

*Companies House*  
Registered number: 08704162

# **HERTS & ESSEX MULTI ACADEMY TRUST**

**(A Company Limited by Guarantee)**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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COMPANIES HOUSE

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

R Fielden, Chairman  
S Brindley (appointed 23 May 2017)  
S Cox (moved from trustees 3 March 2017)  
S Dutton (appointed 1 November 2017)  
A Harrison (deceased 7 December 2016)  
S Loveday

**Trustees**

J Barfoot  
S Drake (resigned 12 December 2016)  
A Forbes  
I Graham (moved from members 1 May 2017)  
P Harding (moved from members 1 July 2017)  
G Griffiths  
J Keogh  
A Mansfield (appointed 19 October 2017)  
G Savage<sup>1</sup>  
C Tooze, Head Teacher<sup>1</sup>

<sup>1</sup> Member of Finance Committee

Note: Members and Trustees are the Directors of HEMAT

**Company registered  
number**

08704162

(Registered in England and Wales)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

<b>Company name</b>	Herts & Essex Multi Academy Trust
<b>Principal and registered office</b>	Warwick Road Bishop's Stortford Hertfordshire CM23 5NJ
<b>Company secretary</b>	N Christopher
<b>Senior management team</b>	C Tooze, Headteacher E Kirkham, Deputy Headteacher R Vaughan, Deputy Headteacher I Chapman, Senior Assistant Headteacher C Lewis, Senior Assistant Headteacher (Maternity cover from February 2017) J O'Hagan, Senior Assistant Headteacher P Richardson, Senior Assistant Headteacher (Maternity leave from February 2017) N Christopher, School Business Manager S Jennings, HR Manager A MacRae, Admissions and HR Manager
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants Statutory Auditors New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
<b>Bankers</b>	NatWest Bank Plc 7 North Street Bishop's Stortford Hertfordshire CM23 2TJ
<b>Solicitors</b>	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**TRUSTEES' REPORT**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operates a school for students aged 11 to 18 serving a catchment area in and around Bishop's Stortford. It has a student capacity of 180 per year at age 11 and had a roll of 1224 in the school census for January 2017. Admission is non selective and based on catchment area.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Academy Trust (Incorporated on 24 September 2013) is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

Five Trustees act as Members for charitable activities of Herts & Essex and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Herts & Essex Multi Academy Trust. The Trust currently comprises of two schools: The Hertfordshire & Essex High School and Science College; and, from 1 September 2017, Manor Fields Primary School. As a consequence of the additional school the organisational structure of the Governing Body and certain Committees will see some minor changes. The Trust also has a subsidiary company: Catalyst Innovation for Education Limited. It is anticipated that a further subsidiary company will join the Trust within the next year: Herts & Essex Sports Centre.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 3.

**Members' Liability**

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

**Trustees Indemnities**

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust.

Any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not. Any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000, (note 12).

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Principal Activities**

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 and developing a school, offering a broad and balanced curriculum (the school).

**Method of Recruitment and Appointment or Election of Trustees**

All future Trustees shall be appointed or elected as the case may be under the Articles of Association and Funding Agreement.

In general the Academy Trust will have the following Trustees:

- The Members/Trustees may appoint up to 12 Trustees, subject to Articles of Association
- In addition, Subject to Articles, the Academy Trust shall have the following Trustees:
  - a) A minimum of 5 Parent Trustees
  - b) Up to 3 Staff Trustees, comprising up to 1 Teacher, 1 Support Staff, and the Headteacher
  - c) Any Additional Trustees, as deemed necessary by the 'Secretary of State under the relevant clauses in the Articles of Association
  - d) The Trustees may appoint Co-opted Trustees subject to the conditions of the Articles of Association
- The total number of Trustees who are employees of the Academy Trust (including the Headteacher) must not exceed one third of the total number of Trustees
- The Headteacher shall be treated for all purposes as being an ex officio Governor
- The term of office for any Governor is 4 years, with the exception of:
  - a) This time limit does not apply to the Headteacher
  - b) A Staff Governor will only hold office for so long as they continue to be employed as a teacher or member of support staff
  - c) A Parent Governor will only hold office for as long as they continue to be the parent of a student of the school or college. Once the student has left the school or college, a Parent Governor's appointment terminates at the date their term in office ends

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The school has a Governor Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the school and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by local training providers. All Trustees are DBS checked on appointment.

Trustees have a specific area made available to them on the school's Learning Platform, Firefly. This area holds a vast amount of information specifically to support, advise and inform Trustees in every aspect of their development in this role.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Organisational Structure**

Trustees and the Local Governing Body (LGB) meet twice each term. The Members meet once per term.

The Trustees establish an overall framework for the governance of the school and determine membership, terms of reference and procedures of Committees and other groups. A delegation planner is agreed annually which includes all roles and responsibilities for all Trustees including the Headteacher. The Headteacher may delegate responsibilities to the Senior Leadership Team as and when required.

The Trustees/LGB receive reports including policies from Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. From time to time working groups are established to perform specific tasks over a limited timescale.

**Finance and General Purposes Committee** – this meets at least 4 times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, drafting the Annual Budget, compliance with reporting and regulatory requirements and receiving Internal Audit Reports. It also takes responsibility for the annual audit. It monitors and reviews all aspects of maintenance, improvement and repair to the buildings, grounds and plant. It advises the Governing Body on its responsibilities under Health & Safety legislation, determines a School Security Policy and monitors the use of the premises outside school hours.

**Curriculum Committee** – this meets twice per term to monitor, evaluate and review school policy, practice and performance in relation to curriculum planning, stakeholder communications, target setting and assessment, examinations and academic performance.

**Personnel Committee** – this meets twice per term and is responsible for ensuring that the Governing Body fulfils its duties as an employer, appoints staff and determines the staffing structure. It also considers and approves policies regarding all aspects of employment, approves procedures for recruitment, appointment and management of staff and makes recommendations on staffing needs to meet the requirements of the curriculum, within the constraints of the budget set by the Finance Committee.

**Strategic Development Committee** – this meets as and when required (usually 5-6 times per financial year) and is responsible for ensuring that a Site Improvement Plan is in place, relating to the school premises and associated buildings; to make recommendations for future financial planning in relation to the School Site Improvement plan. From 1 September 2017, it will be renamed as the Premises Committee.

**Pay Committee** – this meets twice per year for the purpose of reviewing the pay of all staff. It comprises the Chair of Trustees, Chair and Vice Chair of the Personnel Committee, Chair of the Finance Committee and the Headteacher. Every member of staff has the outcomes of their PAR objectives reviewed and pay recommendations from the Headteacher are scrutinised and subsequently either approved or otherwise. The Committee reviews the Headteacher's pay, during which time she withdraws from the meeting, with pay considered based on relevant benchmarks following appraisal by the Trustees.

**Student Welfare Committee** – this meets twice per term and is responsible for all matters in connection with the pastoral care and support of students. It determines the admissions arrangements, including oversight of aptitude tests and open evenings. It also considers and approves policies regarding all aspects of Behaviour and Discipline, including school exclusions. It also maintains a clear knowledge and understanding of the performance of disadvantaged and potentially vulnerable children.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees/LGB consider any proposals for changes to the status or constitution of the school and its committee structure; to appoint or remove the Chair and/or Vice Chair; to appoint the Headteacher and Clerk to the Trustees; to approve the Development Plans and the budget.

The Trustees/LGB has devolved responsibility for day to day management of the school to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteachers, Senior Assistant Headteachers, School Business Manager and HR Manager.

The school has a leadership structure which consists of the Trustees, the Senior Leadership Team, Wider Senior Leadership Team and Middle Leaders, including Year Leaders, Subject Leaders, Heads of House and Support Staff: Senior and Middle Leaders. The aim of the leadership structure is to distribute and devolve responsibility as well as to encourage involvement in decision making at all levels.

