

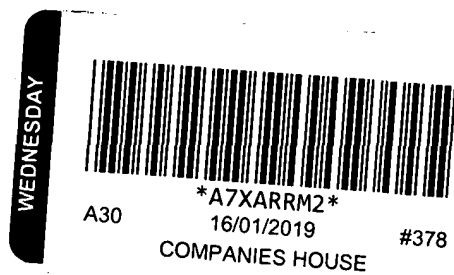
Registered number: 08704162

HERTS & ESSEX MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



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

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

The Governing Body

Members

R Fielden * Chairman
S Brindley
S Cox
S. Dutton
S Loveday

Trustees

J Barfoot
A Forbes
I Graham
G Griffiths
P Harding
J Keogh Vice Chair
A Mansfield (until February 2018)
G Savage *
S Sandhu * (from November 2018 – previously a co-opted governor)
C Tooze * Headteacher & Accounting Officer
S Wilks * (from June 2018 – previously a co-opted governor)

Co-Opted Governors

L Anthony
P Bennett (until October 2018)
C Boylan * (from November 2018)
P Bull (from November 2018)
Z Burnet * (from November 2017)
R Collins (from September 2018)
A Edwards (until September 2018)
J Foster
J Freeman (until February 2018)
Y Gregory (from December 2017)
C Kerins (from January 2018)
S Sandhu * (until November 2018 – became Trustee)
R Saunders (until October 2018)
H Smith *
R Stott (until October 2018)
S Wallace (until October 2017)
S Waters
S Wilks * (until June 2018 – became Trustee)

* Member of Finance Committee

Note: Members and Trustees are the Directors of HEMAT

Company Secretary

N Christopher (to 31 August 2018)
D Todd (from 1 September to 29 November 2018)
E Nelson (from 30 November 2018) *

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Senior Leadership Team

Executive Headteacher (HEMAT)	C Tooze *
Co Headteacher (H&E)	E Kirkham
Co Headteacher (H&E)	R Vaughan
Headteacher (MF)	H Smith*
Executive Deputy Headteacher (HEMAT)	I Chapman
Executive Deputy Headteacher (HEMAT)	J O'Hagan
Deputy Headteacher (MF)	R Collins
Deputy Headteacher (H&E)	P Robinson
Senior Assistant Headteacher: KS5 (H&E)	C Lewis
Finance Director (HEMAT)	E Nelson (from December 2018) *
HR Manager (HEMAT)	S Jennings (until October 2018)
	H Wyatt (from November 2018)
Strategic Leader ICT (HEMAT)	R Woodall
Assistant Headteacher: STEM (H&E)	M Compton
Assistant Headteacher: Communications (H&E)	K Curtis
Assistant Headteacher: HUMMS (H&E)	R Mason
Assistant Headteacher: Inclusion (MF)	E Knox
Assistant Headteacher: EYFS (MF)	V Hind
Assistant Headteacher: KS1 (MF)	R Stott
Assistant Headteacher: KS2 (MF)	J Kanabahita
Assistant Headteacher: KS3 (H&E)	J Patel
Assistant Headteacher: KS4 (H&E)	Z Bradford
Assistant Headteacher: Director of Sport (HEMAT)	H Jones

Company Name

Herts & Essex Multi Academy Trust

Principal and registered office

The Hertfordshire & Essex High School
Warwick Road
Bishop's Stortford
Herts
CM23 5NJ

Company registered number

08704162 (England & Wales)

Independent Auditor

MHA MacIntyre Hudson, New Bridge Street House, 30-34 New Bridge Street, London, EC4V 6BJ

Bankers

NatWest Bank, 7 North Street, Bishop's Stortford, Herts, CM23 2TJ

Solicitors

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

HERTS & ESSEX MULTI ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The Trust operates two schools: Manor Fields Primary School and The Hertfordshire & Essex High School and Science College. Both schools serve a catchment in and around Bishop's Stortford. Admissions are on a non-selective basis, with reference to the catchment area. Manor Fields is a school for children aged 3-11. It has capacity for 420. Herts & Essex is a school for students aged 11 to 18. It has capacity for 1350. The numbers on roll in January 2018 were: Manor Fields 438 and Herts & Essex 1292.

Manor Fields joined the Multi Academy Trust on 1 September 2017. Funds transferred on conversion are detailed in Note 27.

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 trustees are also the directors of the charitable company for the purpose of company law and are also governors. Co-opted governors have the same powers as Trustees other than voting at Trustees meetings and voting for new co-opted governors but are not trustees or directors.

The Charitable Company is known as Herts & Essex Multi Academy Trust. The Trust also has a subsidiary company: Catalyst Teaching School Alliance. It is anticipated that a further subsidiary company will join the Trust within the next year: Herts & Essex Sports Centre Limited.

Details of the Trustees and co-opted Governors who served throughout the year are included in the Reference and Administrative Details on page 1.

Members Liability

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

Trustees' Indemnities

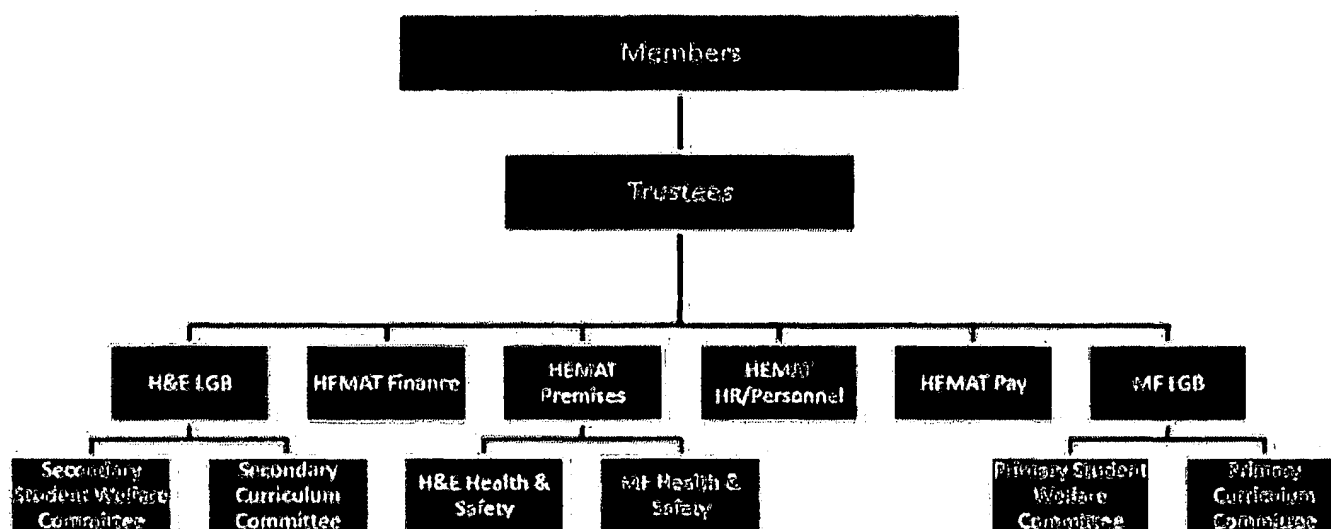
Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover their liability, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The limit of this indemnity is £10,000,000, and in the period under review no sums were paid out.

Principal Activities

To advance for the public benefit education in the United Kingdom, by establishing, maintaining and developing schools which offer a broad and balanced curriculum (the schools).

Herts & Essex Multi Academy Trust

Governance Structure



Method of Recruitment and Appointment or Election of Trustees

All future Governors 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 Governors:

- The Members/Trustees may appoint Governors subject to Articles of Association.
- In addition, Subject to Articles, the Academy Trust shall have the following Governors:
 - a) A minimum of 5 Parent Governors
 - b) Up to 3 Staff Governors.
 - c) Any Additional Governors, as deemed necessary by the 'Secretary of State under the relevant clauses in the Articles of Association'.
- The total number of Governors who are employees of the Academy Trust (including the Executive Headteacher) must not exceed one third of the total number of Governors
- The Executive 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 Executive 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

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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 Governors.

