D.J. Kennedy**  
6 December 2018



## Statement of Governors' responsibilities 31 August 2018

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust 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 Academy Trust 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 Academy Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the Academy Trust'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 Board of Trustees on 6 December 2018 and signed on its behalf by:



Chair of Trustees  
Mrs F.L. Ives

**Independent auditor's report to the members of The Hoddesdon School Trust**

**Opinion**

We have audited the financial statements of The Hoddesdon School Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

**Basis for opinion**

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

**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

**Conclusions relating to going concern (continued)**

- ◆ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

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

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

**Matters on which we are required to report by exception (continued)**

- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or

**Responsibilities of Trustees**

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



Katharine Patel (Senior Statutory Auditor)  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

14 December 2018

**Independent reporting auditor's assurance report on regularity to The Hoddesdon School Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 14 September 2017 and further to the requirements of the Education and 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 The Hoddesdon School Trust during the year from 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 The Hoddesdon School Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Hoddesdon School 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 The Hoddesdon School Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Hoddesdon School Trust's Accounting Officer and the reporting auditor**

The Accounting Officer is responsible, under the requirements of The Hoddesdon School Trust's funding agreement with the Secretary of State for Education dated 31 March 2011 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 from 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.

## Independent auditor's reports 31 August 2018

### Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### 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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

14 December 2018

**Statement of financial activities (including income and expenditure account) Year to 31 August 2018**

		Unrestricted general fund £	Restricted funds		2018 Total funds £	2017 Total funds £
Notes			General £	Fixed assets fund £		
<b>Income from:</b>						
Donations and capital grants	1	20,001	16,679	26,743	63,423	2,358,009
Transfer from local authority on conversion	2	—	—	—	—	9,590,046
<b>Charitable activities</b>						
Funding for the Academy Trust's educational operations	5	115,699	9,721,025	—	9,836,724	9,889,022
Other trading activities	3	396,764	445,269	—	842,033	707,903
Investments	4	997	—	—	997	3,298
<b>Total income</b>		<b>533,461</b>	<b>10,182,973</b>	<b>26,743</b>	<b>10,743,177</b>	<b>22,548,278</b>
<b>Expenditure from</b>						
<b>Charitable activities</b>						
Academy Trust's educational operations	6	—	10,997,980	787,816	11,785,796	12,478,274
<b>Total expenditure</b>		<b>—</b>	<b>10,997,980</b>	<b>787,816</b>	<b>11,785,796</b>	<b>12,478,274</b>
<b>Net income (expenditure) before transfers</b>						
		533,461	(815,007)	(761,073)	(1,042,619)	10,070,004
Transfers between funds	19	(584,852)	567,358	17,494	—	—
<b>Net income (expenditure) for year</b>						
		(51,391)	(247,649)	(743,579)	(1,042,619)	10,070,004
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension scheme	24	—	543,000	—	543,000	1,443,000
<b>Net movement in funds</b>		<b>(51,391)</b>	<b>295,351</b>	<b>(743,579)</b>	<b>(499,619)</b>	<b>11,513,004</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2017		977,059	(1,221,921)	45,992,892	45,748,030	34,235,026
<b>Total fund balances carried forward at 31 August 2018</b>		<b>925,668</b>	<b>(926,570)</b>	<b>45,249,313</b>	<b>45,248,411</b>	<b>45,748,030</b>

All activities derived from continuing operations during the above two financial years.

