

Company Registration Number: 08762217 (England & Wales)

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST (PREVIOUSLY  
KNOWN AS THE BISHOP ANTHONY EDUCATIONAL TRUST)  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

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**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	J Clark (resigned 17 July 2019) E Benson (resigned 17 October 2018) A Teale (resigned 17 January 2019) Revd Preb M Kneen (appointed 8 October 2018, resigned 17 July 2019) Dr K Bill (resigned 10 January 2019) S Pratley (appointed 11 January 2019) S Borthwick (appointed 15 February 2019) Kym Wilcocks (appointed 17 July 2019) Bishop R Frith (appointed 17 July 2019)
<b>Directors</b>	J Tinsley (resigned 17 January 2019) J Clark, Chair (resigned 17 July 2019) Bishop R Frith, Chair (appointed 17 July 2019) K Wilcocks (appointed 26 September 2018, resigned 17 July 2019) A Smith A Soper S Whawell (resigned 17 July 2019) Rev Dr K Hopkins (resigned 17 July 2019) S Price (resigned 17 July 2019) J Wilding (resigned 3 September 2018) D Cook (resigned 17 July 2019) B Franklin (appointed 17 July 2019) C Watson (appointed 17 July 2019) K Skerrett (appointed 17 July 2019) K Askew (appointed 17 July 2019) L Stevenson (appointed 17 July 2019) M Simmons (appointed 17 July 2019) P Banford (appointed 17 July 2019) R Pizii (appointed 17 July 2019) S Robertson (appointed 17 July 2019) W Finn, Vice Chair (appointed 17 July 2019) A Teale, Chief Executive Officer (appointed 17 January 2019)
<b>Company registered number</b>	08762217
<b>Company name</b>	Diocese of Hereford Multi Academy Trust
<b>Principal and registered office</b>	Unit 11 The Business Quarter Sheet Road Ludlow SY8 1FD
<b>Accounting Officer</b>	A Teale
<b>Senior management team</b>	J Tinsley, Chief Executive Officer (resigned 17 January 2019) A Teale, Chief Executive Officer (appointed 17 January 2019) D Lewis, Chief Finance Officer J du Cros, Academy Effectiveness Officer P Paulson, Senior Education Officer

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB
<b>Solicitors</b>	Stone King LLP 13 Queen Square Bath BA1 2HJ
<b>Academies in the Trust</b>	Bishop's Castle Primary School Bitterley Church of England Primary School Burford Church of England Primary School Burley Gate Church of England Primary School Condoover Church of England Primary School Ludlow Church of England School Ludlow Infant and Nursery School Academy Ludlow Junior School Morville Church of England Primary School St Edward's Church of England Primary School St George's Church of England Academy Clun St Michael's Church of England Primary School St Thomas Cantilupe Church of England Academy Tenbury Church of England Primary School The Hereford Academy Eastnor Parochial Primary School (from 1 November 2018)

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2019**

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

On the 23 July 2019 The Bishop Anthony Educational Trust (BAET) formally changed its name to Diocese of Hereford Multi Academy Trust (DHMAT). The Trust operates 14 primary and 2 secondary academies in in The Diocese of Hereford. It's academies have a combined pupil capacity of 4,001 and had a roll of 3,013 in the school census on 1 October 2018. On 1 November 2018, Eastnor Parochial Primary School joined DHMAT; as at 1 October 2018, Eastnor Parochial Primary School had pupil capacity of 84 and numbers on roll of 88.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

BAET was incorporated on 5 November 2013, as a company limited by guarantee and an exempt charity. On the 23 July 2019 the Members agreed to formally changed its name to Diocese of Hereford Multi Academy Trust (DHMAT). The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Directors of Diocese of Hereford Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Diocese of Hereford Multi Academy Trust.

Details of the Directors who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

**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 they ceased to be a member.

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	4
Full-time equivalent employee number	3

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	4
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time**

	£	
Total cost of facility time	2,338	
Total pay bill	12,550,200	
Percentage of total pay bill spent on facility time	-	%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Directors' Indemnities**

Directors benefit from indemnity insurance purchased at DHMAT's expense to cover the liability of the Directors 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of trust or breach of duty or which was committed by the Directors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as Directors of DHMAT. The limit of this indemnity is £500,000.

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

DHMAT runs a number of academies including Church of England and Community academies. To ensure that the vision and ethos of the Church of England is upheld in the Church of England is upheld in the Church academies. The Diocese Board of Education appoint the DHMAT members; these Members represent the Church of England and at least 50% of all Directors will be appointed by the Church of England. This reflected in DHMAT's Articles of Association.

Potential new Directors are identified through a number of sources including the Diocese of Herford and the Regional School's Commissioner Academy Ambassadors programme. When appointing new Directors, the Board will give consideration to the skills and experience mix of existing Directors in order to ensure that the Board has the necessary skills to contribute fully to DHMAT's development. Following an interview with Chairman of the Board and Chief Executive Officer, their names are proposed to DHMAT's Members for approval.

The Directors of DHMAT can co-opt additional Directors on to the board for a maximum period of one year.

The Board as of 31 August 2019 consist of:

Bishop R Frith	Co-Opted Non-Executive Director - Chairman
A Smith	Non-Executive Director
A Teale	Chief Executive Officer
W Finn	Co-Opted Non-Executive Director – Vice Chairman
A Sopor	Non-Executive Director
M Simmons	Co-Opted Non-Executive Director
S Robertson	Co-Opted Non-Executive Director
K Askew	Co-Opted Non-Executive Director
P Banford	Co-Opted Non-Executive Director
B Franklin	Co-Opted Non-Executive Director
C Watson	Co-Opted Non-Executive Director
L Stevenson	Co-Opted Non-Executive Director
R Pizii	Co-Opted Non-Executive Director
K Skerrett	Co-Opted Non-Executive Director

Directors are appointed for a four-year period (apart from the CEO who serves for the duration of their appointment). Subject to remaining eligible to be a particular type of Director, any Director can be re-appointed.

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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

The training and induction provided for new Directors will depend upon their existing experience but would always include an offer to visit DHMAT's academies and a chance to meet staff and pupils. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors. As there are normally only two or three new Directors a year, induction tends to be done informally and is tailored to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**Subsidiary Companies**

At 31 August 2019, DHMAT had sole ownership of HERECAD which is a trading arm of DHMAT used to provide catering services and provide income from lettings within The Herford Academy.

**Organisational Structure**

The structure consists of the following levels: DHMAT Members (appointed by the Diocesan Board of Education (DBE) and made up of the Diocesan Director of Education (DDE), the Chair and two others), the DHMAT Board, the Chief Executive Officer (CEO) and individual Academy Local Governing Bodies (LGBs). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all level whilst maintaining accountability.

The DHMAT Board ensure compliance with charity and company law requirements and has two core functions: to set the strategic direction of the organisation and ensure the financial probity of DHMAT.

There were three committees in operation for the financial year as follow:

- Resources Committee – this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with report and regulatory requirements and reporting, receiving reports from the Responsible Officer/Internal Auditor considering senior officer salaries and drafting the annual budget including setting staff levels.
- Audit and Risk Committee – this meets three times a year to monitor any exceptions to spending, the risk register, and the termly responsible officer reports.
- Education Committee – this meets five times a year to evaluate and review Trust wide policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