The training and induction provided for new Governors will depend upon their existing experience but would always include a tour of the school and a chance to meet staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors 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 Governors are DBS checked on appointment.

Governors have access to Governor Hub. This area holds a vast amount of information specifically to support, advise and inform Governors in every aspect of their development in this role.

Organisational Structure

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

The Governors 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 Governors including the Executive Headteacher. The Executive Headteacher may delegate responsibilities to the Senior Leadership Team as and when required.

The Trustees/LGBs receive reports including policies from Committees for ratification. They monitor 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 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. This committee operates across the Trust. It also takes responsibility for the annual audit and monitors and reviews the finances of the Trust.

Curriculum Committees – these meet 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. These committees operate within each school separately.

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. This committee operates across the Trust.

Premises Committee - this meets twice per term to monitor and review 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. This committee operates across the Trust and is responsible for ensuring that a Site Improvement Plan is in place, relating to the school premises and associated buildings. It also makes recommendations for future financial planning in relation to the School Site Improvement plan/

Pay Committee – this meets twice per year for the purpose of reviewing the pay of all staff. It comprises the Chair of Governors, Chair and Vice Chair of the Personnel Committee, Chair of the Finance Committee and the Executive Headteacher.

Pay Policy for Key Management Personnel – the key management personnel of the academy are the Senior Leadership Team and the Trustees. Trustees are not remunerated; staff Trustees are remunerated in their role at the Academy.

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FOR THE YEAR ENDED 31 AUGUST 2018

Every member of staff has the outcomes of their PAR objectives reviewed and pay recommendations from the Executive Headteacher are scrutinised and subsequently either approved or otherwise. The Committee reviews the Executive Headteacher's pay, during which time she withdraws from the meeting. The Academy follows the Government guidance for Teachers pay and conditions for schools in England and Wales, and staff are paid in line with pay levels for their scale.

Student Welfare Committees – these meet twice per term and are responsible for all matters in connection with the pastoral care and support of students. These committees operate separately within each school and they determine the admissions arrangements, including oversight of aptitude tests and open mornings/evenings. They also consider and approve policies regarding all aspects of Behaviour and Discipline, including school exclusions. They also maintain a clear knowledge and understanding of the performance of disadvantaged and potentially vulnerable children.

The Trustees and LGBs consider any proposals for changes to the status or constitution of the Trust and its committee structure; to appoint or remove the Chair and/or Vice Chair; to appoint the Executive Headteacher and Clerk to the Governors; to approve the Development Plans and the budgets.

The Trustees and LGBs have devolved responsibility for day to day management of the schools to the Executive Headteacher and Senior Leadership Team (SLT). The SLT comprises the Executive Headteacher, Deputy Headteachers, Finance Director and HR Manager.

The school has a leadership structure which consists of the Governors, the 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 Governors and reporting back to them.

The Executive Headteacher is the Accounting Officer.

Trade Union facility time

The Academy does not have any employees who were relevant trade union officials during the relevant period and has no trade union facility time to report under the provision of the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Related parties and other connected charities and organisations.

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

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

HERTS & ESSEX MULTI ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

Herts & Essex

Herts & Essex has been hugely successful in recent years and many innovative changes have helped raise standards which were already high. A*-C/9-4 percentages including English and Maths outcomes increased from 70% to 80% to 90+% since 2010. Some years ago, value added scores held at around 1000, with a rise to 1016 in 2012 and 1038 in 2014. Since 2016, the new value added measure, Progress 8, placed Herts & Essex amongst the best in Hertfordshire and in the top 5% of schools nationally for the last three consecutive years.

The school enjoyed two specialisms for several years as well as Sportsmark, Arts Mark, ICT Mark, International School, NACE awards, Stonewall Silver Champion and Careers Mark. It has been nationally accredited as one of the country's first 100 Teaching Schools, as well as leading Matrix Maths Hub and a Science Learning Partnership, all in recognition of 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.

Manor Fields

Manor Fields opened in the late 1980s. For many years it was an immensely successful and over-subscribed school for all children aged Nursery to Year 6. Following a period of inconsistent leadership, it received a poor Ofsted inspection outcome in 2016 and was subsequently closed, academised and re-opened in September 2017 within the Herts & Essex Multi Academy Trust.

Under new leadership, Manor Fields retained the trust of its parent body and the local community. Many of the outcomes of the previously weak leadership have caused some difficult legacy for the school. However, a corner has been turned. With external validation, it is self-evaluating as 'good' in all areas, and there is a determined drive to move to outstanding in the next two years.

The main improvement strategies are:

1. Create a positive ethos and high expectations.
2. Work closely with colleagues at Herts & Essex to strengthen leadership and accountability.

Herts & Essex Multi Academy Trust

Motto

- *Sic itur ad astra*, which translates to *Reach for the Stars*

Mission statement

- *Excellence for All*

Values

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

Academic Philosophy

- All through education from birth to university
- The Diamond model: harnesses the benefits of both mixed and single-sex education
- Every child has her/his potential unlocked and aspires to achieve at her/his highest level all the time

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

Facilities and Technologies

- Cutting-edge technology
- State-of-the art Sports facilities
- Modern Sixth Form accommodation
- Fresh, innovative Early Years spaces
- Great food served from great restaurants
- Well-maintained pleasant buildings and environment; a good place in which to work and to learn
- Pleasant mix of modern and historic buildings

Our Values and how we turn them into reality

Creativity

- Modern teaching and learning approaches
- Research-based evidence-led teaching approaches and systems which ensure best practice
- Arts Award, Arts Mark and Music Mark; excellence in all the creative areas
- Music and drama events of the highest standard and quality
- Exposure to all forms of Arts and creativity are developed in all teaching and learning

Compassion

- Assemblies in which horizons are widened and awareness is enabled
- Development of kindness and consideration in everyone
- Voluntary work, charity fundraising, Interact, and giving back are all strong aspects of the culture

Respect

- The School Charter - Respect for All – is central to our positive behaviour ethos
- An equalities-driven philosophy underpins all our work
- Deeply embedded good traditions

Resilience

- An embedded coaching culture
- Positive mental and physical health and wellbeing
- In Sport, as in all competitive situations, we work hard and compete to be the best we can be

Initiative

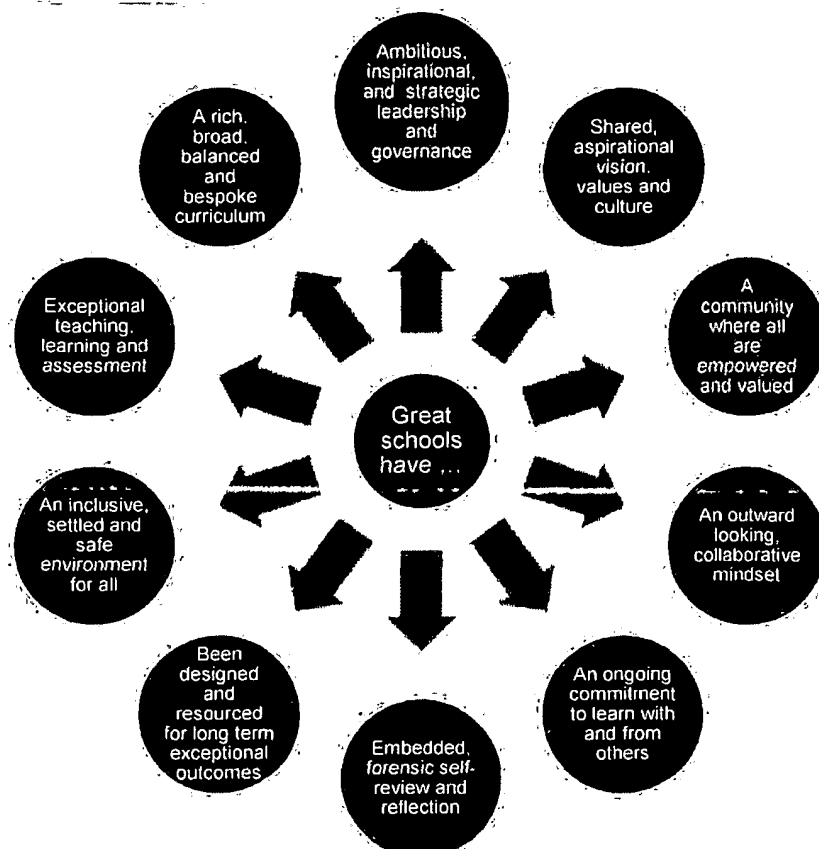
- Enterprise activities are extensive
- Partnerships with other schools and organisations, such as Eden High School, Uganda, Catalyst Teaching School Alliance and Matrix Maths Hub