The SLT leads the school at an executive level, implementing the policies laid down by the Trustees and reporting back to them.

The Headteacher is the Accounting Officer.

**Arrangements for setting pay and remuneration of key Management Personnel**

All members of the Senior Management Team, including the Head teacher, are subject to an annual appraisal review. The Trustees Pay Committee review the process, set objectives and complete appraisals. Salary ranges vary according to roles and responsibilities, benchmarked against relevant pay scales and School Teachers Pay and Conditions Document.

**Related parties and other connected charities and organisations**

Herts & Essex is a lead school in Catalyst Innovation for Education Limited (Company registration number 08704888). It is a subsidiary company of Herts & Essex Multi Academy Trust (HEMAT).

Herts & Essex is the lead school in 'Matrix Maths Hub: Essex and Hertfordshire' and leads the 'Science Learning Partnership' in our area.

**OBJECTIVES AND ACTIVITIES**

**Ethos**

Herts & Essex motto is 'Sic itur ad astra' which translates as 'Reach for the stars'

Herts & Essex mission statement is 'Excellence for all;

Herts & Essex values are:

- Respect
- Compassion
- Creativity
- Resilience
- Independence
- Initiative



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Herts & Essex's Aims**

Herts & Essex has been hugely successful over recent years and many innovative changes have helped raise standards which were already high. 5+ A\*-C including English and Maths outcomes increased from 70% to 80% to 90+% during the last eight years. Some years ago, value added scores held at around 1000, with a rise to 1016 in 2012 and 1038 in 2014. In 2017, the new value added measure, Progress 8, placed Herts & Essex top in Hertfordshire and in the top 5% of schools nationally. The school enjoyed two specialisms for several years as well as Sportsmark, ICT Mark, International School, NACE awards, Stonewall Silver Champion, Arts Mark, Careers Mark and has been nationally accredited as one of the country's first 100 Teaching Schools, all in recognition of its high standards in many areas. In 2009, Ofsted summarised Herts & Essex as "an outstanding school with an outstanding Sixth Form" and in 2012, an Ofsted subject inspection confirmed this evaluation summary. The main strategies which enabled these achievements are:

1. A positive ethos:
  - High expectations
  - Success is celebrated
  - The pastoral system is highly effective
2. The focus is on learning:
  - Data is used rigorously for setting and tracking progress
  - The curriculum is academic and differentiated
  - AGT, AEN and NTG students are appropriately supported and extended
3. The school is innovative:
  - ICT enhances learning
  - Staff training and development are grounded in research and development
  - Teaching is innovative and evidence-based.
4. QA systems are effective:
  - The environment is data-rich
  - PAR is influenced by robust, frequent self-evaluation processes.
5. Organisational structures are effective:
  - Disruption to learning is minimised
  - Effective support is in place
  - Efficiency is maximised.
6. We have worked hard at gaining and maintaining the commitment of parents through good communication:
  - Website, Firefly
  - Weekly Update. Sixth Form Update, 'Ad Astra'
  - Parental Forum, PTA, Governing Body
  - Information, Parents and Open Evenings
  - Stakeholder Surveys
7. The Governing Body and Senior Leadership Team provide clear strategic direction and focus. However, the world is changing rapidly; jobs, lifestyles and expectations are transforming. Our response to the economic and environmental challenge must be to acknowledge that learning never ceases, it occurs in many ways, and partnerships are positive.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Objectives, Strategies and Activities**

These aims demonstrate how our main aims and values can be applied. They reflect the themes of partnership, working with supportive bodies such as DfE, Herts for Learning and Ofsted. They also relate to our own context, to our self-evaluation and to consultations with stakeholders:

1. Excellence for All:

- Personalised, high quality experience at Herts & Essex.
- We unlock the potential in every student.

2. Maintain levels of attainment and increase levels of progress:

- Consistent 90+% A\*-C at GCSE Level, 70+% A\*-B at A Level, high value added scores, achievement of excellent post-18 pathways and creation of leaders of the future.

3. Develop our Teaching School, Maths Hub and Science Learning Partnership.

- A world class provider of outreach work.

4. Develop our school site and buildings.

- Build new world-class facilities.
- Improve those we already own.
- Sponsor other schools.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Annual Development Plan**

Key priorities for the year were contained in our Annual Development Plan (ADP). The main objectives for the year 2016-17 were as follows:

1. Teaching & Learning: Development of an interactive teaching and learning platform. This will include Schemes of Learning in addition to innovative learning resources.
  - A common framework for delivering lessons to promote outstanding student progress will be achieved by:
  - Each subject to develop Programmes of Study (PoS) and associated resources on Firefly.
  - All homework for all year groups to be set via Firefly, which will prepare students for future learning and embed skills and knowledge.
2. Emotional and mental wellbeing; develop a framework for:
  - Emotional wellbeing: being happy and confident and not anxious or depressed.
  - Psychological wellbeing: ability to be autonomous, to problem solve, to manage emotions, to experience empathy and to be resilient.
  - Social wellbeing: good relationships, no disruption, no bullying and no low level disruption.
  - Reductions in risky or impulsive behaviour.
  - A coherent provision of support
3. Expansion Project
  - A school and community sports hub, including 4-court hall, gym/dojo, fitness suite, astro and 6 hard courts
  - Plans for modern, flexible sixth form accommodation, staff offices and refurbishment of existing sixth form accommodation into general teaching classrooms.
  - Attract additional funding to make up any shortfall.
  - Increase in roll from 1000+ to 1300+.
4. Progress towards sponsorship of other schools
  - Prepare a high quality application for Bishop's Stortford North Schools via HCC and the free school application process.
  - Promotion and marketing of our HEMAT vision for the new schools is positive.
  - The Diamond School model is well understood in Bishop's Stortford.
  - Excellent working relationships with HEMAT's education partners, who will provide support for the project.
  - Increasingly good relationships with local schools.
5. A timetable with limited split groups which runs smoothly
  - A timetable which supports the delivery of outstanding teaching and learning by subject specialists.
  - A timetable which has far fewer split groups than on previous cycles.
  - Staff recruitment and retention occur, which facilitates the above.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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6. Maths hub; Year 3: Increased reach of Matrix in terms of both the number of schools engaged, the geographical reach and the range of schools/colleges.
- Strong leadership of Matrix with clearly defined roles and responsibilities.
  - Excellent work groups and national collaborative projects that meet local and national priorities.
  - A clear and compelling vision and set of priorities for Matrix.
  - A structure of accountability and evaluation, including a strong strategic board.
  - A significant national presence.

The main objectives for the Annual Development Plan for 2017-2018 are as follows:

1. Outstanding Student Progress: Maintain a culture of research and development within the school which will develop innovative practice to support outstanding student progress
  - Embed the use of Firefly to:
    - i. deliver engaging lessons which promote outstanding progress
    - ii. allow outstanding teaching, learning and assessment to be shared with all staff.
2. To foster a culture of mutual respect: In order to establish this culture, all members of the school community, including those associated with the school, will work collaboratively to pursue the following targets:
  - Increased respect for the school community
  - Increased respect for the school environment.
  - Increased respect for the school and its reputation.
  - Increased respect of the environment.
3. Integrating our outreach work: To increase the uptake, range and impact of all outreach provision to:
  - Maintain and enhance the reputations of Herts & Essex, Catalyst, Matrix Maths Hub and Science Learning Partnership (SLP).
  - Streamline the communication and marketing of all these to create economies of scale and greater impact.
4. Expansion Project:
  - Ensure the financial sustainability of our school.
  - Increase our roll.
  - Improve our buildings.
  - Increase the acreage owned by the school.
5. Herts & Essex Multi Academy Trust:
  - Ensure the financial sustainability of our school.
  - Recruit and retain the highest quality staff.
  - Ensure the maintenance of our high standards.