**Balance sheet 31 August 2018**

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible fixed assets	14		45,249,313		45,992,892
Investments	15		25		25
			<u>45,249,338</u>		<u>45,992,917</u>
<b>Current assets</b>					
Stock	16	11,486		12,583	
Debtors	17	467,527		540,069	
Cash at bank and in hand		<u>1,634,505</u>		<u>1,957,739</u>	
		2,113,518		2,510,391	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	18	<u>(792,445)</u>		<u>(1,177,278)</u>	
<b>Net current assets</b>			<u>1,321,073</u>		<u>1,333,113</u>
<b>Net assets excluding pension scheme liability</b>			46,570,411		47,326,030
Defined benefit pension scheme liability	24		<u>(1,322,000)</u>		<u>(1,578,000)</u>
<b>Total net assets</b>			<u>45,248,411</u>		<u>45,748,030</u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	19		45,249,313		45,992,892
Restricted income fund	19		395,430		356,079
Pension reserve	19		<u>(1,322,000)</u>		<u>(1,578,000)</u>
<b>Total restricted funds</b>			<u>44,322,743</u>		<u>44,770,971</u>
<b>Unrestricted income funds</b>					
General fund			<u>925,668</u>		<u>977,059</u>
<b>Total funds</b>			<u>45,248,411</u>		<u>45,748,030</u>

The financial statements on page 29 to 57 were approved by the Trustees, and authorised for issue on 6 December 2018 and are signed on their behalf by:



Chair

**Mrs F.L. Ives**

The Hoddesdon School Trust

Company Limited by Guarantee

Registration Number: 07555066 (England and Wales)



# Statement of cash flows Year to 31 August 2018

		2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in) provided by operating activities	A	(323,416)	815,776
<b>Cash flows from investing activities</b>	B	182	94,567
<b>Change in cash and cash equivalents in the year</b>		<b>(323,234)</b>	<b>910,343</b>
<b>Cash and cash equivalents at 1 September 2017</b>		<b>1,957,739</b>	<b>1,047,396</b>
<b>Cash and cash equivalents at 31 August 2018</b>	C	<b>1,634,505</b>	<b>1,957,739</b>

## A Reconciliation of (expenditure) income to net cash flow from operating activities

	2018 £	2017 £
<b>Net (expenditure) income for the year (as per the statement of financial activities)</b>	<b>(1,042,619)</b>	<b>10,070,004</b>
<b>Adjusted for:</b>		
Depreciation charges (note 14)	787,816	684,514
Transfer from local authority on conversion	—	(9,569,825)
Loss on disposal of tangible assets (note 14)	—	1,112,102
Capital grants from DfE and other capital income	(43,422)	(2,341,244)
Interest receivable (note 4)	(997)	(3,298)
Decrease (increase) in stocks	1,097	(3,132)
Decrease (increase) in debtors	72,542	(27,906)
(Decrease) increase in creditors	(384,833)	48,561
Defined benefit pension finance cost	89,000	59,000
Defined benefit pension cost less contributions	198,000	787,000
<b>Net cash (used in) provided by operating activities</b>	<b>(323,416)</b>	<b>815,776</b>

## B Cash flows from investing activities

	2018 £	2017 £
Interest received	997	3,298
Purchase of tangible fixed assets	(44,237)	(2,249,975)
Capital grants from DfE/ESFA	43,422	2,341,244
<b>Net cash used in investing activities</b>	<b>182</b>	<b>94,567</b>

## C Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,634,505	1,957,739
<b>Total cash and cash equivalents</b>	<b>1,634,505</b>	<b>1,957,739</b>

### **Statement of accounting policies**

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

### **Basis of preparation**

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

The Hoddesdon School Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling and rounded to the nearest pound.

### **Conversion to an Academy Trust in the comparative year**

The conversion of two primary schools from state maintained Schools into the Academy Trust on 1 September 2016 involved the transfer of identifiable assets and liabilities and the operations of the schools for £nil consideration. The substance of the transfer is that of a gift and it was been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion of the Roselands and Cranbourne Schools into the Academy Trust were valued at their fair value and recognised on the balance sheet at the point that the risks and rewards of ownership passed to the Trust. The fair value was based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in 'Donations – transfer from local authority on conversion' in the comparative statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 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 company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy 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.

**Income**

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

***Donations***

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

***Grants***

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

The General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the 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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

***Other trading income***

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

**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.

***Charitable activities***

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

All expenditure is stated net of recoverable VAT.

### **Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

### **Tangible fixed assets**

All tangible assets purchased that have a cost that exceeds £5,000 and an expected useful economic life that exceeds one year are capitalised and classified as fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings      over 15 to 54 years

Plant and machinery    over 4 to 20 years

Assets in the course of construction are included at cost. No depreciation will be charged on these assets until they have been completed and brought into use.