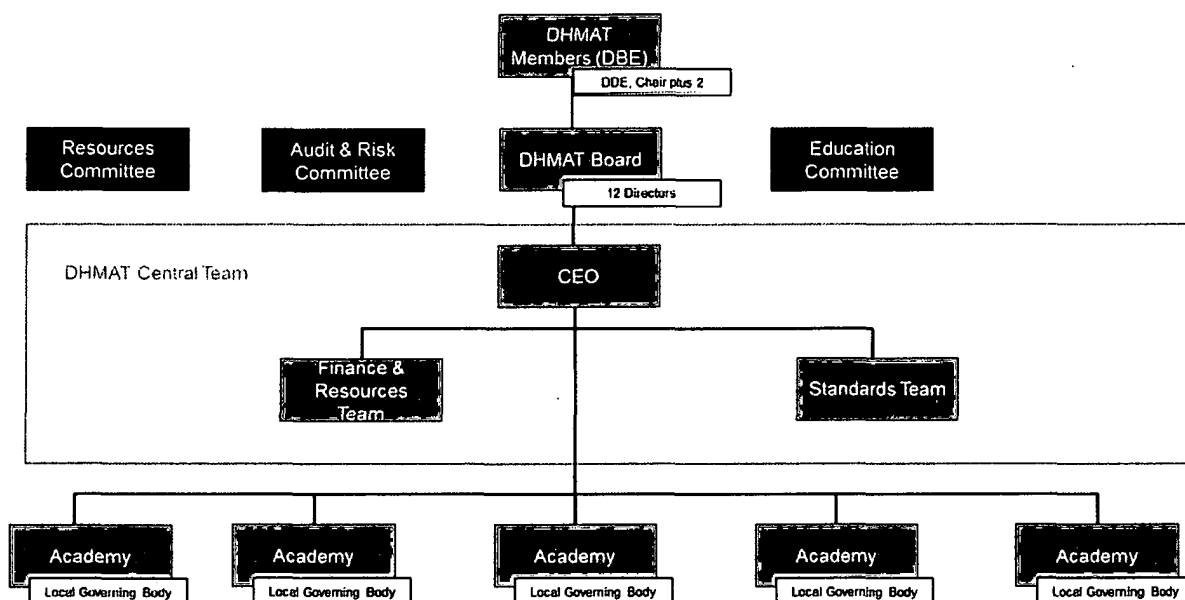
The following decisions are reserved to the Board of Directors: to consider any proposals for change to the status or constitution of DHMAT and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Directors, to approve the Annual Development Plan and budget.

The Directors are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring DHMAT by the use of budgets and other data and making major decisions about the direction of DHMAT, capital expenditure and staff appointment.

During the last financial year to 31 August 2019 the central team has been restructured to include a Chief Finance Officer (CFO) and two Senior Educational Officers. The CFO now manages the finance team, human resources, payroll, legal matters, estates and academy conversions. The Chief Operating Officer has now been replaced by an Operations Manager reporting to the CFO. The Senior Educational Officers are the academy improvement partners.

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**



The Directors control the academies at an executive level, whilst the Senior Leadership Team (SLT) in each academy (Executive Headteachers, Headteachers, and Deputies) implement the policies laid down by the Directors and report back to them on performance. The SLT are responsible in line with DHMAT Schemes of Delegation (SoDs), for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

A Local Governing Body (LGB) has been created for each academy on conversion to undertake the day-to-day running of their individual academies in line with their respective SoDs. In principle, these bodies should consist of no fewer than five and not more than eleven governors made up of:

- A minimum proportion of Foundation governors appointed by the DHMAT Board – 25% for voluntary controlled designated, and 50% for voluntary aided designated schools;
- A minimum of two Foundation governors appointed by and representing the DHMAT Board for community schools;
- The Headteacher (ex-officio);
- One elected member of staff; and
- Two appointed parent governors.

Provided that there is a majority of DHMAT appointed Foundation governors, the LGBs may appoint co-opted governors on an annual basis to provide specific skills, which the LGB needs at the time of appointment. LGB governors are appointed on a four-year basis with the exception of those appointed as ex-officio.

The Chief Executive Officer is the Accounting Officer.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The directors consider the Board of Directors and the Central leadership team comprise the key management personnel of DHMAT in charge of directing, controlling, running and operating DHMAT on a day to day basis. All Directors give their time freely and no Director received remuneration in the year to perform their role as Director.

Details of Directors' expenses and related party transactions are disclosed in the notes of the accounts.

The Directors benchmark staff pay against pay levels in other Academies of a similar size. The benchmark is the mid-point of the range paid for similar roles.



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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Connected Organisations, including Related Party Relationships**

There are no related parties that either control or significantly influence the decisions, strategy and operations of DHMAT or its academies. There are no sponsors or formal Parent Teacher Associations associated with DHMAT.

DHMAT, although a sponsor in its own right, maintains a close relationship with the Diocese of Hereford, specifically the Education Team, and ensures that all transactions are carried out in compliance with the related party transaction regulations, and at costs.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

The principal objective and activity of DHMAT is to advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious educations and daily acts of worships, and having regard to any advice issued by the Diocesan Board of Education; and
- Other Academies whether with or without a designated religious character, but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

The purpose of DHMAT is to develop and maintain good and outstanding academies across the Diocese of Hereford, whether they be Church schools or community schools. We hope to act as a vehicle for sharing the best practice across leadership, Governance, teaching and learning and business support.

DHMAT will act as lead sponsor for any Church School within the Diocese who wishes to become an academy or Church schools which are being directed to become sponsored academies by the Department of Education (DfE). DHMAT may also act as lead sponsor for any community school within the Diocese who wishes to become an academy.

DHMAT's mission is to establish and manage a family of academies, where inclusive values and academic excellence enables studies to learn within an environment of respect for themselves and others. The aims of DHMAT during the year ended 31 August 2019 are summarised below:

- To ensure that our academies are centres of excellence with a focus on the nurture and achievement of all their members
- To foster, maintain and celebrate the Christian distinctiveness of our Church Schools as places for those of faith or no faith
- To promote mutual support, encouragement and benefit between all our academies
- To develop, as the foundation stone of academic achievement, a strong culture of professional development amongst our staff
- To recognise and address the challenges of small rural communities
- To celebrate and maintain the unique identity of each academy within its community, and within the family of academies
- To recognise and enable those who often remain invisible, through ethnic or cultural disadvantage, or through disability or poverty

DHMAT adopts a collegiate approach to developing communities of excellence, working in partnership with DHMAT academies and other educational partners to design flexible models of working which are tailored to match the needs of each academy.

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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In November and December 2018 Ofsted inspected half of Bishop Anthony Educational Trust (BAET) academies. Three academies were placed in special measures (Ludlow Infants, The Hereford Academy and St Thomas Cantilupe CE Primary). Burford CE Primary dropped from 'outstanding' to 'requires improvement'. Tenbury, Bodenham and Burley Gate retained their overall judgment of 'good' and Ludlow Juniors showed an improved outcome from 'requires improvement' to 'good'.

In March 2019 Ofsted carried out a MAT summary evaluation of BAET and the main findings of the review were:

- The Trust was not successful enough in improving the quality of education;
- Senior leadership and directors did not have a good understanding of the strengths and weakness of the Trust;
- The impact of the Trust on academies was limited;
- Senior leaders were not sufficiently held to account and Directors although committed to governance, did not carry out their function effectively.

As a result of the OfSTED inspections and the subsequent summary evaluation, an extensive remodelling of the multi-academy trust was undertaken, driven by the Diocese of Hereford. A new headteacher board was created. A restructuring of the central trust team was undertaken. A new CEO and CFO were appointed. The school improvement team was strengthened to offer more effective support to academies.

Six new headteachers were appointed to academies within the trust, including all three of the academies that had been placed in special measures in the autumn term.

Ludlow Junior School & Ludlow Infant School amalgamated to form Ludlow Primary School.

The trust was relaunched as the 'Diocese of Hereford Multi-Academy Trust'. A strong new board of directors and members were appointed, bringing the necessary skills required to take the rebuilt trust rapidly forward. All of this was in place by the end of the school year.

Quarterly meetings have been held with the ESFA and RSC to monitor the progress that DHMAT are making to meet the Ofsted recommendations. These meetings are proving to be helpful and productive.

The first OfSTED monitoring visit since being placed in special measures took place at the Hereford Academy in October 2019. The inspection found that the necessary actions were being taken and that progress is now being made towards the removal of special measures.

"The headteacher, well supported by DHMAT, has brought to the school a persuasive vision and clear expectations of the education the school should provide. Staff appreciate this clarity. They are cautiously optimistic about the future."

**Public Benefit**

The Directors confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

DHMAT aims to advance for the public benefit, education in the Diocese of Hereford and the surrounding area. In particular, but without prejudice to the generality of the foregoing by maintaining, managing and developing school, offering a broad curriculum.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**STRATEGIC REPORT**

**Strategic Objectives**

As a Multi Academy Trust we have clear strategic aims which are founded on our mission and values. This plan sets out the following objectives to ensure that as a Trust, the public, parents and all stakeholders have confidence in our approach. We aim to deliver in:

**Strategic Governance:**

To ensure that the Board of Directors of DHMAT acts on behalf of its moral and legal owners in the best interests of DHMAT, governing lawfully in accordance with its Articles of Association and having governance arrangements that demonstrate legitimate and visionary leadership, clarity of governing and managerial relationships, effective oversight, adequate support structures for sustainability and to achieve the greatest possible economies.