Independence

- Science, Technology, Maths, Music and Sports competitions such as Olympiads ensure that success at a high level is a reality for our students
- There is high engagement with library-based, online and other study facilities (such as Firefly and the Sixth Form Centre)
- Research is a frequently used tool
- The co-curricular and trips & visits programmes are wide-ranging.

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FOR THE YEAR ENDED 31 AUGUST 2018



How HEMAT schools will become Great Schools

Our Strategic Plan

Ambitious, inspirational and strategic leadership and governance

- Every member of staff to have a place on a career development path
- All new staff to experience training from the start of their time at HEMAT
- Students have accredited leadership opportunities, including sports leadership and SSAT
- The School Council is a force for leadership
- Staff and students are researchers
- 360 degree reviews
- A governance leadership programme is in place

Shared, aspirational vision, values and culture

- The values are developed through the house system in all schools
- The Events Calendar links to the values
- The six values permeate all our work

A community where all are empowered and valued

- A world class school

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

An outward looking, collaborative mind-set

- Develop the outreach work we carry out to enable all teachers and support staff to participate if they would like to do so

An ongoing commitment to learn with and from others

- Research and share best practice between colleagues and across different schools

Embedded forensic self-review and reflection

- Share the best practice across all schools

Designed and resourced for long-term exceptional outcomes

- Fresh, innovative Early Years spaces at MF
- Great food served from great restaurants
- Strategic Finance Director in post
- High-quality HR service, which ties in with recruitment and retention strategies for our staff

An inclusive, settled and safe environment for all

- Improve our H&S through new Fire Alarm systems at H&E
- New roofs on the old H&E buildings (no leaks)
- Embed the School Charter
- Hold Public Exams in the Sports Centre (silence and space guaranteed)
- Create more movement space and social areas for our pupils and students, such as on the old tennis/netball courts at Warwick Road and the outside EYFS area

Exceptional teaching, learning and assessment

- Developmental, frequent observation and feedback by students and staff, including peer observations and feedback
- Access to an academic library for our staff

A rich, broad, balanced and bespoke curriculum

- A shared and clear vision for our all-through curriculum
- Diversify our co-curricular offer further, to include Rowing and Alpine Clubs

Annual Development Plans

Key priorities for the year were contained in our Annual Development Plan (ADP);

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

1. Outstanding Student Progress: Maintain a culture of research and development within both schools 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 schools' communities, 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.

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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.

The main objectives for the Annual Development Plan for 2018-2019 are as follows:

1. Wellbeing for students and staff: creating a mentally healthy community
 - To value the individual as much as the outcome
 - To create a cohesive and collective understanding and confidence regarding mental health and wellbeing within the whole school community
 - To maintain a culture of research and development within the school which will develop innovative practice to support improved mental health and wellbeing
2. Teaching & Learning: Moving from outstanding to exceptional in the Sixth Form
 - Confident, healthy, independent learners who flourish in diverse areas, whether this be in academia, sport, music, leadership, or other co-curricular activities
 - All Year 6 pupils to be 'secondary ready' and KS2 SATS to show positive value-added scores in all areas.
 - Students move on from Year 13 to succeed in their pathway of choice
 - Spirit of excellence and ambition enables high prior-attaining students to achieve targeted A/A* grades
3. Herts & Essex Sports Centre: Developing a thriving community and school Sports Centre
 - Fully utilise the Sports Centre for curricular PE, co-curricular activities and community use
 - Raise participation
 - Support students' and staff's positive wellbeing
 - Operate at a profit
 - Develop existing and new partnerships with a broad range of providers
 - Attract participants and recruit a skilled workforce
4. Catalyst Teaching School Alliance, Science Learning Partnership and Matrix Maths Hub: Widening our sphere of influence
 - Engage and extend our reach across the different regions associated with Catalyst, Science Learning Partnership (SLP) and Matrix Maths Hub (Matrix)
 - Operate at a profit.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

5. Development of Herts & Essex Multi Academy Trust (HEMAT): Monitoring the move from vision to reality
- Create a sustainable Multi Academy Trust (MAT), which has the capacity to share its mission, motto and values more widely. This requires:
 - Strong and effective leadership
 - The realisation of a powerful vision for future expansion and diversification
 - Recruitment and retention of excellent staff
 - Development of improved financial capacity

Public Benefit

The Governors 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 schools aim to advance for the public benefit, education in Bishop's Stortford and the surrounding area. This is evident in results ends of Key Stages, 2 and at GCSE and A Level, and the vast majority of students progressing to Higher Education from Year 13.

Beyond this, the schools aim to unlock the potential of every child and young person in their care, providing exceptional opportunities for personal as well as academic success. With this in mind the schools seek to provide for the cultural, physical, spiritual as well as academic development of students. The wide range of co-curricular activities, educational trips and visits offered to, and taken up, contribute to outstanding schools in which young people 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 2018

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

2018	2017	2016
91%	87%	91%

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

2018	2017
69%	66%

Progress 8 Score:

2018	2017	2016
0.74	0.75	0.69

Progress 8 Score Disadvantaged:	0.11
Progress 8 Score English:	1.01
Progress 8 Score Maths:	0.24
Progress 8 Score Science:	1.01
Progress 8 Score EBacc:	0.81
Progress 8 Score Open:	0.83

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Progress 8 Low Prior Attainment: 1.08
Progress 8 Middle Prior Attainment: 0.79
Progress 8 High Prior Attainment: 0.70

Attainment 8 Score:

2018	2017	2016
61.2	61.3	63.5

Percentage of cohort entered for the E-Bacc:

2018	2017
74%	68%

E-Bacc APS:

2018
5.73

Percentage of students achieving E-Bacc:

2018	2017
67% (4+)	56% (4+)
49% (5+)	48% (5+)

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

2018	2017
90% (4+)	83% (4+)
67% (5+)	71% (5+)

Percentage of 9-7 / A* - A entries:

2018	2017
40.4%	44.1%
National 20.5%	National 20.0%

Percentage of 9-4 / A* - C entries:

2018	2017
95.1%	93%
National 66.9% (71.4% girls)	National 66.3% (71.0% girls)

A Level:

Total percentage of A* grades:

2018	2017	2016	2015	2014
12%	8.3%	6.5%	10.5%	10.6%
National 8.0%	National 8.3%	National 8.1%	National 8.2%	National 8.2%

Total percentage of A* - A grades:

2018	2017	2016	2015	2014
35.4%	34.9%	30.2%	35.0%	34.7%
National 26.4%	National 26.3%	National 25.8%	National 25.9%	National 26%

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Total percentage of A*-B grades:

2018	2017	2016	2015	2014
70%	67.1%	68%	70%	65.3%
National 53.0%	National 53.1%	National 52.9%	National 52.8%	National 52.4%

Total percentage of U grades:

2018	2017	2016	2015	2014
0.3%	1%	0.2%	0.9%	0.8%
National 2.4%	National 2.1%	National 1.9%	National 1.9%	

Students achieving all A*- A grades:

2018	2017	2016	2015	2014
15.0%	13.8%	10.5%	15.8%	14.2%

Students achieving all A*-B grades:

2018	2017	2016	2015	2014
45.6%	43.7%	40.1%	45.3%	46.2%

Manor Fields

EYFSP 3 year trend	2016 GLD			2017 GLD			2018 GLD		
	Sch	Herts	Nat	Sch	Herts	Nat	Sch	Herts	Nat
% attaining good level of development	78%	70%	69%	77%	72%	71%	79%	73%	72%

Phonics Screening Check	2016			2017			2018		
	Sch	Herts	Nat	Sch	Herts	Nat	Sch	Herts	Nat
% Y1 reaching expected standard	93%	83%	81%	97%	83%	81%	85%	84.3%	82.5%

KS1 SATs % reaching age related expectations	2016			2017			2018		
	Sch	Herts	Nat	Sch	Herts	Nat	Sch	Herts	Nat
Reading	80%	79%	78%	80%	80%	79%	85%	79%	76%
Writing	82%	71%	70%	60%	71%	72%	76%	71%	68%
Mathematics	88%	77%	77%	82%	77%	79%	85%	77%	75%
Science	90%	85%	85%	98%	86%	83%	93%	86%	83%

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KS2 SATs % reaching age related expectations	2016			2017			2018		
	Sch	Herts	Nat	Sch	Herts	Nat	Sch	Herts	Nat
Reading	72%	72%	71%	78%	76%	77%	85%	79%	75%
Writing	82%	79%	79%	88%	79%	81%	86%	79%	78%
Mathematics	77%	73%	75%	90%	77%	80%	86%	77%	76%
GPS (sample)	81%	76%	78%	87%	79%	77%	90%	80%	78%
RWM	61%	59%	60%	75%	65%	67%	73%	66%	64%

Key Financial Performance Indicators

During the third period of Academy status, the Members/Trustees/Governors 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 KFPs are designed to analyse not only financial and commercial risk but also staffing ratio(s), academic performance and risk ratios.

Core funding (GAG) is based on student numbers, this is also a key performance indicator. Student numbers for 2018 were 1292 for Herts & Essex and 438 for Manor Fields at census date, an increase on 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 550 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 Governors 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 KFPs. An example is the financial performance indicator which analyses total staff pay as 86% of ESFA income.

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.

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. A 6FE school with a large sixth form is financially more secure and efficient than a 5FE school with a small sixth form.

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

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After making appropriate enquiries, the board of Trustees 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.

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 2018 amounting to £7,386,318 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 £2,304,332. 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 2018, the net expenditure for the year amounted to a deficit of £367,509, excluding the funds inherited at conversion of Manor Fields and other capital income. This demonstrated robust budgetary management with a view to setting funds aside for future priorities and capital projects.

At 31 August 2018 the net book value of tangible fixed assets was £22,491,026 and movements in tangible fixed assets are shown in Note 14 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. Herts & Essex 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. Manor Fields land was valued in 2017 at conversion at £4,313,000 and Manor Fields buildings at £1,914,541.

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 23 to the financial statements.

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, Executive Headteacher (as Accounting Officer), the Finance Director, Managers, budget holders and other affected staff, as well as delegated authority for expenditure and procurement protocols.

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

The Governors 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.

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Reserves Policy

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

The Governors 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 Governors 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 Governors have determined that the appropriate minimum level of cash reserves at year end should be one twelfth of the Trust's annual charitable 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 school's total reserves at the Balance Sheet dated 31 August 2018 were £22,676,423.

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 £2,004,000.

At 31 August 2018 the total funds comprised:

Unrestricted		£406,464
Restricted:	Fixed asset funds	£23,939,729
	Pension reserve	£(2,004,000)
	Other	£334,230
		<u>£22,676,423</u>

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.

Principal Risks and Uncertainties

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

Financial – the trust has considerable reliance on continued Government funding through the ESFA. In the last year the majority 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 in both schools is a 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.

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Reputational – the continuing success of both schools is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success, progress and achievement are closely monitored and reviewed. A strong marketing strategy is also in place.

Safeguarding and child protection – the Governors 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 trust is reliant on the quality of its staff and the Governors 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.

Fraud and mismanagement of funds – the trust 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 Governors have assessed the major risks to which the schools are 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 Governors have implemented a risk management system with the support of the trust'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 schools have an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

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

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

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The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However, as the Governors 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.

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

The trust 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.

Fundraising

The Academy does not use any professional fundraisers. The Trustees monitor all fundraising. Funds raised for other charities during the course of the year are passed to the relevant charity.

PLANS FOR FUTURE PERIODS

Our schools will keep developing over the coming years in order to keep up with the modern world, so that they 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, HEMAT schools 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 schools will be specialised, differentiated and self-evaluative towards improvement. They 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.

HEMAT schools 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.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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.

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 auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 19/12.....2018 and signed on the board's behalf by:



R Fielden
Chair of Trustees

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

SCOPE OF RESPONSIBILITY

As Governors we acknowledge we have overall responsibility for ensuring that Herts & Essex 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 Executive 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 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 2017 to 31 August 2018. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of possible
Laura Anthony	6	6
John Barfoot	4	6
Philippa Bennett	1	6
Zoe Burnet (joined Nov-17)	3	5
Amanda Edwards	3	6
Chair: Robert Fielden	4	6
Ann Forbes	5	6
Janice Freeman (term ended Feb-18)	1	2
Irene Graham	3	6
Yasmin Gregory (joined Dec-17)	4	5
Gary Griffiths	5	6
Paula Harding	5	6
Vice Chair: Judith Keogh	4	6
Colette Kerins (joined Jan-18)	4	4
Alison Mansfield (resigned Feb-18)	2	3
Su Sandhu	5	6
Graham Savage	5	6
Helen Smith	3	6
Executive Headteacher and Accounting Officer: Cathy Tooze	6	6
Sam Wilks	4	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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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

Attendance at Trust and LGB committees is as follows:

Finance Committee

Governor

	Meetings attended	Out of possible
Zoe Burnet	4	5
School Business Manager	1	6
Robert Fielden	3	6
Su Sandhu (Vice Chair)	5	6
G Savage (Chair)	6	6
Helen Smith (joined Mar 2018)	1	3
Bursar (joined Mar 2018)	3	3
C Tooze (Executive Headteacher)	6	6
Simon Wallace (resigned Oct 2017)	0	1
Samantha Wilks	6	6

Premises Committee

Governor

	Meetings attended	Out of possible
John Barfoot	5	6
Ian Chapman (joined committee Nov-17)	5	5
School Business Manager	1	6
Amanda Edwards (left committee Nov-17)	0	1
Robert Fielden	5	6
Ann Forbes (left committee Nov-17)	0	1
Chair: Gary Griffiths	6	6
Paula Harding	1	6
Helen Smith (joined committee Mar-18)	2	3
Cathy Tooze	6	6

Personnel Committee

Governor

	Meetings attended	Out of possible
John Barfoot (Vice Chair)	4	6
Irene Graham (Chair)	6	6
Yasmin Gregory (joined Dec 17)	1	4
Paula Harding	4	6
Shelly Jennings	5	6
Judith Keogh	5	6
Helen Smith (joined committee Nov 17)	5	5
Cathy Tooze	6	6