A review for potential impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable or in instances when the remaining useful life is assessed to be in excess of 50 years. Impairment losses that may arise would be recognised in the statement of financial activities.

### **Liabilities**

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

### **Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

**Provisions (continued)**

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.

**Leased assets**

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

**Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

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

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Stock**

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**Taxation**

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

**Pensions benefits**

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

**Pensions benefits (continued)**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund accounting**

Unrestricted funds comprise the accumulated surpluses of unrestricted income over expenditure, which are available for use in furtherance of the general objectives of the Academy Trust and at the discretion of the Trustees.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the financial statements. Amounts unspent at the year end are carried forward in the balance sheet.

Restricted fixed assets funds are resources which are to be applied to specific capital purposes imposed by the funders where the assets acquired or created are tangible fixed assets. Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills Funding Agency and the Department for Education.

**Critical accounting estimates and areas of judgement**

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

***Critical accounting estimates and assumptions***

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

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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;
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation; and

***Critical areas of judgement***

The Trustees do not consider that there are any areas of judgement which are critical to the Academy Trust's financial statements.

## 1 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed assets funds £	2018 Total funds £	2017 Total funds £
Capital grants	—	16,679	26,743	43,422	2,341,244
Other donations	20,001	—	—	20,001	16,765
	20,001	16,679	26,743	63,423	2,358,009

## 2 Conversion to an Academy Trust in the comparative year

On 1 September 2016 the Roselands and Cranbourne Schools converted to Academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Hoddesdon School Trust from the Hertfordshire Local Authority for £nil consideration.

The transfer was 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 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.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	—	—	9,569,825	9,569,825
Budget surplus on LA funds	537,002	—	—	537,002
LGPS pension deficit	—	(620,000)	—	(620,000)
Other identified assets and liabilities	100,297	2,922	—	103,219
<b>Net assets</b>	<b>637,299</b>	<b>(617,078)</b>	<b>9,569,825</b>	<b>9,590,046</b>



## 2 Conversion to an Academy Trust (continued)

The following tables set out the fair values transferred for each school.

### *i) Roselands Primary School*

On 1 September 2016 Roselands Primary School converted to Academy status.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	—	—	4,202,170	4,202,170
Budget surplus on LA funds	164,583	—	—	164,583
LGPS pension deficit	—	(161,000)	—	(161,000)
Other identified assets and liabilities	17,214	2,922	—	20,136
<b>Net assets</b>	<b>181,797</b>	<b>(158,078)</b>	<b>4,202,170</b>	<b>4,225,889</b>

### *ii) The Cranbourne Primary School*

On 1 September 2016 The Cranbourne Primary School converted to Academy status.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	—	—	5,367,655	5,367,655
Budget surplus on LA funds	372,419	—	—	372,419
LGPS pension deficit	—	(459,000)	—	(459,000)
Other identified assets and liabilities	83,083	—	—	83,083
<b>Net assets (liabilities)</b>	<b>455,502</b>	<b>(459,000)</b>	<b>5,367,655</b>	<b>5,364,157</b>

The leasehold land and buildings above are both on 125 year leases at a peppercorn rent.

**3 Other trading activities**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Hire of facilities/lettings income	4,544	3,920	8,464	7,940
Trip income	—	441,349	441,349	298,084
Catering income	376,784	—	376,784	379,675
Miscellaneous income	15,436	—	15,436	22,204
	<u>396,764</u>	<u>445,269</u>	<u>842,033</u>	<u>707,903</u>

**4 Investment income**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Interest receivable	997	—	997	3,298

**5 Funding for the Academy Trust's educational operations**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>DfE / ESFA revenue grants</b>				
· General Annual Grant (GAG)	—	8,912,271	8,912,271	9,275,360
· Other DfE / ESFA grants	—	567,142	567,142	432,242
	<u>—</u>	<u>9,479,413</u>	<u>9,479,413</u>	<u>9,707,602</u>
<b>Other Government grants</b>				
· Local authority grants	—	40,185	40,185	—
· Special educational projects	—	169,959	169,959	53,963
	<u>—</u>	<u>210,144</u>	<u>210,144</u>	<u>53,963</u>
Other income from the Academy Trust's educational operations	115,699	31,468	147,167	127,457
	<u>115,699</u>	<u>9,721,025</u>	<u>9,836,724</u>	<u>9,889,022</u>