Key activities and targets as identified in the ADP were driven by our self-evaluation and influenced by the challenges and opportunities arising from national changes in education policy and funding.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit (Pb1) in exercising their powers or duties. They have referred to this guidance when reviewing the School's aims and objectives and in planning its future activities.

The school aims to advance for the public benefit, education in Bishop's Stortford and the surrounding area. This is evident in results at GCSE and A Level and the vast majority of students progressing to Higher Education from Year 13.

Beyond this, the school aims to unlock the potential of every student, providing exceptional opportunities for personal as well as academic success. With this in mind the school seeks to provide for the cultural, physical, spiritual as well as academic development of students. The wide range of extra-curricular activities, educational trips and visits offered to, and taken up by our students contribute to an outstanding school in which students thrive.

We also support other schools through the delivery of Teaching School activities, Maths Hub and Science Learning Partnership work and knowledge, all of which ultimately benefit the wider educational community.

**STRATEGIC REPORT**

**Achievements and Performance**

The school celebrated another highly successful year of academic results. The following tables identify the most significant outcomes of the last few years:

**GCSE Results 2017**

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Basics Measure – Standard Pass - Percentage of students with 4+ in English and Maths**

2017	2016	<i>Basics Measure was a C+ in English and Maths for 2016.</i>
87.1%	92%	

**Basics Measure – Strong Pass - Percentage of students with 5+ in English and Maths**

2017	2016	<i>Basics Measure was a C+ in English and Maths for 2016.</i>
66.3%	92%	

**Progress 8 Score:**

2017	2016	2015
0.76	0.70	0.63

**Attainment 8 Score:**

2017	2016	2015
61.09	63.4	63.8

**Percentage of students achieving E -Bacc:**

2017	2016	2015	2014	2013
56.4% (standard – 92 students)	59% (95 students)	68% (110 students)	69% (106 students)	55% (89 students)
48.5% (strong – 79 students)	Target 63%	Target 75%	Target 79%	Target 75%
Target 74%				

**Percentage of students eligible for E - Bacc who achieved it:**

2017	2016	2015	2014	2013
83% (standard)	94%	91%	85%	69%
71% (strong)				

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Percentage of students achieving 5+ A\* - C grades including English and Maths:**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
86.5% (standard) 66.3% (strong)  (141 students) Target 97%	92% (148 students) Target 94%	92% (149 students) Target 96%	93.6% (146 students) Target 96%	81.13% (129 students) Target 91.8%

**Percentage of students achieving 5+ A\* - A grades:**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
40.49% (66 students)	41.61% (67 students)	49.38% (80 students)	42.95% (67 students)	38.36% (61 students)

**Percentage of students achieving all A\* - A grades:**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
11.7% (19 students)	17.4% (28 students)	16.7% (27 students)	15.4% (24 students)	9.4% (15 students)

**Percentage of students achieving at least 8 A\* - A grades:**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
23.3% (38 students)	29.8% (48 students)	35.8% (58 students)	26.3% (41 students)	23.3% (37 students)

**Percentage of students achieving all A\* - B grades:**

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
28.83% (47 students)	37.27% (60 students)	48.77% (79 students)	38.46% (60 students)	37.11% (59 students)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Progress in English:**

Measure	Total
Average English Attainment 8	13.29
Average English Attainment 8 Grade	6.64
Average English Estimated Attainment 8	11.72
Average English Progress 8	0.815

**Progress in Maths:**

Measure	Total
Average Maths Attainment 8	11.18
Average Maths Attainment 8 Grade	5.59
Average Maths Estimated Attainment 8	11.43
Average Maths Progress 8	-0.087

9-7 in English and Maths	27%	9-5 in E & M	66.3%	9-4 in E & M	87.1%
9-7 in English	52.1%	9-5 in English	92.6%	9-4 in English	97.5%
9-7 in Maths	31.3%	9-5 in Maths	66.3%	9-4 in Maths	87.1%
9 in English Language	6.8%				
9 in English Literature	7.4%				
9 in Maths	11%				



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**A Level:**

**Total percentage of A\* grades:**

2017	2016	2015	2014	2013
8.3%	6.1%	10.5%	10.4%	5.5%
National 8.3%	National 8.1%	National 8.2%	National 8.2%	

**Total percentage of A\*- A grades:**

2017	2016	2015	2014	2013
34.9%	30.2%	35.0%	34.7%	25.3%
(Target 40.0%)	(Target 38%)	(Target 31%)	(Target 31%)	(Target 20%)
National 26.3%	National 25.8%	National 25.9%	National 26%	

**Total percentage of A\*-B grades:**

2017	2016	2015	2014	2013
67.1%	68%	70%	65.3%	58.3%
(Target 73%)	(Target 71%)	(Target 70%)	(Target 65%)	(Target 63%)
National 53.1%	National 52.9%	National 52.8%	National 52.4%	

**Total percentage of A\*-C grades:**

2017	2016	2015	2014	2013
89.9%	91%	90.9%	87.9%	82.5%
National 77.4%	National 77.6%	National 77.3%		

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Key Financial Performance Indicators**

During the second period of Academy status, the Trustees carried out a review of the key financial controls, key performance indicators (KPI) and risk control processes that would be applied to future reporting and business monitoring and performance.

The KPI's are designed to analyse not only financial and commercial risk but also staffing ratio(s), academic performance and risk ratios.

The specific areas against which it was agreed to monitor future performance and the position of the company's business are summarised in the following table:

Key Performance Indicator	Target 2016/17	Actual 2016/17
Teachers Pay % of ESFA Grants including General Annual Grant (GAG) income and 16-19 funding	66%	68%
Total Pay % of ESFA Grants as above	88%	88%
Teachers Pay % of total revenue income	59%	57%
Total Pay % of total revenue income	78%	74%
Total revenue income per student	£5,322	£6,047
4+ in English and Maths (Standard Pass)	None set	87.1%
5+ in English and Maths (Strong Pass)	97%	66.3%
A*-B at A Level	73%	67.1%

Core funding (GAG) is based on student numbers, this is also a key performance indicator. Student numbers for 2016/17 were 1228 at census date, largely on par with the previous year. It is anticipated that this number will continue at this level (or slightly higher at sixth form level) for the foreseeable future. Applications for the main school (Years 7-11) were very positive continuing with the trend of significant over-subscription with over 500 students applying for places at Herts & Essex relating to the 180 Year 7 places available in 2016. Further pressure on secondary school numbers has been indicated in the Local Authority Strategic Plan due to increased housing stock and the continued expansion of Bishop's Stortford. The Trustees will be monitoring these developments over the next few years in terms of strategic planning for places and will be liaising with the Local Authority and other stakeholders in this respect.

Several staffing ratios are featured in the school's KPI's. An example is the financial performance indicator which analyses total staff pay as 88% of ESFA income.

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Going Concern**

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

Up to 86% of the school's funding is provided by the Department for Education (DfE) and other Government bodies. The present Government is significantly reforming the funding system for Education and a new national formula will be introduced following consultations with stakeholders. Also, Sixth Form funding reform continues to be rationalised with budget settlements in general being reduced, especially for school based sixth forms.

Whilst uncertainties clearly exist the Trustees have been able to gain confidence in the school's basis as a going-concern. This is based on the continued over-subscribed status of the school into Year 7 each year, which indicates that the school continues to be very popular. As a response to the school's popularity it expanded from 5FE to 6FE from September 2016. In addition to this the sixth form continues to expand, from 323 in 2014/15 to 353 in 2015/16 and 376 in 2016/17. A 6FE school is financially more secure and efficient than a 5FE school.

The SLT and the Trustees have a reasonable expectation that the school has adequate resources to continue in operational existence for the foreseeable future.