Secondary Curriculum Committee

Governor

	Meetings attended	Out of possible
Laura Anthony	5	6
Amanda Edwards	5	6
Ann Forbes (Chair)	6	6
Jan Freeman (term ended Feb 18)	0	3
Irene Graham	5	6
Paula Harding	5	6
Judith Keogh (Vice Chair)	2	6
Colette Kerins (joined Jan 18)	4	4
Emma Kirkham	6	6

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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Secondary Student Welfare Committee
Governor

	Meetings attended	Out of possible
Laura Anthony	6	6
Philippa Bennett	2	6
Amanda Edwards (Vice Chair)	6	6
Paula Harding (Chair)	6	6
Colette Kerins (joined Jan 18)	3	3
Ann MacRae (left committee Jan 18)	3	3
Su Sandhu	5	6
Richard Vaughan	6	6

Manor Fields Local Governing Body Meetings
Governor

	Meetings attended	Out of possible
Laura Anthony	5	6
Jan Foster	4	6
Yasmin Gregory (joined Dec 17)	3	4
Alison Mansfield (Chair) (resigned Feb 18)	4	4
Rob Saunders	4	6
Helen Smith	6	6
Rebecca Stott	3	6
Cathy Tooze	5	6
Simon Wallace (resigned Oct 17)	1	2
Stephen Waters	5	6
Sam Wilks (Chair) (joined committee Feb 18)	3	3

Primary Curriculum Committee
Governor

	Meetings attended	Out of possible
Ann Forbes	3	4
Alison Mansfield (resigned Feb 18)	1	1
Rob Saunders (Chair)	4	4
Helen Smith	4	4
Rebecca Stott	2	4
Sam Wilks (joined committee Apr 18)	2	2

Primary Student Welfare Committee
Governor

	Meetings attended	Out of possible
Laura Anthony	2	4
Jan Foster (Chair)	4	4
Paula Harding	3	4
Alison Mansfield (resigned Feb 18)	1	1
Helen Smith	4	4
Rebecca Stott	2	4
Sam Wilks (joined committee Apr 18)	1	2

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

REVIEW OF VALUE FOR MONEY

As accounting officer, the Executive 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 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;

Gym conversion - tendered
Sports Centre build – tendered

In addition to this an annual full staffing review was carried out and staff recruitment made on 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, whilst striving to meet aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 HEMAT for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

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

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

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**GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Academy Trust continued to recognise the need for a specific internal audit function and has appointed MHA MacIntyre Hudson. The internal auditors' 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 Academy Trust on the operation of the systems of control and on the discharge of the Academy Trust's financial responsibilities. For the year under review there were no material control issues noted.

REVIEW OF EFFECTIVENESS

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

- The work of the internal auditor
- The work of the external auditor
- 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 in place.

Approved by order of the members of the board of Trustees on 19/12/18 and signed on its behalf by:


R Fielden
Chair of Trustees


C Tooze
Accounting Officer

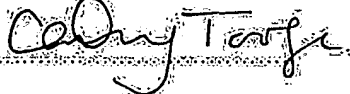
HERTS & ESSEX MULTI ACADEMY TRUST
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

I confirm that no instances of material irregular, 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 Governing Body and ESFA.



C Tooze
Accounting officer

19/12 2018

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

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

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

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

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

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

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

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



.....
R Fielden
Chair of Trustees

Date: 19/12/2018

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

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 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the 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.

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

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

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 or the parent academy or to cease operations, or have no realistic alternative but to do so.

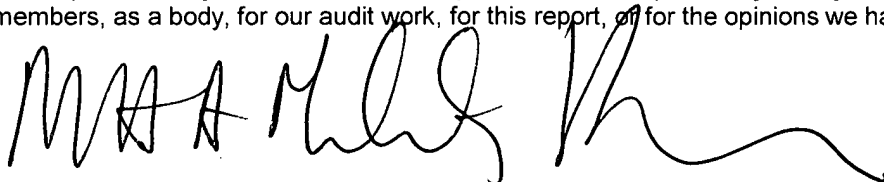
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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: 20/12/18

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

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

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Herts & Essex Multi Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Herts & 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

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

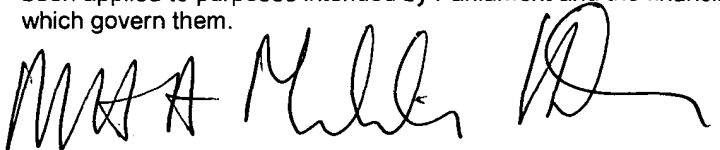
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HERTS & ESSEX MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

MHA MacIntyre Hudson
Chartered Accountants

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date: 20 December 2018

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 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Funds inherited on conversion	2	150,007	(422,000)	6,227,541	5,955,548	-
Other donations and capital grants	2	(3,587)	-	2,304,332	2,300,745	1,029,981
Charitable activities:	5					
Teaching School		-	668,699	-	668,699	297,176
Other charitable activities		139,841	8,292,919	-	8,432,760	6,620,172
Other trading activities	3	516,371	4,851	-	521,222	481,965
Investments	4	2,355	-	-	2,355	2,570
TOTAL INCOME		804,987	8,544,469	8,531,873	17,881,329	8,431,864
EXPENDITURE ON:						
Charitable activities:						
Teaching School		-	236,233	-	236,233	297,176
Other charitable activities		736,105	8,652,386	320,961	9,709,452	7,711,860
Other expenditure	6	-	43,273	-	43,273	104,550
TOTAL EXPENDITURE	8	736,105	8,931,892	320,961	9,988,958	8,113,586
NET INCOME BEFORE TRANSFERS		68,882	(387,423)	8,210,912	7,892,371	318,278
Transfers between funds	19	-	235,584	(235,584)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		68,882	(151,839)	7,975,328	7,892,371	318,278
Actuarial gains on defined benefit pension schemes	23	-	360,000	-	360,000	901,000
NET MOVEMENT IN FUNDS		68,882	208,161	7,975,328	8,252,371	1,219,278
RECONCILIATION OF FUNDS:						
Total funds brought forward		105,608	(1,660,373)	15,978,817	14,424,052	13,204,774
TOTAL FUNDS CARRIED FORWARD		174,490	(1,452,212)	23,954,145	22,676,423	14,424,052

The notes on pages 37 to 68 form part of these financial statements.

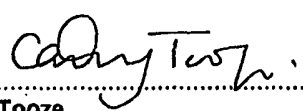
HERTS & ESSEX MULTI ACADEMY TRUST**(A Company Limited by Guarantee)**
REGISTERED NUMBER: 08704162

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		22,491,026		15,292,963
Investments	15		21,994		21,599
			<u>22,513,020</u>		<u>15,314,562</u>
CURRENT ASSETS					
Debtors	17	362,708		181,451	
Cash at bank and in hand		2,968,351		1,321,757	
		<u>3,331,059</u>		<u>1,503,208</u>	
CREDITORS: amounts falling due within one year	18	<u>(1,163,656)</u>		<u>(696,718)</u>	
NET CURRENT ASSETS			<u>2,167,403</u>		<u>806,490</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,680,423</u>		<u>16,121,052</u>
Defined benefit pension scheme liability	23		<u>(2,004,000)</u>		<u>(1,697,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>22,676,423</u></u>		<u><u>14,424,052</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	551,788		36,627	
Restricted fixed asset funds	19	23,954,145		15,978,817	
		<u>24,505,933</u>		<u>16,015,444</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(2,004,000)</u>		<u>(1,697,000)</u>	
Total restricted income funds			<u>22,501,933</u>		<u>14,318,444</u>
Unrestricted income funds	19		<u>174,490</u>		<u>105,608</u>
TOTAL FUNDS			<u><u>22,676,423</u></u>		<u><u>14,424,052</u></u>

The financial statements on pages 33 to 68 were approved by the Trustees, and authorised for issue, on 19/12/18 and are signed on their behalf, by:


.....
R Fielden
Chair of Trustees


.....
C Tooze
Accounting Officer

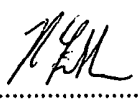
The notes on pages 37 to 68 form part of these financial statements.