## 6 Expenditure

	Staff costs (note 11) £	Non pay expenditure		2018 Total funds £	2017 Total funds £
		Premises £	Other costs £		
Academy Trust's educational operations (note 7)					
Direct costs	7,383,757	787,816	1,218,324	9,389,897	10,114,529
Support costs	842,956	509,458	1,043,485	2,395,899	2,363,745
	<u>8,226,713</u>	<u>1,297,274</u>	<u>2,261,809</u>	<u>11,785,796</u>	<u>12,478,274</u>
<b>Net income for the year includes:</b>					
Operating lease rentals				32,908	32,591
Depreciation				787,816	684,514
Diminution in value on demolition of buildings				—	1,112,012
Fees payable to auditor					
Audit services				17,650	16,500
Other services				4,600	3,000

## 7 Charitable activities – Academy Trust's educational operations

	2018 Total funds £	2017 Total funds £
Direct costs	9,389,897	10,114,529
Support costs	2,395,899	2,363,745
	<u>11,785,796</u>	<u>12,478,274</u>
<b>Analysis of support costs</b>		
Support staff costs	842,956	798,990
Premises costs	509,458	628,552
Other support costs	929,950	857,613
Governance costs (note 8)	113,535	78,590
<b>Total support costs</b>	<u>2,395,899</u>	<u>2,363,745</u>

**8 Governance costs**

	2018 Total funds £	2017 Total funds £
Legal and professional fees	15,919	9,412
Auditor's remuneration	22,250	19,609
Other governance costs	75,366	49,569
	<b>113,535</b>	<b>78,590</b>

**9 Central services**

Central services include leadership, commercial direction, high-level finance, HR, and operational support. The central services function is performed by the John Warner School and is funded by a contribution from the other Academy Schools equivalent to 1% of agreed elements of their central government funding income. The contributions commenced from 1 September 2017 and are subject to an annual review.

The actual contributions charged during the year were as follows:

	2017 £'000	2016 £'000
Roselands Primary School	10,841	—
The Cranbourne Primary School	15,603	—
	<b>26,444</b>	<b>—</b>

## 10 Comparative information

	Unrestricted general fund £	Restricted funds		2017 Total funds £
		General £	Fixed assets fund £	
<b>Income from:</b>				
Donations and capital grants	16,765	—	2,341,244	2,358,009
Transfer from local authority on conversion	637,299	(617,078)	9,569,825	9,590,046
Charitable activities				
· Funding for the Academy Trust's educational operations	106,418	9,782,604	—	9,889,022
Other trading activities	384,135	323,768	—	707,903
Investments	3,298	—	—	3,298
<b>Total income</b>	<b>1,147,915</b>	<b>9,489,294</b>	<b>11,911,069</b>	<b>22,548,278</b>
<b>Expenditure from</b>				
Charitable activities				
· Academy Trust's educational operations	—	10,559,798	1,918,476	12,478,274
<b>Total expenditure</b>	<b>—</b>	<b>10,559,798</b>	<b>1,918,476</b>	<b>12,478,274</b>
<b>Net income (expenditure)</b>	<b>1,147,915</b>	<b>(1,070,504)</b>	<b>9,992,593</b>	<b>10,070,004</b>
Transfers between funds	(206,327)	175,736	30,591	—
	941,588	(894,768)	10,023,184	10,070,004
<b>Other recognised gains and losses</b>				
Actuarial gains on defined benefit pension scheme	—	1,443,000	—	1,443,000
<b>Net movement in funds</b>	<b>941,588</b>	<b>548,232</b>	<b>10,023,184</b>	<b>11,513,004</b>
<b>Reconciliation of funds</b>				
Total fund balances brought forward at 1 September 2016	35,471	(1,770,153)	35,969,708	34,235,026
<b>Total fund balances carried forward at 31 August 2017</b>	<b>977,059</b>	<b>(1,221,921)</b>	<b>45,992,892</b>	<b>45,748,030</b>