**School Improvement – Teaching and Learning:**

To ensure that our academies provide the very best teaching in order to promote and provide high quality learning for our children and young people and that there is support in place for teachers to achieve this and make a difference for our pupils.

**Continued Professional Development:**

To implement a CPD programme for our academies to ensure that our staff have the right skills to further raise standards delivers good teaching and learning and disseminate good practice to ensure the rapid improvement for pupil outcomes.

**Quality Assurance:**

To ensure that there is a rigorous and robust programme of Quality Assurance that helps to support teachers, build expertise and capacity and raise standards in our academies to deliver outcomes for pupils.

**Integrated Support and Shared Services:**

To ensure that DHMAT has business arrangements that are efficient and effective and enable to deliver on its commitments to grow and prosper and deliver value for money across all DHMAT academies. Delivering best practice, minimisation of risk and for management of resources to be concentrated to the front line of our academies.

**Achievement and Performance**

DHMAT has grown over the last academic year including Eastnor Parochial Primary School who joined the Trust in November 2018.

**Summary of each academy:**

**The Hereford Academy**

In May 2019, The Hereford Academy appointed a new, experienced, Headteacher, and there has been a subsequent restructure across the educational leadership team. There is no longer an Executive Headteacher, enabling stability and consistency to be evident for all five days of the working week. The academy will, shortly, be visited by Ofsted for a monitoring visit, and has recently had a positive monitoring visit from a DfE-appointed "Educational Expert", who spoke positively of the progress made under the new Headteacher and his team.

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

<b>The Hereford Academy Year 11 KPI – August 2019</b>		
<b>Attainment 8</b>	<b>34.04</b>	
	<b>Grade 4 (%)</b>	<b>Grade 5 (%)</b>
<b>English &amp; Maths</b>	<b>33</b>	<b>17</b>
<b>English</b>	<b>51</b>	<b>35</b>
<b>Maths</b>	<b>40</b>	<b>22</b>
<b>Ebacc Entry</b>	<b>12</b>	<b>12</b>
<b>Ebacc</b>	<b>5</b>	<b>4</b>

**Ludlow Church of England School**

In May 2019, the leadership team was re-structured; the post of Executive Headteacher was removed, and was replaced by the post of Assistant Headteacher (0.6FTE). Attainment across all key indicators has improved since 2018. The academy has suffered substantial building issues that have led to an internal re-configuration of seven classrooms and reception, alongside the siting of six demountable classrooms. The main block of the school will be demolished in October 2019, to be replaced by a new building. No school days were lost, which was a significant achievement.

<b>Ludlow CE School Year 11 KPI – August 2019</b>		
<b>Attainment 8</b>	<b>43.22</b>	
	<b>Grade 4 (%)</b>	<b>Grade 5 (%)</b>
<b>English &amp; Maths</b>	<b>70</b>	<b>35</b>
<b>English</b>	<b>75</b>	<b>63</b>
<b>Maths</b>	<b>74</b>	<b>37</b>
<b>Ebacc Entry</b>	<b>29</b>	<b>29</b>
<b>Ebacc</b>	<b>20</b>	<b>14</b>

**Bishop's Castle Primary School**

Ofsted Inspection, December 2013: Good  
Bishop's Castle has been a partner academy since April 2018.

<b>% pupils who achieved a Good level of Development in EYFSP</b>	<b>75</b>
<b>Y1 % pupils who achieved the phonics threshold</b>	<b>59</b>
<b>Y2 % pupils who achieved the phonics threshold</b>	<b>85</b>
<b>KS1 % pupils achieved expected level and above</b>	Reading 60 Writing 55 Maths 65
<b>KS2 % pupils achieved expected level and above</b>	Reading 70 Writing 75 Maths 85 SPAG 75 Expected Standard in Reading, Writing and Maths 65

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**Bitterley Church of England Primary School**

Ofsted section 8 inspection April 2018: Good

Statutory inspection of Anglican and Methodist Schools (SIAMs) July 2017: Outstanding

The Headteacher has relinquished the executive Headteacher role to focus on leading Bitterley C of E Primary School.

% pupils who achieved a Good level of Development in EYFSP	80
Y1 % pupils who achieved the phonics threshold	93
Y2 % pupils who achieved the phonics threshold	100
KS1 % pupils achieved expected level and above	Reading 88 Writing 88 Maths 94
KS2 % pupils achieved expected level and above	Reading 46 Writing 69 Maths 46 SPAG 46 Expected Standard in Reading, Writing and Maths 38

**St Michael's Church of England Primary School**

Ofsted Inspection, October 2016: Good.

There is an Executive Headteacher for St Michael's, Bodenham and Burley Gate C. of E. Primary Schools. The Local Academy Boards amalgamated in 2018.

% pupils who achieved a Good level of Development in EYFSP	100
Y1 % pupils who achieved the phonics threshold	69
Y2 % pupils who achieved the phonics threshold	91
KS1 % pupils achieved expected level and above	Reading 72 Writing 72 Maths 63
KS2 % pupils achieved expected level and above	Reading 75 Writing 88 Maths 88 SPAG 88 Expected Standard in Reading, Writing and Maths 75

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**Burford Church of England Primary School**

The current Headteacher has been in post since September 2018. A new Deputy Headteacher started in September 2019.

Ofsted Inspection, November 2018: Requires Improvement

SIAMs: Good

% pupils who achieved a Good level of Development in EYFSP	67
Y1 % pupils who achieved the phonics threshold	79
Y2 % pupils who achieved the phonics threshold	96
KS1 % pupils achieved expected level and above	Reading 68 Writing 68 Maths 68
KS % pupils achieved expected level and above	Reading 69 Writing 75 Maths 75 SPAG 75 Expected Standard in Reading, Writing and Maths 69

**Burley Gate Church of England Primary School**

Ofsted Inspection, December 2018: Good

SIAMs: Outstanding

There is an Executive Headteacher for St Michael's, Bodenham and Burley Gate C. of E. Primary Schools. The Local Academy Boards amalgamated in 2018.

% pupils who achieved a Good level of Development in EYFSP	67
Y1 % pupils who achieved the phonics threshold	92
Y2 % pupils who achieved the phonics threshold	88
KS1 % pupils achieved expected level and above	Reading 88 Writing 75 Maths 88
KS % pupils achieved expected level and above	Reading 100 Writing 80 Maths 100 SPAG 100 Expected Standard in Reading, Writing and Maths 80

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

St George's Church of England Primary Academy Clun

Ofsted Inspection, May 2016: Good

SIAMs: Outstanding

A new Headteacher started in September 2019.

% pupils who achieved a Good level of Development in EYFSP	100
Y1 % pupils who achieved the phonics threshold	85
Y2 % pupils who achieved the phonics threshold	100
KS1 % pupils achieved expected level and above	Reading 67 Writing 67 Maths 83
KS % pupils achieved expected level and above	Reading 75 Writing 88 Maths 100 SPAG 88 Expected Standard in Reading, Writing and Maths 75

Condoover Church of England Primary School

Ofsted Inspection, November 2012: Good

SIAMs July 2018: Outstanding

There is an Executive Headteacher for Condoover C. of E. and St Edwards C.of E. Primary Schools.

% pupils who achieved a Good level of Development in EYFSP	80
Y1 % pupils who achieved the phonics threshold	95
Y2 % pupils who achieved the phonics threshold	95
KS1 % pupils achieved expected level and above	Reading 80 Writing 80 Maths 80
KS2 % pupils achieved expected level and above	Reading 80 Writing 80 Maths 90 SPAG 75 Expected Standard in Reading, Writing and Maths 75

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**St Edward's Church of England Primary School**

Ofsted Inspection, March 2017: Inadequate

SIAMs: Satisfactory

Joined the trust as a sponsored academy on 1<sup>st</sup> December 2017.

There is an Executive Headteacher for Condover C. of E. and St Edwards C.of E. Primary Schools.

% pupils who achieved a Good level of Development in EYFSP	83
Y1 % pupils who achieved the phonics threshold	78
Y2 % pupils who achieved the phonics threshold	78
KS1 % pupils achieved expected level and above	Reading 75 Writing 75 Maths 75
KS % pupils achieved expected level and above	Reading 50 Writing 75 Maths 75 SPAG 75 Expected Standard in Reading, Writing and Maths 50

**Eastnor Parochial Primary School**

Ofsted Inspection, November 2012: Outstanding

SIAMs: Outstanding

Eastnor Parochial Primary School joined DHMAT on 1 November 2018.