**FINANCIAL REVIEW**

The vast majority of the school's income is obtained from the DfE via the Education & Skills Funding Agency (ESFA) in the form of recurrent grants (Revenue & Capital) the use of which is restricted to particular educational purposes. The grants received from the DfE during the year ended 31 August 2017 amounting to £5,677,675 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The school also received grants for Capital Additions and Fixed Assets from the ESFA during the year. This amounted to £1,029,981. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the school's accounting policies.

During the 12 months ended 31 August 2017, the net income resources for the year amounted to £318,278. This demonstrated robust budgetary management with a view to setting funds aside for future priorities and capital projects.

At 31 August 2017 the net book value of tangible fixed assets was £15,292,963 and movements in tangible fixed assets are shown in Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the school.

The land, buildings and other assets were transferred to the school upon conversion. Land was valued in July 2014 at £2,600,000 and buildings were valued in July 2014 at £12,020,000. Other assets have been included in the financial statements as a best estimate, taking into account purchase price and remaining useful economic life.

The school continues to account for the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 22 to the financial statements.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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Key financial policies adopted or reviewed during the year include the Gifts and Hospitality Policy, Financial Procedures Policy, Investment Policy, Reserves Policy and the Whistle Blowing Policy. The Financial Procedures Policy sets out the framework for financial management, including financial responsibilities of the Trustees, Headteacher (as Accounting Officer), the Finance Director, Managers, budget holders and other affected staff, as well as delegated authority for expenditure and procurement protocols.

Trustees have adopted an internal audit Policy and Risk Management System as part of the review of internal Audit controls.

The Trustees have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest in human and physical resources to sustain the school's development priorities. They have also taken a prudent approach to policy on reserves in order to protect the organisation from commercial, political and financial risk. This is being achieved by maintaining a policy of protecting working capital which is referred to in the Statement of Financial Activities. Reserves in excess of working capital reserve will be set aside in the Fixed Asset Fund (Restricted and Unrestricted funds) to contribute towards the delivery of the Annual Development Plan agreed by Trustees annually.

This strategic and annual development plans are in line with and reinforce the objectives in the school's Funding Agreement.

**Reserves Policy**

The Academy Trust adopts a strategic and pragmatic approach to reserves.

The Trustees review the reserve levels of the school annually. This review encompasses the nature of income and expenditure streams, the need to match revenue income with commitments through budgetary control and also the various elements and strategic uses for different layers of reserves. The Trustees take into consideration the future plans of the school, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate minimum level of cash reserves at year end should be one twelfth of the Trust's expenditure.

The substantiation and reasoning behind this approach is to provide sufficient working capital to cover delays between spending and receipt of grants, to provide a contingency to deal with unexpected emergencies such as urgent maintenance, contingency to cope with turbulence in funding mechanisms dictated by others and to protect the school from other unexpected commercial liability.

The Trust's total reserves at the Balance Sheet dated 31 August 2017 were £14,424,052.

Free reserves (working capital reserves) will be allocated to school improvement priorities through the School Development Planning process. This will include allocation to further capital project commitment. Other considerations for use of the general reserve are reviewed annually.

The Trust's pension reserve has a liability of £1,697,000.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Investment Policy**

The Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the school aims to invest surplus cash funds to achieve the best financial returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

**Purposes:**

- to ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements of the school
- to ensure there is no risk of loss in the capital value of any cash funds invested
- to protect the capital value of any invested funds against inflation
- to maximise returns on invested funds for the benefit of the school's charitable aims and objectives.

All funds surplus to immediate requirements are invested to maximise income. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit.

Day to day management of the surplus funds is delegated to the Headteacher and School Manager within strict guidelines approved by the Governing Body.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the school are as follows:

**Financial** – the school has considerable reliance on continued Government funding through the ESFA. In the last year 90% of the school's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that funding levels will be maintained in real terms in the short/medium term (3-5 years). Flat growth in funding against a background of rising cost pressure will increase the need for prudent budgeting and contingency planning.

**Physical Environment** – ongoing concerns over funding levels in the short/medium term also translate to 'capital funding' availability from Government. The school currently has a Premises Committee which actively pursues capital funding and keeps fully abreast of these concerns. However, the general condition of the buildings is a perennial problem requiring ongoing attention and consistent levels of capital funding. If the necessary capital funds are not forthcoming the environment will suffer relatively quickly due to the design/age of the buildings and the use that they are receiving. This area will require careful monitoring to ensure that the learning/working environment is sufficient, suitable and in acceptable condition.

**Reputational** – the continuing success of the school is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success, progress and achievement are closely monitored and reviewed.

**Safeguarding and child protection** – the Trustees continue to ensure that the highest standards are maintained in the areas of selection, recruitment and monitoring of staff, the operation of child protection policies and procedures, health & safety and risk assessment of these critical areas of operation. This continues to be a very high priority.

**Staffing** – the success of the school is reliant on the quality of its staff and the Trustees monitor and review policies and processes to ensure continued development and training of staff as well as ensuring there is clear succession planning. Performance management procedures have been enhanced and are being robustly employed to ensure that all staff meet the very highest standards in relation to all aspects of school performance and operational management.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Fraud and mismanagement of funds** – the school has appointed MHA MacIntyre Hudson to undertake audit and compliance checks on financial systems, records and controls as recommended in the Academies Financial Handbook. All finance staff receive internal/external training to keep them up to date with financial practice requirements and to support them in the development of their skills in this area of risk.

**Risk Management**

The Trustees have assessed the major risks to which the school is exposed, in particular those relating to inadequate facilities affecting the provision of effective education, effective recruitment and retention systems to ensure that the capability and capacity exists to improve performance and also the provision of effective health & safety for all students, staff and members of the public. Due consideration is also given to the need for consistent high levels of internal financial management and control.

The Trustees have implemented a risk management system with the support of the school's professional advisors MHA MacIntyre Hudson to assess the commercial and other risks that the school faces. Where significant risk potentially remains, then adequate liability insurance cover is in place to close these gaps.

The school has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The school has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection/safeguarding policies and procedures. In addition a review of all financial controls is undertaken on a regular basis.

The school has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the school faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all Trustees' and Finance Committee meetings. The Trustees also review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the school had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 22 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the school is able to meet its known annual deficit contribution commitments for the foreseeable future, the risk from this liability is minimised and is manageable. There are plans in place to cover the deficit such that there is no constraint on reserves going forward.

Investment risk is managed with deposit accounts under the strict control of the school's Investment Policy conditions.

The school has continued to strengthen its risk management process throughout the period by improving the process and enhancing Governor and staff awareness. A risk register is maintained, reviewed and updated on a regular basis.

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**PLANS FOR FUTURE PERIODS**

Our school will keep developing over the coming years in order to keep up with the modern world, so that it can continue to offer satisfaction to all those who teach and learn and so achieve our high standards of excellence and performance.

In general terms, Herts & Essex will be dynamic, committed to raising the achievement of each individual in the application of skills, knowledge, teamwork and in the development of confidence and self-belief.

The school will be specialised, differentiated and self-evaluative towards improvement. It will be permeable to the community, accessible to business and the world of working adults and it will engage in a wide range of beneficial partnerships.

Herts & Essex will be committed to serve the community of Bishop's Stortford and the surrounding areas of Hertfordshire and Essex. But we have the responsibility to prepare young people for futures which are complex and information rich. The challenge, therefore, is to move the school towards meeting the needs of a modern society without altering the values and ethos which are successful today. Our plans seek to address some of these ideas.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The school and its Trustees do not act as the Custodian Trustees for any other charity.