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

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		22,491,026		15,292,963
Investments	15		22,096		21,601
			<u>22,513,122</u>		<u>15,314,564</u>
CURRENT ASSETS					
Debtors	17	390,770		180,222	
Cash at bank		2,813,646		1,256,516	
		<u>3,204,416</u>		<u>1,436,738</u>	
CREDITORS: amounts falling due within one year	18	(1,037,115)		(630,250)	
NET CURRENT ASSETS			<u>2,167,301</u>		<u>806,488</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,680,423</u>		<u>16,121,052</u>
Defined benefit pension scheme liability	23		(2,004,000)		(1,697,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>22,676,423</u></u>		<u><u>14,424,052</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds		334,230		36,627	
Restricted fixed asset funds		23,939,729		15,978,817	
Restricted funds excluding pension asset		<u>24,273,959</u>		<u>16,015,444</u>	
Pension reserve		(2,004,000)		(1,697,000)	
Total restricted funds			<u>22,269,959</u>		<u>14,318,444</u>
Unrestricted funds			<u>406,464</u>		<u>105,608</u>
TOTAL FUNDS			<u><u>22,676,423</u></u>		<u><u>14,424,052</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 19/12/18 and are signed on their behalf, by:



R Fielden
 Chair of Trustees



C Tooze
 Accounting Officer

The notes on pages 37 to 68 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	781,397	(88,511)
Cash flows from investing activities:			
Investment income		2,355	2,570
Purchase of tangible fixed assets		(7,519,024)	(857,260)
Capital grants		2,304,332	1,029,981
Fixed assets transferred from local authority on conversion		6,227,541	=
Cash transferred from local authority on conversion		(150,007)	=
Net cash provided by investing activities		865,197	175,291
Change in cash and cash equivalents in the year		1,646,594	86,780
Cash and cash equivalents brought forward		1,321,757	1,234,977
Cash and cash equivalents carried forward	22	2,968,351	1,321,757

The notes on pages 37 to 68 form part of these financial statements.

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

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

1. ACCOUNTING POLICIES

Herts & Essex Multi Academy Trust is a company limited by guarantee and incorporated in England. The registered office is detailed on page 2. The principal activity is addressed in the Trustees Report.

On 1 September 2017 Manor Fields Primary School joined Herts & Essex Multi Academy Trust. All operations, assets and liabilities were transferred for nil consideration.

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Herts & Essex Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the trust and its subsidiary undertaking, Catalyst Innovation for Education Limited. The results of the subsidiary are consolidated on a line by line basis. The addition in the year of Herts & Essex Sports Centre Limited, a company with a share capital of £100, has been consolidated. It has remained dormant throughout the year, (note 15).

No separate SOFA has been presented for the trust alone as permitted by section 408 of the Companies Act 2006. The surplus of the academy alone was £8,252,371 (2017 - £1,219,278).

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

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

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

1. ACCOUNTING POLICIES (continued)

1.3 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 meeting any performance-related conditions, there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income, until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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.

Where assets are transferred from an existing entity into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signature of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of the entity into the trust within income and donations and grants.

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

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

1. ACCOUNTING POLICIES (continued)

1.4 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 apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

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. Where tangible fixed assets are transferred to the Academy by the local authority on conversion, they are included at the valuation at the date of transfer.

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
Leasehold property	⇒	2% per annum on a straight line basis
Furniture and fixtures	⇒	10% per annum on a straight line basis
Computer equipment	⇒	33.3% per annum on a straight line basis
Freehold land	⇒	Not depreciated
Leasehold 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.

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

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

1. ACCOUNTING POLICIES (continued)

1.6 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.

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 results of subsidiaries acquired during the year are included from the effective date of acquisition.

The Academy Trust has taken advantage of the exemption contained within section 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 £8,252,371 (2017 - £1,219,278).

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.

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

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

1. ACCOUNTING POLICIES (continued)

1.12 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.

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 17. 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 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial 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 23, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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1. ACCOUNTING POLICIES (continued)

The LGPS is a funded multi-employer 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.

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 funders where the asset acquired or created is held for a specific purpose.

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

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

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

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 property valuations, depreciation and asset lives.

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NOTES TO THE FINANCIAL STATEMENTS
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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Funds inherited on conversion	150,007	(422,000)	6,227,541	5,955,548	-
Donations	(3,587)	-	-	(3,587)	-
Capital Grants	-	-	2,304,332	2,304,332	1,029,981
Subtotal	(3,587)	-	2,304,332	2,300,745	1,029,981
	146,420	(422,000)	8,531,873	8,256,293	1,029,981
Total 2017	-	-	1,029,981	1,029,981	-

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	41,898	-	41,898	28,754
Catering income	441,145	-	441,145	383,044
Teaching income	33,328	4,851	38,179	70,167
Total 2018	516,371	4,851	521,222	481,965
Total 2017	435,063	46,902	481,965	-

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest receivable	2,355	-	2,355	2,570
Total 2017	2,570	-	2,570	-

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**NOTES TO THE FINANCIAL STATEMENTS
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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,142,584	7,142,584	5,611,792
Pupil Premium	-	93,600	93,600	65,883
Other ESFA/DfE grants	-	150,134	150,134	-
Teaching school grants	-	668,699	668,699	297,176
		8,055,017	8,055,017	5,974,851
Other government grants				
Other government grants	-	260,527	260,527	208,140
Special educational projects	-	37,069	37,069	15,403
		297,596	297,596	223,543
Other funding				
Trip income	-	450,216	450,216	405,305
Other fund income	139,841	158,789	298,630	313,649
	139,841	609,005	748,846	718,954
Total 2018	139,841	8,961,618	9,101,459	6,917,348
Total 2017	88,065	6,829,283	6,917,348	

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

6. OTHER EXPENDITURE

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Expenditure of subsidiary	-	43,273	43,273	104,550
Total 2017	3,514	101,036	104,550	

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7. EXPENDITURE

	Staff costs	Premises	Other costs	Total	Total
	2018	2018	2018	2018	2017
	£	£	£	£	£
Educational operations:					
Direct costs	5,676,883	320,961	1,049,614	7,047,458	5,631,091
Support costs	1,251,919	92,692	1,553,616	2,898,227	2,377,945
	6,928,802	413,653	2,603,230	9,945,685	8,009,036
Total 2017	5,478,383	514,981	2,015,672	8,009,036	

Of the total expenditure on educational operations £736,105 (2017 - £508,525) was from unrestricted funds, £8,888,619 (2017 - £7,232,035) was from restricted funds and £320,961 (2017 - £268,476) was from restricted fixed asset funds.

Teaching School Grant

	2018	2017
	£	£
Income		
Maths Hub Income	620,699	249,176
Catalyst Core Grant	48,000	48,000
Total Income	668,699	297,176
Expenditure		
Wages costs	(157,833)	(142,164)
Other learning resources	(359,674)	(155,012)
Total Expenditure	(517,507)	(297,176)
Carry forward	151,192	

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

8. CHARITABLE EXPENDITURE

	Direct costs	Support costs	Total	Total
	2018	2018	2018	2017
	£	£	£	£
Charitable activities	7,047,458	2,898,227	9,945,685	8,009,036
Total 2017	5,631,091	2,377,945	8,009,036	

Analysis of support costs

	Activities	Total	Total
	£	2018	2017
	£	£	£
Staff costs	1,251,919	1,251,919	938,589
Educational supplies	273,490	273,490	295,534
Technology costs	15,342	15,342	15,374
Educational consultancy	34,569	34,569	15,730
Maintenance of premises and equipment	92,692	92,692	137,294
Staff advertising and recruitment	11,287	11,287	18,740
Rent and rates	45,753	45,753	31,951
Energy	139,065	139,065	109,213
Insurance	47,647	47,647	25,497
Catering	514,875	514,875	385,259
Other occupancy costs	213,689	213,689	139,917
Other support costs	211,642	211,642	225,018
Governance costs	46,257	46,257	39,829
	2,898,227	2,898,227	2,377,945
At 31 August 2017	2,377,945	2,377,945	

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NOTES TO THE FINANCIAL STATEMENTS
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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	320,961	268,476
Auditors' remuneration	14,350	14,407
Auditors' remuneration - other services	9,787	8,311
Operating lease rentals	9,293	19,626

There were no donations to the academy from the subsidiary company in the year. Herts & Essex Multi Academy Trust had two academies in the year ended 31 August 2018 within the multi academy trust.