% pupils who achieved a Good level of Development in EYFSP	85
Y1 % pupils who achieved the phonics threshold	92
Y2 % pupils who achieved the phonics threshold	100
KS1 % pupils achieved expected level and above	Reading 88 Writing 94 Maths 94
KS % pupils achieved expected level and above	Reading 100 Writing 100 Maths 100 SPAG 100 Expected Standard in Reading, Writing and Maths 100



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**Ludlow Infant and Nursery School Academy**

Ofsted Inspection: December 2018: Special Measures

DfE approved application for amalgamation with Ludlow Junior School from the 1<sup>st</sup> September 2019. From this date, Ludlow Infant and Nursery School Academy ceases to exist and the Ofsted judgement no longer applies to the new Ludlow Primary School.

The existing Headteacher has resigned.

The Headteacher of Ludlow Junior School has been appointed Headteacher of the newly created, Ludlow Primary School

% pupils who achieved a Good level of Development in EYFSP	65
Y1 % pupils who achieved the phonics threshold	65
Y2 % pupils who achieved the phonics threshold	90
KS1 % pupils achieved expected level and above	Reading 47 Writing 40 Maths 57

**Ludlow Junior School**

Ofsted Inspection, November 2018: Good

DfE approved application for amalgamation with Ludlow Infant and Nursery School from the 1<sup>st</sup> September 2019. From this date, Ludlow Junior School Academy ceases to exist and any Ofsted judgement no longer applies to the new Ludlow Primary School.

The Headteacher of Ludlow Junior School has been appointed Headteacher of the newly created, Ludlow Primary School from September 2019.

KS % pupils achieved expected level and above	Reading 74 Writing 75 Maths 89 SPAG 88 Expected Standard in Reading, Writing and Maths 61
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**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

**Morville Church of England Primary School**

Ofsted Inspection, June 2017: Good

SIAMs: Good

The school is led by the Executive Headteacher of a neighbouring church school. The school has undergone considerable building work over the last year. This has been very disruptive.

% pupils who achieved a Good level of Development in EYFSP	60
Y1 % pupils who achieved the phonics threshold	33
Y2 % pupils who achieved the phonics threshold	91
KS1 % pupils achieved expected level and above	Reading 73 Writing 55 Maths 45
KS % pupils achieved expected level and above	Reading 86 Writing 43 Maths 71 SPAG 71 Expected Standard in Reading, Writing and Maths 71

**St Thomas Cantilupe Church of England Academy**

Ofsted Inspection, December 2018: Special Measures

SIAMs: Good

An Executive Headteacher has led the school since May 2019. Executive Headteacher of two other Hereford Diocese schools.

% pupils who achieved a Good level of Development in EYFSP	68
Y1 % pupils who achieved the phonics threshold	83
Y2 % pupils who achieved the phonics threshold	91
KS1 % pupils achieved expected level and above	Reading 61 Writing 57 Maths 57
KS % pupils achieved expected level and above	Reading 70 Writing 70 Maths 63 SPAG 63 Expected Standard in Reading, Writing and Maths 63

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

Tenbury Church of England Primary School

Ofsted Inspection, November 2018: Good  
SIAMs: Outstanding

% pupils who achieved a Good level of Development in EYFSP	79
Y1 % pupils who achieved the phonics threshold	80
Y2 % pupils who achieved the phonics threshold	84
KS1 % pupils achieved expected level and above	Reading 76 Writing 72 Maths 76
KS % pupils achieved expected level and above	Reading 72 Writing 72 Maths 80 SPAG 76 Expected Standard in Reading, Writing and Maths 74

**Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In the period under review, free reserves of £873,169 were carried forward representing 6.17% of GAG.

Another key financial performance indicator is staffing costs as a percentage of GAG. For 2019 this was 99.5% compared to 99% in 2018.

The following KPIs were set at the start of the year:

	<b>Target at 1/9/18</b>	<b>Actual at 31/8/19</b>
GAG carry forward	>1.5%	3.5%
Student attendance	>95.0%	95.2%
Staff costs to GAG	<90.0%	109.3%

**Going Concern**

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 Going concern policy.

**FINANCIAL REVIEW**

**Financial Review**

Most of DHMAT's income is obtained from the DfE via the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

DHMAT also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in DHMAT's accounting policies.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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During the financial year additional cash support of £180,000 was provide to The Hereford Academy to support them following the withdrawn of 16-18 education provision. The original budget for the year was set before formally confirmation from ESFA was received that the unit would be closed. During the year THA has reorganised and now for 2019/20 have set a balance budget based on the revised funding from ESFA. DHMAT received emergency capital funding of £150,000 from ESFA to support the replace of a condemned education block. This funding was in a form of a loan which allow work to commence immediately as the trust met the costs of temporary accommodation for the displaced pupil from existing. The full cost of the rebuilding this block is £2.1 million and is funded through a capital grant from ESFA, loan from ESFA and trust reserves. The work is due to be completed by Easter 2020.

During the year ended 31 August 2019, DHMAT received total income of £20,029k and incurred total expenditure of £19,763k. The excess of expenditure over income for the year was £266k before the pension adjustment.

At 31 August 2019 the net book value of fixed assts was £25,151k and movements in tangible fixed assets are show in Note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of DHMAT.

DHMAT has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 29 to the financial statements.

Key financial policies reviewed and updated included in the Debt Recovery Procedure and associated Policy and the Charging and Remission Policy.

**Reserves Policy**

DHMAT policy is that cash flow levels should be built up over subsequent years to cover eight weeks of operating costs which is equivalent to £2,000k and an additional amount per pupil for any necessary capital works. This total has not yet been built up at the present time, but the intention remains to achieve this over coming years. The Reserves policy states that any reserves will be built over and above the eight weeks operating costs identify in the Cash policy and held centrally by DHMAT.

The Directors review the reserve levels of DHMAT annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The Directors take into consideration the future plans of DHMAT, the uncertainty over future income streams and other key risks identified during the risk review.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that DHMAT is paying higher employers' pension contribution over a period of years. The higher employers' pension contributions will be met from DHMAT's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of DHMAT.

**Investment Policy**

Day to day management of academy surplus funds is delegated to the Headteacher within strict guidelines approved by the Board of Directors.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**Principal Risks And Uncertainties**

The Board of Directors has reviewed the major risks to which DHMAT is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board of Directors has reviewed the major risks to which DHMAT is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing DHMAT are as follows:

**Financial** – DHMAT has considerable reliance on continued Government funding through the ESFA. In the last year 82.0% of DHMAT's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same level or on the same terms.

**Failures in governance and/or management** – the risk in this area arises from potential failure to effectively manage DHMAT's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Directors continue to review and ensure that appropriate measures are in place to mitigate these risks.

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

**Safeguarding and child protection** – the Directors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

**Staff** – the success of DHMAT is reliant upon the quality of its staff and so the Directors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds** – DHMAT has appointed a Responsible Officer to carry out checks on financial systems and records as required by DHMAT Financial Handbook. All finance staff received training to keep them up to date with financial practice requirements and develop their skills in this area.

DHMAT has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Director has assessed the major risk to which DHMAT is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Directors have implemented a number of systems to assess and minimise those risk, including internal controls described elsewhere. Where significant financial risk still remains, they have ensured they have adequate insurance cover.

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

At the year end, DHMAT had no significant liabilities arising from trade creditors or debtors that would have significant effect on liquidity.

The Board of Directors recognises that the defined benefit pension scheme deficit (Local Government Pension scheme), which is set out in Note 29 to the financial statements, represents a significant potential liability. However, as the Directors consider that DHMAT is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability minimised.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**PLANS FOR FUTURE PERIODS**

DHMAT will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. DHMAT will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

DHMAT will continue to work with its academies and partner schools to improve the educational opportunities for students in the wider community.

On the back of the OfSTED summary evaluation, DHMAT has restructured its board to increase the focus on the quality of education, with all decisions being taken to further support this. A new scheme of delegated authority, that better reflects the aims of the trust, has been created and will ensure that there is consistency in approach across the trust.

Work continues on the new education block at Ludlow Secondary school. It is due to be completed by Easter 2020, which will provide improved facilities for pupils and the local community with a school of which they can be proud.

DHMAT will continue to strive to provide outstanding education and improve the level of performance of its pupils at all levels. DHMAT will continue to aim to attract excellent teachers and support staff in order to deliver its objectives.

DHMAT will continue to work with its academies and partner schools to improve the educational opportunities for students in the wider community.