**Disclosure of information to Auditor**

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware and
- that trustees have taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

**AUDITOR**

The auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The Designated Trustee will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report incorporating a Strategic Report, was approved by the trustees, as the company directors on 12/12/2017 and signed on the board's behalf by



.....  
**R Fielden**  
Chair of Governors

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Governing Body has formally met 6 times during the year 31 August 2016 to 31 August 2017. Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of possible</b>
R Fielden (Chair)	5	6
C Tooze (Headteacher and Accounting Officer)	6	6
L Anthony	4	6
J Barfoot	5	6
P Bennett	5	6
H Clarke	3	4
S Cox	3	6
S Drake	1	2
A Edwards	6	6
A Forbes	6	6
J Freeman	3	6
I Graham	5	6
G Griffiths	4	6
P Harding	4	6
A Harrison (deceased December 2016)	0	1
J Keogh	5	6
S Loveday	5	6
S Sandhu	4	6
G Savage	5	6

The Governing Body is self-evaluative. It ensures broad and balanced representation of staff, parents and interested community members. It works to high levels of professionalism and has high expectations of its members.



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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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The Finance Committee is a sub-committee of the Governing Body. Its purpose is to agree and monitor the management of the school budget and the overall financial performance of the organisation. Attendance at meetings in the year is as follows:

Governor	Meetings attended	Out of possible
G Savage (Chair)	5	6
C Tooze (Headteacher)	6	6
H Clarke	4	5
R Fielden	4	6
S Sandhu	5	6
S Wallace	0	2

**REVIEW OF VALUE FOR MONEY**

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

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

Ensuring that major purchases made by the academy had been subject to the correct quotation/tendering procedure. Examples are as follows;

Roofing works – tendered

Replacement flooring – 3 quotations sought and full evaluation carried out

Redecoration – 3 quotations sought and full evaluation carried out

Replacement of 2 photocopiers – outright purchase compared to rental

In addition to this, a full staffing review was carried out and staff recruitment made of the basis of this review with increases and reductions in the appropriate areas.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Herts & Essex Multi Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body 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 Governing Body 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 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**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 Governing Body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided to appoint MHA MacIntyre Hudson as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

On a termly basis, the internal auditor reports to the Governing Body through the audit committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. For the year under review there were no material control issues noted.

**REVIEW OF EFFECTIVENESS**

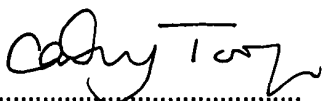
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- 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.

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

Approved by order of the members of the Governing Body on 12/12/2017 and signed on their behalf, by:

  
.....  
**R Fielden**  
Chair of Trustees

 12/12/17  
.....  
**C Tooze**  
Accounting Officer

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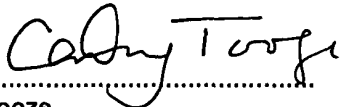
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Herts & Essex Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.



C Tooze  
Accounting Officer

12/12/17

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Governing Body and signed on its behalf by:



.....  
**R Fielden**  
Chair of Trustees

Date: 12/12/2017

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF HERTS & ESSEX MULTI ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of Herts & Essex Multi Academy Trust (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the group Consolidated Balance Sheet, the group Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent academy's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF HERTS & ESSEX MULTI ACADEMY TRUST**

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**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 information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the group and the parent academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Group 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:

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

**RESPONSIBILITIES OF TRUSTEES**

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

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE TRUSTEES OF HERTS & ESSEX MULTI ACADEMY TRUST**

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In preparing the financial statements, the Trustees are responsible for assessing the group and the parent academy 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 group's or the parent academy's 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). The description forms part of our Auditor's report.



Brendan Sharkey FCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

New Bridge Street House  
30-34 New Bridge Street  
London

EC4V 6BJ

Date:

19 December 2017

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Herts & Essex Multi Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF HERTS & ESSEX MULTI ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Herts & Essex Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2014, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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



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**HERTS & ESSEX MULTI ACADEMY TRUST**  
(A Company Limited by Guarantee)

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

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The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditors  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

Date: 19 December 2017.

**HERTS & ESSEX MULTI ACADEMY TRUST**  
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	1,029,981	1,029,981	540,442
Charitable activities:	5					
Teaching School		-	297,176	-	297,176	235,700
Other charitable activities		88,065	6,532,107	-	6,620,172	6,602,121
Other trading activities	3	435,063	46,902	-	481,965	466,809
Investments	4	2,570	-	-	2,570	5,035
<b>TOTAL INCOME</b>		<b>525,698</b>	<b>6,876,185</b>	<b>1,029,981</b>	<b>8,431,864</b>	<b>7,850,107</b>
<b>EXPENDITURE ON:</b>						
Charitable activities	7	505,011	7,235,549	268,476	8,009,036	7,481,674
Other expenditure	6	3,514	101,036	-	104,550	205,326
<b>TOTAL EXPENDITURE</b>		<b>508,525</b>	<b>7,336,585</b>	<b>268,476</b>	<b>8,113,586</b>	<b>7,687,000</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	18	17,173	(460,400)	761,505	318,278	163,107
		-	2,041	(2,041)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		17,173	(458,359)	759,464	318,278	163,107
Actuarial gains/(losses) on defined benefit pension schemes	22	-	901,000	-	901,000	(857,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>17,173</b>	<b>442,641</b>	<b>759,464</b>	<b>1,219,278</b>	<b>(693,893)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		88,435	(2,103,014)	15,219,353	13,204,774	13,898,667
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>105,608</b>	<b>(1,660,373)</b>	<b>15,978,817</b>	<b>14,424,052</b>	<b>13,204,774</b>

The notes on pages 36 to 60 form part of these financial statements.

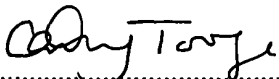
**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08704162**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>15,292,963</b>		14,704,179
Investments	14		<b>21,599</b>		21,188
			<b>15,314,562</b>		14,725,367
<b>CURRENT ASSETS</b>					
Debtors	16	<b>181,451</b>		184,071	
Cash at bank and in hand		<b>1,321,757</b>		1,234,977	
		<b>1,503,208</b>		1,419,048	
<b>CREDITORS:</b> amounts falling due within one year	17	<b>(696,718)</b>		<b>(508,641)</b>	
<b>NET CURRENT ASSETS</b>			<b>806,490</b>		910,407
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>16,121,052</b>		15,635,774
Defined benefit pension scheme liability	22		<b>(1,697,000)</b>		<b>(2,431,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>14,424,052</b>		13,204,774
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	18	<b>36,627</b>		327,986	
Restricted fixed asset funds	18	<b>15,978,817</b>		15,219,353	
Restricted income funds excluding pension liability		<b>16,015,444</b>		15,547,339	
Pension reserve		<b>(1,697,000)</b>		<b>(2,431,000)</b>	
Total restricted income funds			<b>14,318,444</b>		13,116,339
Unrestricted income funds	18		<b>105,608</b>		88,435
<b>TOTAL FUNDS</b>			<b>14,424,052</b>		13,204,774

The financial statements on pages 32 to 60 were approved by the Trustees, and authorised for issue, on 12/12/2017 and are signed on their behalf, by:

  
 .....  
**R Fielden**  
 Chair of Trustees

  
 .....  
**C Tooze**  
 Accounting Officer

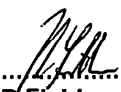
The notes on pages 36 to 60 form part of these financial statements.

**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08704162**

**ACADEMY BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>15,292,963</b>		14,704,179
Investments	14		<b>21,601</b>		21,190
			<b>15,314,564</b>		14,725,369
<b>CURRENT ASSETS</b>					
Debtors	16	<b>180,222</b>		201,566	
Cash at bank		<b>1,256,516</b>		1,145,697	
		<b>1,436,738</b>		1,347,263	
<b>CREDITORS: amounts falling due within one year</b>	17	<b>(630,250)</b>		(436,859)	
<b>NET CURRENT ASSETS</b>			<b>806,488</b>		910,404
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>16,121,052</b>		15,635,773
Defined benefit pension scheme liability	22		<b>(1,697,000)</b>		(2,431,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>14,424,052</b>		13,204,773
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds		<b>36,627</b>		327,986	
Restricted fixed asset funds		<b>15,978,817</b>		15,219,353	
Restricted funds excluding pension asset		<b>16,015,444</b>		15,547,339	
Pension reserve		<b>(1,697,000)</b>		(2,431,000)	
Total restricted funds			<b>14,318,444</b>		13,116,339
Unrestricted funds			<b>105,608</b>		88,434
<b>TOTAL FUNDS</b>			<b>14,424,052</b>		13,204,773

The financial statements were approved by the Trustees, and authorised for issue, on 12/12/2017 and are signed on their behalf, by:

  
.....  
**R Fielden**  
Chair of Trustees

  
.....  
**C Tooze**  
Accounting Officer

The notes on pages 36 to 60 form part of these financial statements.