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 £22,676,423 (2017: £14,424,052).

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NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	5,207,878	4,096,797
Social security costs	495,782	402,431
Pension costs	1,190,332	862,527
	<u>6,893,992</u>	<u>5,361,755</u>
Agency staff costs	7,707	116,628
Staff restructuring	27,103	-
	<u>6,928,802</u>	<u>5,478,383</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	<u>27,103</u>	<u>-</u>

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

Included in staff restructuring costs are non-statutory severance payments totalling £27,103 (2017 - £Nil). The payment was made in one installment during July 2018 to one employee.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	106	75
Administration and support	113	64
Management	10	8
	<u>229</u>	<u>147</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS (continued)

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	2	1
In the band £120,001 - £130,000	1	1

All of the above employees (2017 - 3) participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff members amounted to £48,775 (2017 - £46,875).

e. Key management personnel

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 £762,249 (2017 - £619,772). The amount of employee benefits (including employer pension contributions) received by the trustees is disclosed in note 11. The Head Teacher is both a member of the senior management team and a trustee.

11. CENTRAL SERVICES

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

- Human resources
- Strategic support
- Finance
- Governor support
- Premises Team CPD
- Information Technology
- CEO costs

The academy charges for these services on the following basis:

Herts & Essex Multi Academy Trust recharges Manor Fields Primary School for these services on the basis of time apportionment of the remuneration of the relevant staff providing the central services, as agreed by the Accounting Officer and the Chief Finance Officer of the Trust.

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Manor Fields Primary	80,000	

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NOTES TO THE FINANCIAL STATEMENTS
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12. 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:

		2018	2017
		£'000	£'000
C Tooze, Headteacher and	Remuneration	125-130	120-125
Accounting Officer	Pension contributions paid	20-25	20-25

During the year, expenses totalling £1,525 (2017 - £217) were reimbursed to two trustees (2017 - one Trustee).

13. TRUSTEES' AND OFFICERS' INSURANCE

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

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

14. TANGIBLE FIXED ASSETS

Group and Academy	Freehold property £	Leasehold property £	Assets under construction £	Furniture and fixtures £	Computer equipment £	Total £
Cost						
At 1 September 2017	16,107,678			50,577	14,124	16,172,379
Additions			1,253,030	17,519	20,934	1,291,483
Transfer on conversion		6,227,541				6,227,541
At 31 August 2018	16,107,678	6,227,541	1,253,030	68,096	35,058	23,691,403
Depreciation						
At 1 September 2017	855,173			10,951	13,292	879,416
Charge for the year	270,154	38,291		5,495	7,021	320,961
At 31 August 2018	1,125,327	38,291		16,446	20,313	1,200,377
Net book value						
At 31 August 2018	14,982,351	6,189,250	1,253,030	51,650	14,745	22,491,026
At 31 August 2017	15,252,505			39,626	832	15,292,963

Additions in the year included £6,227,541 transferred into the MAT with the new primary school. The remainder represents renovation of the main school building. Additions from Manor Fields Primary were transferred at fair value.

A capital grant of £1,463,119 (2017 - £685,854) remains unspent at 31 August 2018. 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 2018. The leasehold property was valued by the local authority at the time of conversion. The freehold of the land and buildings transferred from Manor Fields is held by the local authority under a 125 year lease, at no charge to the academy.

Land valued at £6,913,000 (2017 - £2,600,000) is not depreciated.

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

15. FIXED ASSET INVESTMENTS

Group	Other investments £
Market value	
At 1 September 2017	21,599
Revaluation	395
	<hr/>
At 31 August 2018	21,994
	<hr/>

Other investments

The above other investments consist of funds held by Hertfordshire County Council on behalf of the Academy with a market value of £21,994 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 as authorised and is therefore held as a restricted reserve.

Academy	Other investments £	Sub total carried forward £
Market value		
At 1 September 2017	21,599	21,599
Revaluation	395	395
	<hr/>	<hr/>
At 31 August 2018	21,994	21,994
	<hr/>	<hr/>

Academy	Sub total brought forward £	Shares in group undertakings £	Total £
Market value			
At 1 September 2017	21,599	2	21,601
Revaluation/Addition	395	100	495
	<hr/>	<hr/>	<hr/>
At 31 August 2018	21,994	102	22,096
	<hr/>	<hr/>	<hr/>

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

15. FIXED ASSET INVESTMENTS (continued)

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.

The addition in the year is the wholly owned subsidiary, Herts & Essex Sports Centre Limited. This is included in the balance sheet at the cost of the share capital owned, being 100 shares of £1. Herts & Essex Sports Centre Limited was dormant during the year. Herts & Essex Sports Centre Limited is incorporated in the UK.

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

16. 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 2018	£ 161,813
Total liabilities as at 31 August 2018	£ 161,811
Total equity as at 31 August 2018	£ 2
Turnover for the year ended 31 August 2018	£ 128,556
Expenditure for the year ended 31 August 2018	£ (128,556)
Result for the year ended 31 August 2018	£

Herts & Essex Sports Centre Limited

Subsidiary name	Herts & Essex Sports Centre Limited
Company registration number	11145421
Basis of control	
Equity shareholding %	100%
Total assets as at 31 August 2018	£ 100
Total liabilities as at 31 August 2018	£
Total equity as at 31 August 2018	£ 100
Turnover for the year ended 31 August 2018	£
Expenditure for the year ended 31 August 2018	£
Result for the year ended 31 August 2018	£

The registered office of the subsidiaries are the same as the registered office of the Multi Academy Trust.

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NOTES TO THE FINANCIAL STATEMENTS
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17. DEBTORS

	Group		Academy	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	89,391	19,772	89,565	18,543
Other debtors	118,190	47,919	118,190	47,919
Prepayments and accrued income	155,127	113,760	183,015	113,760
	362,708	181,451	390,770	180,222

18. CREDITORS: Amounts falling due within one year

	Group		Academy	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	25,232	(2,091)	15,111	(2,091)
Other taxation and social security	124,699	-	124,699	-
Other creditors	134,664	-	134,664	-
Accruals and deferred income	879,061	698,809	762,641	632,341
	1,163,656	696,718	1,037,115	630,250

	Group		Academy	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	354,882	182,780	293,101	121,394
Resources deferred during the year	370,239	354,882	256,853	293,101
Amounts released from previous years	(354,882)	(182,780)	(293,101)	(121,394)
Deferred income at 31 August 2018	370,239	354,882	256,853	293,101

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18. CREDITORS: Amounts falling due within one year (continued)

Deferred income of the academy at 31 August 2018 represents funds received in advance or where conditions for recognition have not been met for the following purposes:

	2018 £	2017 £
Maths Hub Teaching Grant	-	125,334
Lettings Income	15,876	10,513
Music Lessons	26,096	28,709
Catering Income	18,896	16,005
Trip Income	133,714	108,872
Donations	60,000	-
Other Learning Resources	2,271	3,668
Total	<u>256,853</u>	<u>293,101</u>