During the next 12 months DHMAT will explore with ESFA and the Diocese of Hereford, the opportunities to extend the Trust to include other schools/academies in the region.

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

DHMAT and its Directors do not act as the Custodian Directors of any other Charity.

**ADDITIONAL COMPANIES ACT REQUIREMENTS**

DHMAT provide equality of opportunity to all in pre-employment and employment. Whether candidates are internal and seeking a new position within DHMAT or are external candidates, DHMAT:

- Demonstrates an open and transparent approach to recruitment
- Ensure that recruitment decisions are made using pre-agreed objective criteria
- Seeks to appoint the most suitable applicant for the job based on merit
- Ensures the recruitment and selection process conveys a positive image of DHMAT and academy and portrays DHMAT and academy as an employer of choice
- Demonstrates its commitment to employ, retain and develop the abilities of disabled people, for example, through achievement of the 'two ticks' award by Job Centre Plus.
- Ensures that the recruitment and selection of staff is conducted in a professional, timely and responsive manner and in compliance with current employment legislation
- Provides appropriate training, development and support to those involved in recruitment and selection activities in order to ensure the recruitment of employing people is fair and legally compliant.
- Treats all applicants fairly, equitably and efficiently, with respect and courtesy, aiming to ensure that the applicant experience is positive, irrespective of the outcome
- Ensure that if any member of staff involved in the recruitment process is related to or has a close personal relationship with an applicant then they are not involved in the recruitment process at any point. This includes, but is not restricted to, decisions on restructures, ring-fencing and decisions about post-creation and job description content.

Ensures that all documentation relating to applicants will be treated confidentially and kept securely in accordance with DHMAT and (if relevant) the academy's Data Protection Policy.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2019**

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DHMAT does not as a matter of course require job applicants to complete a medical questionnaire as part of the application procedure. Health related questions are only asked if they are intrinsic to a function of their work, for example, ensuring applicants for PE teaching post have the physical capability to carry out the duties. Additionally, candidates are not being asked about their sickness record until they have been made a conditional offer. Additional advice can be sought from DHMAT.

If an employee has or develops a disability that is making it difficult to work, DHMAT consider what reasonable adjustments they can make in the workplace to help or schedule an interview to discuss what can be done to support them. This could be as simple as supplying an adequate, ergonomic chairs or power-assisted equipment. Any reasonable adjustments (for example, purchasing of ergonomic chair or power-assisted equipment, or the re-deployment to a different type of work if necessary) are considered and offered wherever possible.

DHMAT regularly reviews its policies and engages in discussions with all employees to provide information and consult on matters affects them.

**Disclosure of information to auditors**

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

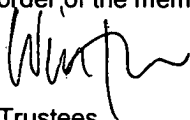
- so far as that Director is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable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

**Auditors**

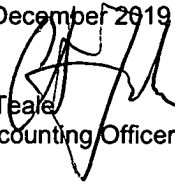
The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Directors will propose a motion reappointing the auditors at a meeting of the Directors.

Approved by order of the members of the board of Directors on 4 December 2019 and signed on their behalf by:

W Finn  
Vice Chair of Trustees



A Teale  
Accounting Officer



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**GOVERNANCE**

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 6 times during the year.

Attendance during the year at meetings of the board of Directors was as follows:

Director	Meetings attended	Out of a possible
J Tinsley	6	6
J Clark, Chair	1	1
Bishop R Frith, Chair	1	1
K Wilcocks	4	4
A Smith	2	5
A Soper	1	6
S Whawell	5	6
Rev Dr K Hopkins	3	6
S Price	3	6
J Wilding	4	4
D Cook	4	6
B Franklin	0	0
C Watson	0	4
K Skerrett	1	1
K Askew	1	1
L Stevenson	1	1
M Simmons	1	1
P Banford	1	1
R Pizzi	1	1
S Robertson	1	1
W Finn, Vice Chair	1	1
A Teale, Chief Executive Officer	1	1

The Audit and Risk Committee is a sub-committee of the main Board of Directors. Its purpose is to assist the Board in meeting its responsibility for financial reporting and internal and external auditing

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
J Clark	2	3
A Soper	2	3
J Tinsley	0	1
S Whawell	3	3
A Teale	2	2
D Cook	0	1

The Resources Committee is a sub-committee of the main Board of Directors. Its purpose is to assist the Board in meeting its responsibility for performance and forecast, ensuring the adequacy and effectiveness of the financial reporting, the value for money of resources, capital projects and risk management.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
J Clark	3	3
A Teale	2	2
D Cook	1	1
J Tinsley	1	1
S Price	3	3

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**GOVERNANCE (CONTINUED)**

The Education Committee is a sub-committee of the main Board of Directors. Its purpose is support the strategic role of the Board by scrutinising in-dept the standards achieved by DHMAT academies and then report observations succinctly to the main Board.

Attendance during the year at meetings was as follows:

Director	Meetings attended	Out of a possible
Rev Dr K Hopkins	3	3
J Tinsley	1	2
A Smith	4	4
A Teale	3	3

**REVIEW OF VALUE FOR MONEY**

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

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the board of Directors 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:

- Robust financial governance and budget management;
- Value for money purchasing;
- Reviewing controls and managing risk;
- Considering allocation/targeting/use of resources;
- Not allocating time/resources to areas where few improvements can be achieved;
- Making comparisons with similar Academies using data provided by the ESFA and the Government;
- Challenging proposals and examining their effectiveness and efficiency;
- Deploying staff effectively;
- Reviewing resources availability and requirements before recruiting;
- Reviewing the quality of curriculum provision and quality of teaching;
- Review quality of children's learning to enable children to achieve nationally expected progress; and
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 DHMAT for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNANCE STATEMENT (CONTINUED)**

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**CAPACITY TO HANDLE RISK**

The Board of Directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors 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 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Directors.

**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 Directors
- 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

The board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Bishop Fleming LLP, the external auditors, to perform additional checks

The auditor's role includes giving advice on financial matters and performing range of checks on the Academy Trust's financial systems, including those adopted at academies under the Trust. In particular the checks carried out in the current period included the testing of; payroll, purchases, income and expenditure, and the bank account reconciliations

On a termly basis the auditor reports to the Board of Directors through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

**REVIEW OF EFFECTIVENESS**

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

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

Approved by order of the members of the board of Directors on 4 December 2019 and signed on their behalf by:

W Finn  
Vice Chair of Trustees



A Teale  
Accounting Officer



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of DHMAT I have considered my responsibility to notify the academy trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

As Accounting Officer of DHMAT I have considered my responsibility to notify the academy trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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



A Teale  
Accounting Officer

Date: 4 December 2019

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DIOCESE OF HEREFORD MULTI ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of Diocese of Hereford Multi Academy Trust (the 'parent Academy Trust') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated statement of financial activities, the Consolidated balance sheet, the Academy Trust balance sheet, the 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 2018 to 2019 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 Trust's affairs as at 31 August 2019 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 2018 to 2019 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Academy Trust'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.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DIOCESE OF HEREFORD MULTI ACADEMY TRUST (CONTINUED)**

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**OTHER INFORMATION**

The Directors 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. Other information includes the Reference and administrative details, the Directors' report including the Strategic report, and the Governance statement. 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the Group and the parent Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 Trust 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 Trust financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DIOCESE OF HEREFORD MULTI ACADEMY TRUST (CONTINUED)**

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**RESPONSIBILITIES OF TRUSTEES**

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Academy Trust 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](http://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 Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Wood FCCA (Senior statutory auditor)  
for and on behalf of  
**Bishop Fleming LLP**  
Chartered Accountants  
Statutory Auditors  
1-3 College Yard  
Worcester  
WR1 2LB

13 December 2019

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIOCESE OF  
HEREFORD MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 27 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diocese of Hereford Multi Academy Trust during the year 1 September 2018 to 31 August 2019 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 Diocese of Hereford 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 Diocese of Hereford Multi Academy Trust and 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 Diocese of Hereford Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIOCESE OF HEREFORD MULTI ACADEMY TRUST'S  
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Diocese of Hereford Multi Academy Trust's funding agreement with the Secretary of State for Education dated 24 January 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by 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 Trust's income and expenditure.