**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	20	<b>(88,511)</b>	101,496
<b>Cash flows from investing activities:</b>			
Investment income		<b>2,570</b>	5,035
Purchase of tangible fixed assets		<b>(857,260)</b>	(224,267)
Capital grants from DfE/ESFA		<b>1,029,981</b>	540,442
<b>Net cash provided by investing activities</b>		<b>175,291</b>	321,210
<b>Change in cash and cash equivalents in the year</b>		<b>86,780</b>	422,706
Cash and cash equivalents brought forward		<b>1,234,977</b>	812,271
<b>Cash and cash equivalents carried forward</b>	21	<b>1,321,757</b>	1,234,977

The notes on pages 36 to 60 form part of these financial statements.

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Herts & Essex Multi Academy Trust constitutes a public benefit entity as defined by FRS 102. It is a company limited by guarantee, incorporated in England.

The financial statements are prepared in £ sterling, the functional currency, rounded to the nearest £1.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities 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.

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Other income, including the teaching school income from the subsidiary, is recognised in the period in which it is receivable and to the extent that services have been provided.

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% per annum on a straight line basis
Fixtures and fittings	-	10% per annum on a straight line basis
Computer equipment	-	33.3% per annum on a straight line basis
Freehold land	-	Not depreciated

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

**1.6 Operating leases**

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

**1.7 Taxation**

The academy 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 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.



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**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Basis of consolidation**

The financial statements consolidate the accounts of Herts & Essex Multi Academy Trust and all of its subsidiary undertakings ('subsidiaries').

The Academy Trust has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

The consolidated Statement of Financial Activities is for the group as a whole. The net income before other recognised gains and losses in the income and expenditure account for the year dealt with in the accounts of the Academy Trust was £14,473,009 (2016 - £13,204,774).

**1.9 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.

**1.10 Debtors**

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

**1.11 Cash at bank and in hand**

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

**1.12 Liabilities and provisions**

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

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.13 Financial instruments**

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

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

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

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

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**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.15 Fund accounting**

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

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

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

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

**1.16 Critical accounting estimates and areas of judgment**

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

*Critical accounting estimates and assumptions:*

The 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 22, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

*Critical areas of judgment:*

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation and asset lives.

**HERTS & ESSEX MULTI ACADEMY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	1,029,981	1,029,981	540,442
<i>Total 2016</i>	-	-	540,442	540,442	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	28,754	-	28,754	26,841
Catering income	383,044	-	383,044	323,283
Teaching income	23,265	46,902	70,167	116,685
	435,063	46,902	481,965	466,809
<i>Total 2016</i>	466,809	-	466,809	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	2,570	-	2,570	5,035
<i>Total 2016</i>	5,035	-	5,035	

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**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	4,029,637	4,029,637	4,049,706
Pupil Premium	-	65,883	65,883	67,614
Other EFA/DfE grants	-	25,423	25,423	51,253
16-19 Funding	-	1,556,732	1,556,732	1,444,623
	-	5,677,675	5,677,675	5,613,196
<b>Other government grants</b>				
Other government grants	-	208,140	208,140	238,875
Special educational projects	-	15,403	15,403	14,331
Teaching school grants	-	297,176	297,176	235,700
	-	520,719	520,719	488,906
<b>Other funding</b>				
Trip income	-	405,305	405,305	423,889
Other fund income	88,065	225,584	313,649	311,830
	88,065	630,889	718,954	735,719
	88,065	6,829,283	6,917,348	6,837,821
<b>Total 2016</b>	-	6,837,821	6,837,821	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

**6. OTHER EXPENDITURE**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Expenditure of subsidiary	3,514	101,036	104,550	205,326
<b>Total 2016</b>	-	205,326	205,326	

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**7. EXPENDITURE**

	<b>Staff costs 2017 £</b>	<b>Premises 2017 £</b>	<b>Other costs 2017 £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Educational operations:					
Direct costs	<b>4,539,794</b>	<b>268,476</b>	<b>822,821</b>	<b>5,631,091</b>	5,344,874
Support costs	<b>938,589</b>	<b>246,505</b>	<b>1,192,851</b>	<b>2,377,945</b>	2,136,800
	<b>5,478,383</b>	<b>514,981</b>	<b>2,015,672</b>	<b>8,009,036</b>	7,481,674
<i>Total 2016</i>	<b>5,008,416</b>	<b>549,298</b>	<b>1,923,960</b>	<b>7,481,674</b>	

Of the total expenditure on educational operations £508,525 (2016 - 428,964) was from unrestricted funds, £7,232,035 (2016 - £6,748,865) was from restricted funds and £268,476 (2016 - 303,845) was from restricted fixed asset funds.

Of the above total costs, £297,176 (2016 - £235,700) related to expenditure of the Teaching School.

**8. CHARITABLE EXPENDITURE**

	<b>Direct costs 2017 £</b>	<b>Support costs 2017 £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Charitable activities	<b>5,631,091</b>	<b>2,377,945</b>	<b>8,009,036</b>	7,481,674
<i>Total 2016</i>	<b>5,344,874</b>	<b>2,136,800</b>	<b>7,481,674</b>	

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**8. CHARITABLE EXPENDITURE (continued)**

**Analysis of support costs**

	Activities	Total	Total
	£	2017	2016
		£	£
Staff costs	938,589	938,589	827,262
Educational supplies	295,534	295,534	175,165
Technology costs	15,374	15,374	2,339
Educational consultancy	15,730	15,730	12,307
Maintenance of premises and equipment	137,294	137,294	161,450
Staff advertising and recruitment	18,740	18,740	19,638
Rent and rates	31,951	31,951	31,910
Energy	109,213	109,213	127,876
Insurance	25,497	25,497	39,372
Catering	385,259	385,259	344,398
Other occupancy costs	139,917	139,917	141,759
Other support costs	225,018	225,018	199,158
Governance costs	39,829	39,829	54,166
	<b>2,377,945</b>	<b>2,377,945</b>	<b>2,136,800</b>
<i>At 31 August 2016</i>	<b>2,136,800</b>	<b>2,136,800</b>	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charitable group	268,476	259,970
Auditors remuneration	14,407	13,750
Auditors remuneration - other services	8,311	7,309
Operating lease rentals	19,626	950

There were no donations to the academy from the subsidiary company in the year. Herts & Essex Multi Academy Trust had only one academy in the year ended 31 August 2017 within the multi academy trust. There were no central management services and no central charges arising in the year.

The Consolidated Statement of Financial Activities is for the group as a whole. The total funds carried forward dealt with in the accounts of the academy trust alone was £14,424,052 (2016: £13,204,774).

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**10. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,096,797	3,888,899
Social security costs	400,553	330,422
Operating costs of defined benefit pension schemes	862,527	749,465
	<u>5,359,877</u>	<u>4,968,786</u>
Apprenticeship levy	1,878	-
Supply teacher costs	116,628	39,630
	<u>5,478,383</u>	<u>5,008,416</u>

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

	2017 No.	2016 No.
Teachers	75	73
Administration and support	64	65
Management	8	8
	<u>147</u>	<u>146</u>

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

	2017 No.	2016 No.
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	0
In the band £110,001 - £120,000	0	1
In the band £120,001 - £130,000	1	0

All of the above employees (2016 - 3) participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff members amounted to £46,875 (2016 - £36,094).