## 11 Staff

### (a) Staff costs

Staff costs during the year were:

	2018 Total funds £	2017 Total funds £
Wages and salaries	6,249,510	6,023,716
Social security costs	624,690	586,722
Pension costs	1,275,323	1,228,369
	<b>8,149,523</b>	<b>7,838,807</b>
Supply staff costs	77,190	88,794
	<b>8,226,713</b>	<b>7,927,601</b>

### (b) Staff severance payments

The Academy Trust incurred no non-statutory/non-contractual severance payments in the year (2017 – £nil).

### (c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2018 expressed as average headcount was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	109	109
Administration and support	127	133
Management	20	22
	<b>256</b>	<b>264</b>

### (d) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2018 No.	2017 No.
£60,001 - £70,000	4	4
£70,001 - £80,000	—	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	1
£100,001 - £110,000	1	—
£150,001 - £160,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018 pension contributions for these staff members amounted to 131,738 (2017 - £142,459).

**11 Staff (continued)**

**(e) Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the Academy Trust was £753,738 (2017 - £729,126).

**12 Trustees' remuneration and expenses**

The Headteacher and other Staff Trustees only receive remuneration in respect of services they provide undertaking their role as employees of the Academy and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

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Mr D J Kennedy – Head teacher

. Remuneration £150,000 - £155,000 (2017 - £150,000 - £155,000)

. Employer's pension contributions £25,000 - £30,000 (2017 - £25,000 - £30,000)

Mrs R E Semark – Head teacher

. Remuneration £80,000 - £85,000 (2017 - £80,000 - £85,000)

. Employer's pension contributions £15,000 - £20,000 (2017 - £10,000 - £15,000)

Mr J E M Carson – Head teacher

. Remuneration £80,000 - £85,000 (2017 - £75,000 - £80,000)

. Employer's pension contributions £10,000 - £15,000 (2017 - £10,000 - £15,000)

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During the year ended 31 August 2018, travel and subsistence expenses of £954 were reimbursed to three Trustees (2017 - £nil).

Other related party transactions involving the Trustees are set out in note 25.

**13 Trustees' and Officers' insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. From March 2015, the Academy Trust was part of the Academies Risk Protection Arrangement (RPA). The cost of this insurance is included within the total insurance cost and cannot be separately identified.

#### 14 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Assets under construction £	Plant and equipment £	Total £
<b>Cost/valuation</b>					
At 1 September 2017	38,860,186	9,569,825	789,587	378,913	49,598,511
Additions	—	—	44,237	—	44,237
Transfers	770,510	—	(821,253)	50,743	—
At 31 August 2018	39,630,696	9,569,825	12,571	429,656	49,642,748
<b>Depreciation</b>					
At 1 September 2017	3,285,598	127,473	—	192,548	3,605,619
Charge in year	636,239	121,099	—	30,478	787,816
At 31 August 2018	3,921,837	248,572	—	223,026	4,393,435
<b>Net book value</b>					
At 31 August 2018	35,708,859	9,321,253	12,570	206,630	45,249,313
At 31 August 2017	35,574,588	9,442,352	789,587	186,364	45,992,892

The freehold land and buildings inherited by the John Warner School upon conversion to Academy status were valued at £33,453,000 on an existing value basis and a depreciated replacement cost basis by Lambert Smith Hampton.

#### 15 Investments

The Academy Trust holds one ordinary £25 share in Herts For Learning Limited, a United Kingdom private limited company registered in England and Wales under company number 08419581. The company is owned by Hertfordshire Schools and Hertfordshire County Council with any one school only permitted to hold one share as a minority interest. Being a shareholder gives the Academy Trust access to discounts on the purchase of training courses and a range of other educational support services.