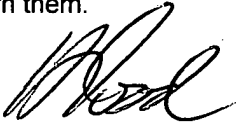
**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIOCESE OF  
HEREFORD MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY  
(CONTINUED)**

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**CONCLUSION**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Andrew Wood FCCA**

**Bishop Fleming LLP**  
1-3 College Yard  
Worcester  
WR1 2LB

Date:

*13<sup>th</sup> December 2019*

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>INCOME FROM:</b>						
Donations and capital grants:	3					
Transfer from local authority on conversion		104,994	(52,000)	-	52,994	473,815
Other donations and capital grants		-	427,494	2,256,330	2,683,824	625,375
Charitable activities	4	207,959	16,484,911	-	16,692,870	15,743,239
Other trading activities	5	598,090	-	-	598,090	305,775
Investments	6	996	-	-	996	878
<b>TOTAL INCOME</b>		<b>912,039</b>	<b>16,860,405</b>	<b>2,256,330</b>	<b>20,028,774</b>	<b>17,149,082</b>
<b>EXPENDITURE ON:</b>						
Raising funds		131,514	-	-	131,514	148,050
Charitable activities		735,966	18,262,815	632,920	19,631,701	17,190,913
<b>TOTAL EXPENDITURE</b>		<b>867,480</b>	<b>18,262,815</b>	<b>632,920</b>	<b>19,763,215</b>	<b>17,338,963</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>44,559</b>	<b>(1,402,410)</b>	<b>1,623,410</b>	<b>265,559</b>	<b>(189,881)</b>
<b>NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)</b>		<b>44,559</b>	<b>(1,402,410)</b>	<b>1,623,410</b>	<b>265,559</b>	<b>(189,881)</b>
<b>OTHER RECOGNISED GAINS/(LOSSES):</b>						
Actuarial losses on defined benefit pension schemes	29	-	(3,137,000)	-	(3,137,000)	1,175,000
<b>NET MOVEMENT IN FUNDS</b>		<b>44,559</b>	<b>(4,539,410)</b>	<b>1,623,410</b>	<b>(2,871,441)</b>	<b>985,119</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		828,610	(6,713,590)	25,871,647	19,986,667	19,001,548
Net movement in funds		44,559	(4,539,410)	1,623,410	(2,871,441)	985,119
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>873,169</b>	<b>(11,253,000)</b>	<b>27,495,057</b>	<b>17,115,226</b>	<b>19,986,667</b>

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 37 to 70 form part of these financial statements.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER:08762217**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	14	25,151,269	25,645,426
<b>CURRENT ASSETS</b>			
Stocks	16	7,256	5,255
Debtors	17	2,226,344	342,691
Cash at bank and in hand		2,187,702	2,026,387
		<u>4,421,302</u>	<u>2,374,333</u>
Creditors: amounts falling due within one year	18	(1,069,345)	(689,092)
<b>NET CURRENT ASSETS</b>		<u>3,351,957</u>	<u>1,685,241</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,503,226</u>	<u>27,330,667</u>
Creditors: amounts falling due after more than one year	19	(135,000)	-
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>28,368,226</u>	<u>27,330,667</u>
Defined benefit pension scheme liability	29	(11,253,000)	(7,344,000)
<b>TOTAL NET ASSETS</b>		<u><u>17,115,226</u></u>	<u><u>19,986,667</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	27,495,057	25,871,647
Restricted income funds	21	-	630,410
		<u>27,495,057</u>	<u>26,502,057</u>
Restricted funds excluding pension asset	21	27,495,057	26,502,057
Pension reserve	21	(11,253,000)	(7,344,000)
<b>Total restricted funds</b>	21	<u>16,242,057</u>	<u>19,158,057</u>
<b>Unrestricted income funds</b>	21	<u>873,169</u>	<u>828,610</u>
<b>TOTAL FUNDS</b>		<u><u>17,115,226</u></u>	<u><u>19,986,667</u></u>

The financial statements on pages 32 to 70 were approved by the Directors, and authorised for issue on 04 December 2019 and are signed on their behalf, by:

  
W Finn  
Vice Chair of Trustees

The notes on pages 37 to 70 form part of these financial statements.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER:08762217**

**ACADEMY TRUST BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

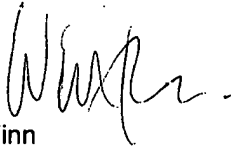
	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	14	25,151,269	25,644,221
Investments	15	1	1
		<u>25,151,270</u>	<u>25,644,222</u>
<b>CURRENT ASSETS</b>			
Debtors	17	2,253,670	389,924
Cash at bank and in hand		2,162,312	2,004,768
		<u>4,415,982</u>	<u>2,394,692</u>
Creditors: amounts falling due within one year	18	(1,064,026)	(708,247)
<b>NET CURRENT ASSETS</b>		<u>3,351,956</u>	<u>1,686,445</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>28,503,226</u>	<u>27,330,667</u>
Creditors: amounts falling due after more than one year	19	(135,000)	-
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		<u>28,368,226</u>	<u>27,330,667</u>
Defined benefit pension scheme liability	29	(11,253,000)	(7,344,000)
<b>TOTAL NET ASSETS</b>		<u><u>17,115,226</u></u>	<u><u>19,986,667</u></u>
<b>FUNDS OF THE ACADEMY TRUST</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	27,495,057	25,871,647
Restricted income funds	21	-	630,410
		<u>27,495,057</u>	<u>26,502,057</u>
Restricted funds excluding pension liability	21	27,495,057	26,502,057
Pension reserve	21	(11,253,000)	(7,344,000)
<b>Total restricted funds</b>	21	<u>16,242,057</u>	<u>19,158,057</u>
<b>Unrestricted income funds</b>	21	<u>873,169</u>	<u>828,610</u>
<b>TOTAL FUNDS</b>		<u><u>17,115,226</u></u>	<u><u>19,986,667</u></u>

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)  
REGISTERED NUMBER:08762217**

**ACADEMY TRUST BALANCE SHEET (CONTINUED)  
AS AT 31 AUGUST 2019**

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The financial statements on pages 32 to 70 were approved by the Directors, and authorised for issue on 04 December 2019 and are signed on their behalf, by:



W Finn  
Vice Chair of Trustees

The notes on pages 37 to 70 form part of these financial statements.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2019**

	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash (used in)/provided by operating activities	23	<b>(2,211,037)</b>	300,182
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	25	<b>2,222,352</b>	103,724
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	24	<b>150,000</b>	-
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>161,315</b>	403,906
Cash and cash equivalents at the beginning of the year		<b>2,026,387</b>	1,622,481
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	26	<b>2,187,702</b>	<b>2,026,387</b>

The notes on pages 37 to 70 form part of these financial statements

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES**

A summary of the principal accounting policies adopted, 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 historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Diocese of Hereford Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

The Consolidated balance sheet (SOFA) and Balance sheet consolidate the financial statements of the Academy Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Academy Trust has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

**1.2 GOING CONCERN**

The Directors 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 Trust to continue as a going concern. The Directors 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.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 INCOME**

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

• **Grants**

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

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

• **Sponsorship income**

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

• **Donations**

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

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, 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 Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

**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 raising funds**

This includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 EXPENDITURE (CONTINUED)**

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 INTEREST RECEIVABLE**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**1.6 TANGIBLE FIXED ASSETS**

Assets costing £2,000 or more are capitalised as tangible fixed assets 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 Consolidated balance sheet and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Consolidated balance sheet. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

On conversion the academy/academy trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

Where the Academy Trust has been granted use of school buildings from the Diocese of Hereford under Supplemental Agreements, the Academies Accounts Direction prescribes that under this agreement the risks and rewards of ownership remain with the Diocese. A donation from the Diocese has been recognised equal to the deemed rental expense, based on the rateable value of the buildings.

The Supplemental Agreement includes the right for the Diocese of Hereford Trustees to give not less than 2 years written notice to the Academy Trust and Secretary of State for Education to terminate the agreement. No such written notice has been received as at the date of the approval of the financial statements.

The Academy Trust includes a notional donation and corresponding expense for the use of these assets.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 TANGIBLE FIXED ASSETS (CONTINUED)**

Depreciation is provided on the following bases:

Long-term leasehold land and property	- Leasehold land over 125 years Buildings over 50 years Land under long term licence arrangements is not depreciated.
Furniture and equipment	- 20% Straightline basis
Computer equipment	- 33.3% Straight Line
Motor vehicles	- 25% Straight Line

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

**1.7 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 the 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 presented as 'Gains/(Losses) on investments' in the Consolidated balance sheet.

Investments in subsidiaries are valued at cost less provision for impairment.