The Key Management Personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by the senior management team for their services to the academy trust was £619,772 (2016 - £617,302). The amount of employee benefits (including employer pension contributions) received by the trustees is disclosed in note 11.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

		<b>2017</b>	<b>2016</b>
		<b>£'000</b>	<b>£'000</b>
C Tooze, Headteacher and Accounting Officer	Remuneration	<b>120-125</b>	115-120
	Pension contributions paid	<b>20-25</b>	15-20
L Anthony	Remuneration	<b>15-20</b>	15-20
	Pension contributions paid	<b>0-5</b>	0-5
J Freeman	Remuneration	<b>30-35</b>	30-35
	Pension contributions paid	<b>5-10</b>	0-5

During the year, expenses totalling £217 (2016 - £Nil) were reimbursed to one trustee (2016 - nil Trustees).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

On 1 April 2017 the academy trust opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Freehold property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2016	15,274,247	26,748	14,124	15,315,119
Additions	833,431	23,829	-	857,260
At 31 August 2017	16,107,678	50,577	14,124	16,172,379
<b>Depreciation</b>				
At 1 September 2016	593,965	6,510	10,465	610,940
Charge for the year	261,208	4,441	2,827	268,476
At 31 August 2017	855,173	10,951	13,292	879,416
<b>Net book value</b>				
At 31 August 2017	15,252,505	39,626	832	15,292,963
At 31 August 2016	14,680,282	20,238	3,659	14,704,179

Additions in the year included £833,431 renovation building works on the Academy site. A capital grant of £685,854 (2016 - £515,174) remains unspent at 31 August 2017. This is in respect of Devolved Formula and Capital Maintenance Grants from the ESFA. The freehold property was valued by chartered surveyors on conversion to academy status. The trustees consider that the valuation remains appropriate at 31 August 2017. Land valued at £2,600,000 is not depreciated.

<b>Academy</b>	<b>Freehold property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2016	15,274,247	26,748	14,124	15,315,119
Additions	833,431	23,829	-	857,260
At 31 August 2017	16,107,678	50,577	14,124	16,172,379
<b>Depreciation</b>				
At 1 September 2016	593,965	6,510	10,465	610,940
Charge for the year	261,208	4,441	2,827	268,476
At 31 August 2017	855,173	10,951	13,292	879,416
<b>Net book value</b>				
At 31 August 2017	15,252,505	39,626	832	15,292,963
At 31 August 2016	14,680,282	20,238	3,659	14,704,179

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**14. FIXED ASSET INVESTMENTS**

<b>Group</b>	<b>Other investments £</b>
<b>Market value</b>	
At 1 September 2016	21,188
Revaluation	411
	<u>21,599</u>
At 31 August 2017	<u>21,599</u>

**Other investments**

The above other investments consist of funds held by Hertfordshire County Council on behalf of the Academy with a market value of £21,599 arising from an endowment to the former school.

The capital and income of the investment held by Hertfordshire County Council may be used by the Academy only for specific expenditure authorised under the endowment and is therefore held as a restricted endowment reserve.

<b>Academy</b>	<b>Other investments £</b>	<b>Sub total carried forward £</b>
<b>Market value</b>		
At 1 September 2016	21,188	21,188
Revaluation	411	411
	<u>21,599</u>	<u>21,599</u>
At 31 August 2017	<u>21,599</u>	<u>21,599</u>

<b>Academy</b>	<b>Sub total brought forward £</b>	<b>Shares in group undertakings £</b>	<b>Total £</b>
<b>Market value</b>			
At 1 September 2016	21,188	2	21,190
Revaluation	411	-	411
	<u>21,599</u>	<u>2</u>	<u>21,601</u>
At 31 August 2017	<u>21,599</u>	<u>2</u>	<u>21,601</u>

The Academy's 100% shareholding in the wholly owned subsidiary, Catalyst Innovation for Education Limited, is included in the balance sheet at the cost of the share capital owned, being two shares of £1. The principal activity of the company is to provide educational support services. Catalyst Innovation for Education Limited is incorporated in the UK.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. PRINCIPAL SUBSIDIARIES**

**Catalyst Innovation for Education Limited**

Subsidiary name	Catalyst Innovation for Education Limited
Company registration number	08704888
Basis of control	
Equity shareholding %	100%
Total assets as at 31 August 2017	£ 68,383
Total liabilities as at 31 August 2017	£ 68,381
Total equity as at 31 August 2017	£ 2
Turnover for the year ended 31 August 2017	£ 108,093
Expenditure for the year ended 31 August 2017	£ (108,093)
Result for the year ended 31 August 2017	£ -

The registered office of the subsidiary is the same as the registered office of the Multi Academy Trust.

**16. DEBTORS**

	<b>Group</b>		<b>Academy</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>19,772</b>	26,789	<b>18,543</b>	18,864
Other debtors	<b>47,919</b>	28,207	<b>47,919</b>	22,529
Prepayments and accrued income	<b>113,760</b>	129,075	<b>113,760</b>	160,173
	<b>181,451</b>	184,071	<b>180,222</b>	201,566

**17. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Academy</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>(2,091)</b>	(2,105)	<b>(2,091)</b>	(2,105)
Other creditors	<b>-</b>	2,602	<b>-</b>	2,602
Accruals and deferred income	<b>698,809</b>	508,144	<b>632,341</b>	436,362
	<b>696,718</b>	508,641	<b>630,250</b>	436,859

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. CREDITORS: Amounts falling due within one year (continued)**

	<u>Group</u>		<u>Academy</u>	
	£	£	£	£
<b>Deferred income</b>				
Deferred income at 1 September 2016	182,780	199,415	121,394	135,468
Resources deferred during the year	354,882	182,780	293,101	121,394
Amounts released from previous years	(182,780)	(199,415)	(121,394)	(135,468)
Deferred income at 31 August 2017	<u>354,882</u>	<u>182,780</u>	<u>293,101</u>	<u>121,394</u>

Deferred income of the academy at 31 August 2017 represents funds received in advance for the purposes of Maths Hub teaching grant of £125,334, lettings income of £10,513, music lessons of £28,709, catering income of £16,005, trips income of £108,872 and other learning resources of £3,668.

Deferred income of the group at 31 August 2017 represents the above amounts in addition to £61,781 of grant income.

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**18. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General unrestricted funds	88,435	525,698	(508,525)	-	-	105,608
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,677,675	(6,116,701)	439,026	-	-
Other DfE/ESFA grants	-	524,654	(520,475)	(4,179)	-	-
Other restricted funds	327,986	673,856	(532,409)	(432,806)	-	36,627
Pension reserve	(2,431,000)	-	(167,000)	-	901,000	(1,697,000)
	<u>(2,103,014)</u>	<u>6,876,185</u>	<u>(7,336,585)</u>	<u>2,041</u>	<u>901,000</u>	<u>(1,660,373)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,166,052	1,029,981	(21,923)	(25,870)	-	2,148,240
Capital expenditure from GAG	5,164	-	(4,123)	23,829	-	24,870
Assets on conversion	14,048,137	-	(242,430)	-	-	13,805,707
	<u>15,219,353</u>	<u>1,029,981</u>	<u>(268,476)</u>	<u>(2,041)</u>	<u>-</u>	<u>15,978,817</u>
Total restricted funds	<u>13,116,339</u>	<u>7,906,166</u>	<u>(7,605,061)</u>	<u>-</u>	<u>901,000</u>	<u>14,318,444</u>
Total of funds	<u>13,204,774</u>	<u>8,431,864</u>	<u>(8,113,586)</u>	<u>-</u>	<u>901,000</u>	<u>14,424,052</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General unrestricted funds	79,854	455,150	(428,964)	(17,605)	-	88,435
	<u>79,854</u>	<u>455,150</u>	<u>(428,964)</u>	<u>(17,605)</u>	<u>-</u>	<u>88,435</u>