The Trustees have estimated that the market value of the Academy Trust's investment at the balance sheet date is its original cost.

#### 16 Stock

	2018 £	2017 £
Stock of miscellaneous goods	11,486	12,583



**17 Debtors**

	2018 £	2017 £
Trade debtors	92,570	98,664
VAT recoverable	100,070	9,868
Other debtors	14,835	22,900
Prepayments and accrued income	260,052	408,637
	<u>467,527</u>	<u>540,069</u>

**18 Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	59,183	119,133
- Taxation and social security	163,012	156,874
Other creditors	209,999	185,133
Accruals and deferred income (see below)	360,251	716,138
	<u>792,445</u>	<u>1,177,278</u>
<b>Deferred income (included above)</b>		
Deferred income at 1 September 2017	377,467	284,003
Released during the year	(377,467)	(284,003)
Resources deferred in the year	178,858	377,467
Deferred income at 31 August 2018	<u>178,858</u>	<u>377,467</u>

At the balance sheet date, the Academy Trust was holding funds received in advance for school trips and rates and insurance grant income.

## 19 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	—	8,912,271	(9,439,220)	578,069	51,120
. Start Up Grant	17,738	—	(17,738)	—	—
. Pupil Premium	—	384,106	(384,106)	—	—
. Capital grants	338,341	16,680	—	(10,711)	344,310
. Other DfE/ ESFA grants	—	183,036	(183,036)	—	—
. Pension reserve	(1,578,000)	—	(287,000)	543,000	(1,322,000)
<b>Other restricted funds</b>					
Local authority grants	—	210,144	(210,144)	—	—
Other restricted funds	—	476,736	(476,736)	—	—
	<u>(1,221,921)</u>	<u>10,182,973</u>	<u>(10,997,980)</u>	<u>1,110,358</u>	<u>(926,570)</u>
<b>Restricted fixed assets funds</b>					
. Transfer on conversion	38,306,759	—	(364,563)	—	37,942,196
. DfE/ESFA capital grants	6,898,096	26,743	(227,660)	10,711	6,707,890
. Capital expenditure from GAG	777,790	—	(194,868)	6,783	589,705
. Other donations	10,247	—	(725)	—	9,522
	<u>45,992,892</u>	<u>26,743</u>	<u>(787,816)</u>	<u>17,494</u>	<u>45,249,313</u>
<b>Total restricted funds</b>	<u>44,770,971</u>	<u>10,209,716</u>	<u>(11,785,796)</u>	<u>1,127,852</u>	<u>44,327,743</u>
<b>Unrestricted funds</b>					
. General funds	977,059	533,461	—	(584,852)	925,668
<b>Total unrestricted funds</b>	<u>977,059</u>	<u>533,461</u>	<u>—</u>	<u>(584,852)</u>	<u>925,668</u>
<b>Total funds</b>	<u>45,748,030</u>	<u>10,743,177</u>	<u>(11,785,796)</u>	<u>543,000</u>	<u>45,248,411</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy Trust that has been provided to the Academy Trust via the Education and 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 normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2018.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to Academy status, and through which all the Local Government Pension Scheme movements are recognised.

**19 Funds (continued)**

The Capital Grants Fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the Academy Trust. Transfers are made to the Capital Grants Fixed Asset Fund for expenditure incurred that is in respect of tangible fixed assets.

Transfers from unrestricted funds to restricted funds represent the funding of the current year deficit on educational activities and the funding of capital expenditure from the Academy Trust's General Fund.

***Total funds analysis by Academy***

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
The John Warner School	553,776	703,182
The Cranbourne Primary School	629,903	482,798
Roselands Primary School	137,418	147,158
<b>Total before fixed assets and pension reserve</b>	<b>1,321,097</b>	1,333,138
Restricted fixed asset fund	45,249,314	45,992,892
Pension reserve	(1,322,000)	(1,578,000)
<b>Total</b>	<b>45,248,411</b>	45,748,030

Comparative balances allocating reserves between schools have been restated. M

***Total cost analysis by Academy***

Expenditure incurred by each school during the year (excluding depreciation and the diminution in value on demolition) was as follows:

	Teaching and educational support staff costs £'000s	Other support staff costs £'000s	Educational supplies £'000s	Other costs (excluding depreciation) £'000s	Total 2018 £	Total 2017 £
The John Warner School	5,007,465	599,026	753,256	1,233,350	7,593,097	7,326,215
Roselands Primary School	934,278	182,956	85,985	270,087	1,473,306	1,401,524
The Cranbourne Primary School	1,364,828	138,162	100,302	328,285	1,931,577	1,832,059
<b>Academy Trust</b>	<b>7,306,571</b>	<b>920,144</b>	<b>939,543</b>	<b>1,831,722</b>	<b>10,997,980</b>	10,559,798

## 19 Funds (continued)

### Comparative information

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
· General Annual Grant (GAG)	—	9,275,360	(9,481,687)	206,327	—
· Start Up Grant	35,915	—	(18,177)	—	17,738
· Pupil Premium	—	—	—	—	—
· Capital grants	368,932	—	—	(30,591)	338,341
· Other grants	—	432,242	(432,242)	—	—
· Other restricted funds	—	401,692	(401,692)	—	—
· Pension reserve	(2,175,000)	(620,000)	(226,000)	1,443,000	(1,578,000)
	<u>(1,770,153)</u>	<u>9,489,294</u>	<u>(10,559,798)</u>	<u>1,618,736</u>	<u>(1,221,921)</u>
<b>Restricted fixed assets funds</b>					
· Transfer on conversion	30,466,842	9,569,825	(1,729,908)	—	38,306,759
· DfE/ESFA capital grants	4,709,124	2,341,244	(182,863)	30,591	6,898,096
· Capital expenditure from GAG	782,770	—	(4,980)	—	777,790
· Other donations	10,972	—	(725)	—	10,247
	<u>35,969,708</u>	<u>11,911,069</u>	<u>(1,918,476)</u>	<u>30,591</u>	<u>45,992,892</u>
<b>Total restricted funds</b>	<u>34,199,555</u>	<u>21,400,363</u>	<u>(12,478,274)</u>	<u>1,649,327</u>	<u>44,770,971</u>
<b>Unrestricted funds</b>					
· General funds	35,471	1,147,915	—	(206,327)	977,059
<b>Total unrestricted funds</b>	<u>35,471</u>	<u>1,147,915</u>	<u>—</u>	<u>(206,327)</u>	<u>977,059</u>
<b>Total funds</b>	<u>34,235,026</u>	<u>22,548,278</u>	<u>(12,478,274)</u>	<u>1,443,000</u>	<u>45,748,030</u>

## 20 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset fund £	Total 2018 £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	—	—	45,249,313	45,249,313
Investments	—	25	—	25
Current assets	925,668	1,187,850	—	2,113,518
Current liabilities	—	(792,445)	—	(792,445)
Pension scheme liability	—	(1,322,000)	—	(1,322,000)
<b>Total net assets</b>	<u>925,668</u>	<u>(926,570)</u>	<u>45,249,313</u>	<u>45,248,411</u>

**21 Capital commitments**

At 31 August 2018, the Academy Trust had capital commitments of £34,784 in respect of ongoing building projects on the John Warner School site, including the maths block (2017 - £507,788).

**22 Commitments under operating leases**

At 31 August 2017, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was as follows:

	2018 £	2017 £
Amounts due within one year	21,509	22,051
Amounts due between two and five years inclusive	46,502	50,266
	<b>68,011</b>	<b>72,317</b>

**23 Members' liability**

Each member of the Academy Trust 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

**24 Pension and similar obligations**

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

As described in note 2 the LGPS obligation includes employees transferred as part of the conversion of Roseland and Cranbourne Primary Schools from maintained school status and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the Academy Trust at the balance sheet date.

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 £137,877 were payable to the schemes at 31 August 2018 (2017 - £135,032) and are included within creditors.

## 24 Pension and similar obligations (*continued*)

### *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 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 2019.

**24 Pension and similar obligations (continued)**

The employer's pension costs paid to TPS in the period amounted to £762,000 (2017 - £667,000).