**1.8 STOCKS**

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

**1.9 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount prepaid.

**1.10 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 and cash on deposit that has a notice period of less than 30 days.

**1.11 LIABILITIES**

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

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.12 FINANCIAL INSTRUMENTS**

The Group only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Group and their measurement bases 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 Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**1.13 OPERATING LEASES**

Rentals paid under operating leases are charged to the Consolidated balance sheet on a straight line basis over the lease term.

**1.14 PENSIONS**

Retirement benefits to employees of the Group are provided by the Teachers' Pension Scheme ("TPS") and the Local Government 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 Group 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group 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 Consolidated balance sheet 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.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. ACCOUNTING POLICIES (continued)**

**1.15 FUND ACCOUNTING**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

**2. 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 obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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 2019. 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.

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Transfer from Local Authority on conversion	104,994	(52,000)	52,994	473,815

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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. INCOME FROM DONATIONS AND CAPITAL GRANTS (CONTINUED)**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	-	427,494	427,494	395,375
Capital Grants	-	2,256,330	2,256,330	230,000
	104,994	2,631,824	2,736,818	1,099,190
<b>TOTAL 2018</b>	<b>183,438</b>	<b>915,752</b>	<b>1,099,190</b>	

**4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DFE/ESFA GRANTS</b>				
General Annual Grant	-	13,868,131	13,868,131	12,883,085
Start up Grants	-	-	-	50,000
Other DfE Group grants	-	1,388,230	1,388,230	1,509,430
	-	15,256,361	15,256,361	14,442,515
<b>Other Government grants</b>				
High Needs	-	408,849	408,849	372,325
Other government grants	-	759,701	759,701	800,233
	-	1,168,550	1,168,550	1,172,558
<b>Other funding</b>				
Internal catering income	43,384	-	43,384	16,862
Other funding	50,189	-	50,189	48,304
EYFS funding	114,386	-	114,386	-
Other grants	-	60,000	60,000	63,000
	207,959	60,000	267,959	128,166
	207,959	16,484,911	16,692,870	15,743,239
<b>TOTAL 2018</b>	<b>65,166</b>	<b>15,678,073</b>	<b>15,743,239</b>	

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**5. INCOME FROM OTHER TRADING ACTIVITIES**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	42,213	42,213	22,840
External catering	16,407	16,407	21,720
School fund income	348,848	348,848	-
Income from charity trading activities	190,622	190,622	261,215
	<u>598,090</u>	<u>598,090</u>	<u>305,775</u>

**6. INVESTMENT INCOME**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	<u>996</u>	<u>996</u>	<u>878</u>

**7. EXPENDITURE**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising activities:					
Direct costs	51,116	-	80,398	131,514	148,050
Educational activities:					
Direct costs	11,382,904	506,336	974,105	12,863,345	11,666,715
Support costs	2,650,847	2,290,508	1,827,001	6,768,356	5,524,198
	<u>14,084,867</u>	<u>2,796,844</u>	<u>2,881,504</u>	<u>19,763,215</u>	<u>17,338,963</u>
TOTAL 2018	<u>12,758,304</u>	<u>2,040,081</u>	<u>2,540,578</u>	<u>17,338,963</u>	

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**8. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	<b>Direct costs 2019 £</b>	<b>Support costs 2019 £</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Education	12,863,345	6,768,356	19,631,701	17,190,913
<b>TOTAL 2018</b>	<b>11,666,715</b>	<b>5,524,198</b>	<b>17,190,913</b>	

**Analysis of direct costs**

	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Pension finance costs	121,000	105,000
Staff costs	11,382,904	10,190,298
Depreciation	506,336	487,487
Educational supplies	278,731	250,274
Examination fees	103,813	90,801
Staff development	58,568	65,659
Other costs	142,980	123,328
Supply teachers	206,959	208,004
Technology costs	62,054	104,949
Post 16 education services	-	40,915
	<b>12,863,345</b>	<b>11,666,715</b>

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**8. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)**

**Analysis of support costs**

	Total funds 2019 £	Total funds 2018 £
Pension income	93,000	86,000
Staff costs	2,650,847	2,360,002
Depreciation	126,584	121,712
School fund expenditure	157,580	-
Recruitment and support	23,243	25,265
Maintenance of premises and equipment	327,673	226,838
Ludlow CE rebuild costs	445,561	24,189
Cleaning	303,276	261,347
Rent and rates	516,716	464,177
Energy costs	295,968	259,346
Insurance	121,879	140,656
Security and transport	27,059	54,329
Catering	371,748	340,517
Technology costs	378,238	235,095
Office overheads	144,093	120,117
Professional services	772,695	720,740
Bank interest and charges	3,177	3,040
Loss on disposal of fixed assets	-	69,600
Service level agreements	9,019	11,228
	<b>6,768,356</b>	<b>5,524,198</b>

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

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	36,957	48,407
Depreciation of tangible fixed assets	632,920	609,199
Fees paid to auditors for:		
- audit	25,295	28,425
- other services	9,000	8,175



**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**10. STAFF COSTS**

**a. STAFF COSTS**

Staff costs during the year were as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Trust 2019 £</b>	<b>Trust 2018 £</b>
Wages and salaries	10,384,622	9,409,558	10,384,622	9,409,558
Social security costs	951,096	860,358	951,096	860,358
Pension costs	2,463,215	2,070,225	2,463,215	2,070,225
	<b>13,798,933</b>	<b>12,340,141</b>	<b>13,798,933</b>	<b>12,340,141</b>
Agency staff costs	206,959	208,004	206,959	208,004
Staff restructuring costs	27,859	2,155	27,859	2,155
Herecad salaries	51,116	32,291	-	-
	<b>14,084,867</b>	<b>12,582,591</b>	<b>14,033,751</b>	<b>12,550,300</b>

**b. NON-STATUTORY/NON-CONTRACTUAL STAFF SEVERANCE PAYMENTS**

Included in staff restructuring costs were 3 statutory/contractual severance payment totalling £27,859 (2018: £2,155 to 1 individual). The payments in 2019 were £15,869, £10,804 and £1,186.

**c. STAFF NUMBERS**

The average number of persons employed by the Group and the Academy Trust during the year was as follows:

	<b>Group 2019 No.</b>	<b>Group 2018 No.</b>
Teachers	162	148
Support staff	379	429
Management	28	36
	<b>569</b>	<b>613</b>

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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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:

	<b>Group 2019 No.</b>	<b>Group 2018 No.</b>
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	2	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	2	-
In the band £100,001 - £110,000	-	1
	<hr/> <hr/>	<hr/> <hr/>

**e. KEY MANAGEMENT PERSONNEL**

The key management personnel of the Trust comprise the Directors (who do not receive remuneration for their role as Directors) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer's national insurance and employer pension contributions) received by key management personnel for their services to the Trust was £224,078 which comprised of 5 members of staff (2018: £201,882 which comprised of 4 members of staff.)

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**11. CENTRAL SERVICES**

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

- Payroll & HR
- Legal & professional
- Finance
- Insurance
- Marketing
- Strategic governance
- Management of the academy conversion process
- Tendering and procurement of contracts

The Group charges for these services on the following basis:

The Trust charges between 3-5% of School Budget Share and Educational academies to cover the central services detailed above.

Services Grant to the

The actual amounts charged during the year were as follows:

	2019 £	2018 £
St Thomas Cantilupe Church of England Academy	48,667	57,777
Morville Church of England Primary School	10,300	10,746
The Hereford Academy	173,108	181,926
Bitterley Church of England Primary School	20,372	20,008
Tenbury Church of England Primary School	37,050	35,554
St Michael's Church of England Primary School	17,216	16,469
Burford Church of England Primary School	29,090	29,730
Burley Gate Church of England Primary School	18,765	20,270
Ludlow Infant and Nursery School Academy	37,383	36,015
Ludlow Junior School	48,161	48,727
Ludlow Church of England School	94,492	91,955
Bishop's Castle Primary School	27,292	11,440
Condover Church of England Primary School	27,381	20,018
St Edward's Church of England Primary School	12,595	11,987
St George's Church of England Academy Clun	16,249	5,405
Eastnor Parochial Primary School	16,036	-
<b>TOTAL</b>	<b>634,157</b>	<b>598,027</b>

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. DIRECTORS' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The value of Trustees' remuneration and other benefits was as follows: J Tinsley: Remuneration: £50,000 - £55,000 (2018: £80,000 - £85,000), Employers pension contributions: £5,000 - £10,000 (2018: £10,000 - £15,000). A Teale: Remuneration: £40,000 - £45,000 (2018: £NIL), Employers pension contributions: £5,000 - £10,000 (2018: £NIL).