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**18. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General Annual Grant (GAG)	(542,664)	5,613,196	(5,070,532)	-	-	-
Other DfE/ESFA grants	178,450	492,405	(670,855)	-	-	-
Other restricted funds	705,876	748,914	(1,126,804)	-	-	327,986
Pension reserve	(1,488,000)	-	(86,000)	-	(857,000)	(2,431,000)
	<u>(1,146,338)</u>	<u>6,854,515</u>	<u>(6,954,191)</u>	<u>-</u>	<u>(857,000)</u>	<u>(2,103,014)</u>

**Restricted fixed asset funds**

DfE/ESFA capital grants	664,523	540,442	(56,518)	17,605	-	1,166,052
Capital expenditure from GAG	9,228	-	(4,064)	-	-	5,164
Assets on conversion	14,291,400	-	(243,263)	-	-	14,048,137
	<u>14,965,151</u>	<u>540,442</u>	<u>(303,845)</u>	<u>17,605</u>	<u>-</u>	<u>15,219,353</u>
Total restricted funds	<u>13,818,813</u>	<u>7,394,957</u>	<u>(7,258,036)</u>	<u>17,605</u>	<u>(857,000)</u>	<u>13,116,339</u>
Total of funds	<u>13,898,667</u>	<u>7,850,107</u>	<u>(7,687,000)</u>	<u>-</u>	<u>(857,000)</u>	<u>13,204,774</u>

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

All funds relate to Hertfordshire & Essex High School, which is the only academy in the Multi Academy Trust at 31 August 2017.

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit of 12% of the amount of GAG that could be carry forward at 31 August 2017. This amount was not exceeded.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes pupil premium, SEN funding and school trips for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme. Due to the nature of the deficit, it is not immediately payable and can be met in the longer term by increased contributions, increased government funding or changes to benefits. There are plans in place to meet the deficit in order that this is not a constraint on academy funds.

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Hertfordshire local authority following the transfer of the land and buildings. Included in restricted fixed asset funds is unspent grant funding of £685,854 provided for future developments of the academy's property works.

The transfers between other restricted funds and GAG of £436,985 reflect education costs which were covered by other restricted income when all GAG income had been utilised.

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**18. STATEMENT OF FUNDS (continued)**

The transfers between GAG and restricted fixed asset funds of £23,829 represents fixed assets purchased with GAG funding.

The transfer of £25,870 represents revenue expenditure funded from capital funding for repairs and maintenance.

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	15,292,963	15,292,963
Fixed asset investments	-	21,599	-	21,599
Current assets	172,076	645,278	685,854	1,503,208
Creditors due within one year	(66,468)	(630,250)	-	(696,718)
Pension reserve	-	(1,697,000)	-	(1,697,000)
	<u>105,608</u>	<u>(1,660,373)</u>	<u>15,978,817</u>	<u>14,424,052</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	14,704,179	14,704,179
Fixed asset investments	-	21,188	-	21,188
Current assets	88,435	815,439	515,174	1,419,048
Creditors due within one year	-	(508,641)	-	(508,641)
Pension reserve	-	(2,431,000)	-	(2,431,000)
	<u>88,435</u>	<u>(2,103,014)</u>	<u>15,219,353</u>	<u>13,204,774</u>



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

		<b>Group</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net income for the year (as per Statement of Financial Activities)	<b>318,278</b>	163,107
<b>Adjustment for:</b>		
Increase in endowment investment	<b>(411)</b>	(1,271)
Depreciation charges	<b>268,476</b>	259,970
Dividends, interest and rents from investments	<b>(2,570)</b>	(5,035)
Decrease in debtors	<b>2,620</b>	164,911
Increase/(decrease) in creditors	<b>188,077</b>	(25,744)
Capital grants from DfE and other capital income	<b>(1,029,981)</b>	(540,442)
Defined benefit pension adjustment	<b>167,000</b>	86,000
<b>Net cash (used in)/provided by operating activities</b>	<b>(88,511)</b>	101,496

**21. ANALYSIS OF CASH AND CASH EQUIVALENTS**

		<b>Group</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cash in hand	<b>1,321,757</b>	1,234,977
<b>Total</b>	<b>1,321,757</b>	1,234,977

**22. PENSION COMMITMENTS**

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent

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**22. PENSION COMMITMENTS (continued)**

and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

The employer's pension costs paid to TPS in the period amounted to £500,190 (2016 - £545,721).

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuationreport.aspx>

**Scheme Changes**

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on

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**22. PENSION COMMITMENTS (continued)**

9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £245,000 (2016 - £236,000), of which employer's contributions totalled £197,000 (2016 - £189,000) and employees' contributions totalled £48,000 (2016 - £47,000). The agreed contribution rates for future years are 25.3% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.50 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Commutation pre April 2008 service	50.00 %	50.00 %
Commutation post April 2008 service	75.00 %	75.00 %

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**22. PENSION COMMITMENTS (continued)**

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

	2017	2016
Retiring today		
Males	22.5	22.3
Females	24.9	24.5
Retiring in 20 years		
Males	24.1	24.3
Females	26.7	26.7

	At 31 August 2017 £	At 31 August 2016 £
<b>Sensitivity analysis</b>		
Salary Increase Rate +0.5%	78,000	190,000
Discount Rate -0.5%	370,000	501,000
Pension Increase Rate +0.5%	284,000	293,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	831,000	990,000
Debt instruments	320,000	440,000
Property	89,000	110,000
Cash and other liquid assets	38,000	32,000
<b>Total market value of assets</b>	<b>1,278,000</b>	<b>1,572,000</b>

The actual return on scheme assets from 1 October 2016 to 30 June 2017 was 7.7% (2016 - 8.1%)

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

	2017 £	2016 £
Current service cost	(315,000)	(219,000)
Interest income	34,000	46,000
Interest cost	(83,000)	(102,000)
<b>Total</b>	<b>(364,000)</b>	<b>(275,000)</b>

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**22. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	4,003,000	2,626,000
Current service cost	315,000	219,000
Interest cost	83,000	102,000
Employee contributions	48,000	47,000
Actuarial (gains)/losses	(1,455,000)	1,009,000
Benefits paid	(19,000)	-
	<u>2,975,000</u>	<u>4,003,000</u>
Closing defined benefit obligation	<u>2,975,000</u>	<u>4,003,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,572,000	1,138,000
Interest income	34,000	46,000
Actuarial gains/(losses)	(554,000)	152,000
Employer contributions	197,000	189,000
Employee contributions	48,000	47,000
Benefits paid	(19,000)	-
	<u>1,278,000</u>	<u>1,572,000</u>
Closing fair value of scheme assets	<u>1,278,000</u>	<u>1,572,000</u>

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**23. OPERATING LEASE COMMITMENTS**

At 31 August 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

<b>Group</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts payable:</b>		
Within 1 year	<b>23,792</b>	19,626
Between 1 and 5 years	<b>19,248</b>	18,980
<b>Total</b>	<b>43,040</b>	38,606

At 31 August 2017 the academy had annual commitments under non-cancellable operating leases as follows:

<b>Academy</b>		
<b>Amounts payable:</b>		
Within 1 year	<b>23,792</b>	19,626
Between 1 and 5 years	<b>19,248</b>	18,980
<b>Total</b>	<b>43,040</b>	38,606

The above commitments relate to assets other than land and buildings.

**24. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Other than transactions with the subsidiary company, and transactions disclosed in note 11, no related party transactions took place in the period of account.

Details of income and expenditure allocation of the subsidiary are included in accounting policies.

Advantage is taken of FRS 102 exemption from disclosure of all other intra group transactions between wholly owned subsidiaries.

**25. MEMBERS' LIABILITY**

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