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

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

***Local Government Pension Scheme (LGPS)***

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £372,000 (2017 - £376,000), of which employer's contributions totalled £298,000 (2017 - £302,000) and employees' contributions totalled £74,000 (2017 - £74,000). The agreed contribution rates for future years are 25.3% for employers and up to 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.

**24 Pension and similar obligations (continued)**

***Local Government Pension Scheme (LGPS) (continued)***

	At 31 August 2018	At 31 August 2017
<b>Principal Actuarial Assumptions</b>		
Rate of increase in salaries	2.4%	2.5%
Rate of increase for pensions in payment / inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.9	24.9
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.7	26.7

***Sensitivity analysis***

The below analysis shows the increase to the defined benefit obligation for the following changes in assumption:

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate -0.5%	714	692
Salary increase rate +0.5%	162	174
Pension increase rate +0.5%	542	503



**24 Pension and similar obligations (continued)**

***Local Government Pension Scheme (LGPS) (continued)***

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	2,139	2,376
Bonds	1,413	914
Property	323	256
Cash	161	110
<b>Total market value of assets</b>	<b>4,036</b>	<b>3,656</b>
<b>Present value of scheme liabilities</b>		
Funded	(5,358)	(5,234)
<b>Share of scheme deficit</b>	<b>(1,322)</b>	<b>(1,578)</b>

The actual return on scheme assets was 16.6%.

	2018 £'000	2017 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost	496	469
Net interest cost	89	59
<b>Total amount recognised in the SOFA</b>	<b>585</b>	<b>528</b>
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	48	59
Interest on pension liabilities	(137)	(118)
<b>Pension finance costs</b>	<b>(89)</b>	<b>(59)</b>

<b>Changes in the present value of defined benefit obligations were as follows:</b>	2018 £'000	2017 £'000
At 1 September 2017	(5,234)	(4,346)
Inherited on conversion of schools	—	(1,094)
Current service cost	(496)	(469)
Interest cost	(137)	(118)
Employee contributions	(74)	(74)
Actuarial gain	543	845
Benefits paid	40	22
<b>At 31 August 2018</b>	<b>(5,358)</b>	<b>(5,234)</b>

## 24 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Changes in the fair value of the Academy Trust's share of scheme assets:	2018 £'000	2017 £'000
At 1 September 2017	3,656	2,171
Inherited assets on conversion of schools	—	474
Interest income	92	—
Actuarial gain	—	598
Expected return on assets	(44)	59
Employer contributions	298	302
Employee contributions	74	74
Benefits paid	(40)	(22)
<b>At 31 August 2018</b>	<b>4,036</b>	<b>3,656</b>

## 25 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee may have an interest. All transactions involving such organisations would, of course, be conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the financial year:

- i) During the year ended 31 August 2018, the Academy Trust incurred charges totalling £448,984 (2017 – £481,053) for various contracted catering services from Hertfordshire Catering Limited. Mr D J Kennedy and Mrs R E Semark, Trustees of the Academy Trust are Directors of Hertfordshire Catering Limited, a company in which they do not control by virtue of shareholdings or majority voting rights on the Board. At 31 August 2018, the Academy Trust owed £40,698 (2017 – £41,758) in respect of unsettled invoices issued by Hertfordshire Catering Limited and this balance is included within trade creditors.
- ii) Mrs J E M Carson and Mrs R E Semark, Trustees, each had a child employed by the Academy Trust during the financial year, as a teacher and casual/administrator role respectively. The appointment to these roles was made in open competition and neither of the named Trustees was involved in the decision making process regarding appointment and have no role in setting pay scales for their children.
- iii) Mrs J Allman, spouse of Mr D A Allman, a member of the senior management team, is employed by the Academy Trust as a teacher. Mrs Allman is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship with the senior management team.

**26 Agency arrangements**

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year, it received £15,150 (2017 - £17,302) of funding and disbursed £6,749 (2017 - £14,055), with the unspent balance at 31 August 2018 included in other creditors.