Deferred income of the group at 31 August 2018 represents the above amounts in addition to £113,386 (2017 - £61,781) of grant income.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted funds	105,608	804,987	(736,105)	-	-	174,490
Restricted funds						
General Annual Grant (GAG)	-	7,142,583	(7,092,605)	235,584	-	285,562
Other DfE/ESFA grants	-	243,734	(237,722)	-	-	6,012
Other restricted funds	36,627	911,453	(839,058)	-	-	109,022
Teaching School Fund	-	668,699	(517,507)	-	-	151,192
Pension reserve	(1,697,000)	(422,000)	(245,000)	-	360,000	(2,004,000)
	<u>(1,660,373)</u>	<u>8,544,469</u>	<u>(8,931,892)</u>	<u>235,584</u>	<u>360,000</u>	<u>(1,452,212)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	15,978,817	8,531,873	(320,961)	(235,584)	-	23,954,145
Total restricted funds	<u>14,318,444</u>	<u>17,076,342</u>	<u>(9,252,853)</u>	<u>-</u>	<u>360,000</u>	<u>22,501,933</u>
Total of funds	<u>14,424,052</u>	<u>17,881,329</u>	<u>(9,988,958)</u>	<u>-</u>	<u>360,000</u>	<u>22,676,423</u>

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

Unrestricted funds are those funds to be used for the charitable objects at the discretion of the trustees.

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 2018. 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 transfers to GAG from restricted fixed asset funds of £235,584 represents capital funding used on revenue expenditure. The difference of £1,463,119 between the NBV of fixed assets and the fixed asset funds represents unspent capital funding.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Herts and Essex Academy	523,233	142,235
Manor Fields Primary School	203,045	-
Total before fixed asset fund and pension reserve	726,278	142,235
Restricted fixed asset fund	23,954,145	15,978,817
Pension reserve	(2,004,000)	(1,697,000)
Total	22,676,423	14,424,052

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Herts and Essex Academy	4,543,725	1,021,194	177,283	2,179,860	7,922,062	7,865,110
Manor Fields Primary School	1,133,158	230,725	26,602	355,450	1,745,935	-
	5,676,883	1,251,919	203,885	2,535,310	9,667,997	7,865,110

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

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General unrestricted funds	88,435	525,698	(508,525)	-	-	105,608
Restricted funds						
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>
Restricted fixed asset funds						
Restricted fixed asset funds	15,219,353	1,029,981	(268,476)	(2,041)	-	15,978,817
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>

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**NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General unrestricted funds	88,435	1,330,685	(1,244,630)	-	-	174,490
Restricted funds						
General Annual Grant (GAG)	-	12,820,258	(13,209,306)	674,610	-	285,562
Other DfE/ESFA grants	-	768,388	(758,197)	(4,179)	-	6,012
Other restricted funds	327,986	1,585,309	(1,371,467)	(432,806)	-	109,022
Teaching School Fund	-	668,699	(517,507)	-	-	151,192
Pension reserve	(2,431,000)	(422,000)	(412,000)	-	1,261,000	(2,004,000)
	(2,103,014)	15,420,654	(16,268,477)	237,625	1,261,000	(1,452,212)
Restricted fixed asset funds						
Restricted fixed asset funds	15,219,353	9,561,854	(589,437)	(237,625)	-	23,954,145
	13,116,339	24,982,508	(16,857,914)	-	1,261,000	22,501,933
Total of funds	13,204,774	26,313,193	(18,102,544)	-	1,261,000	22,676,423

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	22,491,026	22,491,026
Fixed asset investments	-	21,994	-	21,994
Current assets	181,378	1,686,563	1,463,119	3,331,060
Creditors due within one year	107,895	(1,271,552)	-	(1,163,657)
Pension reserve	-	(2,004,000)	-	(2,004,000)
	174,490	(1,452,212)	23,954,145	22,676,423

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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	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>

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

	Group	
	2018	2017
	£	£
Net income for the year (as per Statement of Financial Activities)	7,892,371	318,278
Adjustment for:		
Increase in restricted investment	(395)	(411)
Depreciation charges	320,961	268,476
Dividends, interest and rents from investments	(2,355)	(2,570)
(Increase)/decrease in debtors	(181,257)	2,620
Increase in creditors	466,938	188,077
Capital grants from DfE and other capital income	(2,304,332)	(1,029,981)
Defined benefit pension adjustment	245,000	167,000
Pension fund transferred from local authority on conversion	422,000	
Fixed assets transferred from local authority on conversion	(6,227,541)	
Cash transferred from local authority on conversion	150,007	
Net cash provided by/(used in) operating activities	<u>781,397</u>	<u>(88,511)</u>

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22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group	
	2018	2017
	£	£
Cash at bank and in hand	2,968,351	1,321,757
Total	2,968,351	1,321,757

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

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23. PENSION COMMITMENTS (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £648,000 (2017 - £500,190).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £373,000 (2017 - £245,000), of which employer's contributions totalled £297,000 (2017 - £197,000) and employees' contributions totalled £76,000 (2017 - £48,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.50 %	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %
Commutation pre April 2008 service	50.00 %	50.00 %
Commutation post April 2008 service	75.00 %	75.00 %

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

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

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23. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Salary Increase Rate +0.5%	91,000	78,000
Discount Rate -0.5%	518,000	370,000
Pension Increase Rate +0.5%	420,000	284,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,176,000	831,000
Debt instruments	776,000	320,000
Property	177,000	89,000
Cash and other liquid assets	89,000	38,000
Total market value of assets	2,218,000	1,278,000

The actual return on scheme assets from 1 October 2017 to 30 June 2018 was 5.8% (2017 - 7.7%)

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

	2018 £	2017 £
Current service cost	(487,000)	(315,000)
Interest income	49,000	34,000
Interest cost	(104,000)	(83,000)
Total	(542,000)	(364,000)

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

	2018 £	2017 £
Opening defined benefit obligation	2,975,000	4,003,000
Transferred in on existing academies joining the trust	912,000	-
Current service cost	487,000	315,000
Interest cost	104,000	83,000
Employee contributions	76,000	48,000
Actuarial gains	(305,000)	(1,455,000)
Benefits paid	(27,000)	(19,000)
Closing defined benefit obligation	4,222,000	2,975,000

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23. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	1,278,000	1,572,000
Transferred in on existing academies joining the trust	490,000	-
Interest income	49,000	34,000
Actuarial gains/(losses)	55,000	(554,000)
Employer contributions	297,000	197,000
Employee contributions	76,000	48,000
Benefits paid	(27,000)	(19,000)
Closing fair value of scheme assets	2,218,000	1,278,000

24. OPERATING LEASE COMMITMENTS

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

Group	2018 £	2017 £
Amounts payable:		
Within 1 year	9,293	23,792
Between 1 and 5 years	21,157	19,248
Total	30,450	43,040

At 31 August 2018 the academy had annual commitments under non-cancellable operating leases as follows:

Academy		
Amounts payable:		
Within 1 year	9,293	23,792
Between 1 and 5 years	21,157	19,248
Total	30,450	43,040

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

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25. RELATED PARTY TRANSACTIONS

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

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.

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

26. MEMBERS' LIABILITY

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

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27. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

On 1 September 2017 Manor Fields Primary School joined Herts & Essex Multi Academy Trust and all operations, assets and liabilities were transferred for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a donation of assets and liabilities at their fair value.

Manor Fields Primary School

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Assets			
Fixed assets	6,227,541		6,227,541
Cash in bank and in hand	150,007		150,007
Liabilities			
Pension scheme liabilities	(912,000)		(912,000)
Pension scheme assets	490,000		490,000
Net assets	5,955,548		5,955,548