Other related party transactions involving the Trustees are set out in note 32.

During the year ended 31 August 2019, expenses totalling £1,192 were reimbursed or paid directly to 2 Directors (2018 - £1,147 to 2 Directors).

**13. DIRECTORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice, the Group has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2019 was £1,153 (2018 - £1,153). The cost of this insurance is included in the total insurance cost.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**14. TANGIBLE FIXED ASSETS**

**GROUP**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 September 2018	29,083,641	272,624	1,631,709	40,088	31,028,062
Additions	23,595	32,326	75,047	9,000	139,968
Disposals	-	(4,249)	-	-	(4,249)
At 31 August 2019	29,107,236	300,701	1,706,756	49,088	31,163,781
<b>DEPRECIATION</b>					
At 1 September 2018	3,602,965	204,454	1,539,129	36,088	5,382,636
Charge for the year	559,958	26,917	42,795	3,250	632,920
On disposals	-	(3,044)	-	-	(3,044)
At 31 August 2019	4,162,923	228,327	1,581,924	39,338	6,012,512
<b>NET BOOK VALUE</b>					
At 31 August 2019	24,944,313	72,374	124,832	9,750	25,151,269
At 31 August 2018	25,480,676	68,170	92,580	4,000	25,645,426

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**14. TANGIBLE FIXED ASSETS (CONTINUED)**

**TRUST**

	Long-term leasehold property	Furniture and equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
<b>COST OR VALUATION</b>					
At 1 September 2018	29,083,641	268,375	1,631,709	40,088	31,023,813
Additions	23,595	32,326	75,047	9,000	139,968
At 31 August 2019	<u>29,107,236</u>	<u>300,701</u>	<u>1,706,756</u>	<u>49,088</u>	<u>31,163,781</u>
<b>DEPRECIATION</b>					
At 1 September 2018	3,602,965	201,410	1,539,129	36,088	5,379,592
Charge for the year	559,958	26,917	42,795	3,250	632,920
At 31 August 2019	<u>4,162,923</u>	<u>228,327</u>	<u>1,581,924</u>	<u>39,338</u>	<u>6,012,512</u>
<b>NET BOOK VALUE</b>					
At 31 August 2019	<u>24,944,313</u>	<u>72,374</u>	<u>124,832</u>	<u>9,750</u>	<u>25,151,269</u>
At 31 August 2018	<u>25,480,676</u>	<u>66,965</u>	<u>92,580</u>	<u>4,000</u>	<u>25,644,221</u>

Additionally, included within land and buildings is land owned by the Trustees of Bitterley Grammar School and occupied by the MAT under a 125 year lease agreement. This land is therefore depreciated over the life of the lease and has been recognised again applying the concept of substance over form per Section 2 of FRS102. All other schools, except those occupying land and building under a supplementary agreement, are occupied under 125 year leases from the Local Authority. See accounting policy 1.6 for more information.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**15. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>Academy Trust</b>	
<b>COST OR VALUATION</b>	
At 1 September 2018	1
<b>AT 31 AUGUST 2019</b>	<u>1</u>
<b>NET BOOK VALUE</b>	
<b>AT 31 AUGUST 2019</b>	<u>1</u>
<b>AT 31 AUGUST 2018</b>	<u>1</u>

**PRINCIPAL SUBSIDIARIES**

The following was a subsidiary undertaking of the Academy Trust:

Name	Company number	Principal activity	Class of shares	Holding
Herecad Enterprises Limited	07717691	Provision of lettings and hire facilities	Ordinary	100%

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Net assets £
Herecad Enterprises Limited	190,622	(190,622)	1

**16. STOCKS**

	Group 2019 £	Group 2018 £
Uniform and catering stock	<u>7,256</u>	<u>5,255</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. DEBTORS**

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Trade debtors	26,679	17,653	32,499	7,005
Amounts owed by group undertakings	-	-	59,184	59,063
Other debtors	156,696	91,144	127,614	90,462
Prepayments and accrued income	1,991,015	212,092	1,991,015	212,092
Tax recoverable	51,954	21,802	43,358	21,302
	<u>2,226,344</u>	<u>342,691</u>	<u>2,253,670</u>	<u>389,924</u>

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
ESFA loans	15,000	-	15,000	-
Trade creditors	344,136	149,021	367,505	175,674
Other taxation and social security	219,957	224,359	219,957	222,172
Other creditors	243,530	84,239	214,842	84,239
Accruals and deferred income	246,722	231,473	246,722	226,162
	<u>1,069,345</u>	<u>689,092</u>	<u>1,064,026</u>	<u>708,247</u>

**DEFERRED INCOME**

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Deferred income at 1 September 2018	168,009	110,212	168,009	110,212
Resources deferred during the year	144,543	168,009	144,543	168,009
Amounts released from previous periods	(168,009)	(110,212)	(168,009)	(110,212)
	<u>144,543</u>	<u>168,009</u>	<u>144,543</u>	<u>168,009</u>

At the balance sheet date the Trust was holding funds received in advance in respect of ESFA grants.

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
ESFA loans	<u>135,000</u>	<u>-</u>	<u>135,000</u>	<u>-</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. FINANCIAL INSTRUMENTS**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Trust 2019 £</b>	<b>Trust 2018 £</b>
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through income and expenditure	<b>2,187,702</b>	2,026,387	<b>2,162,312</b>	2,004,768
Financial assets that are debt instruments measured at amortised cost	<b>2,051,988</b>	242,716	<b>2,087,910</b>	290,449
	<b>4,239,690</b>	2,269,103	<b>4,250,222</b>	2,295,217
	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Trust 2019 £</b>	<b>Trust 2018 £</b>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	<b>(835,845)</b>	(288,400)	<b>(830,526)</b>	(311,486)

Financial assets measured at fair value through income and expenditure comprises cash at bank.

Financial assets that are debt instruments measured at amortised cost comprises trade debtors.

Financial liabilities measured at amortised cost comprises trade creditors and accruals.

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>UNRESTRICTED FUNDS</b>					
General Funds - all funds	828,610	912,039	(867,480)	-	873,169
<b>RESTRICTED GENERAL FUNDS</b>					
General Annual Grant (GAG)	453,288	14,150,878	(14,604,166)	-	-
Pupil Premium	-	832,093	(832,093)	-	-
Free School Meals	-	241,067	(241,067)	-	-
High Needs Funding	-	408,849	(408,849)	-	-
Other Government Grants	73,000	447,301	(520,301)	-	-
Educational trips	-	68,871	(68,871)	-	-
Other income	104,122	456,846	(560,968)	-	-
NEF funding	-	306,500	(306,500)	-	-
Pension reserve	(7,344,000)	(52,000)	(720,000)	(3,137,000)	(11,253,000)
	<u>(6,713,590)</u>	<u>16,860,405</u>	<u>(18,262,815)</u>	<u>(3,137,000)</u>	<u>(11,253,000)</u>
<b>RESTRICTED FIXED ASSET FUNDS</b>					
Fixed assets transferred on conversion	4,596,566	-	(112,450)	-	4,484,116
Fixed assets transferred on entry to the MAT	20,292,303	-	(496,428)	-	19,795,875
DfE/ESFA Capital grants	278,240	525,575	(6,807)	-	797,008
Devolved Formula Capital	215,069	-	(5,261)	-	209,808
CIF	282,348	1,730,755	(6,907)	-	2,006,196
Fixed asset donations	5,190	-	(127)	-	5,063
Fixed assets purchased from GAG	201,931	-	(4,940)	-	196,991
	<u>25,871,647</u>	<u>2,256,330</u>	<u>(632,920)</u>	<u>-</u>	<u>27,495,057</u>
<b>TOTAL RESTRICTED FUNDS</b>	<b>19,158,057</b>	<b>19,116,735</b>	<b>(18,895,735)</b>	<b>(3,137,000)</b>	<b>16,242,057</b>
<b>TOTAL FUNDS</b>	<b>19,986,667</b>	<b>20,028,774</b>	<b>(19,763,215)</b>	<b>(3,137,000)</b>	<b>17,115,226</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (CONTINUED)**

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

**Restricted funds**

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Trust, including education and support costs.

Start up Grant - This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.

Pupil Premium - Pupil Premium represents funding received from the ESFA for children that have met the criteria set out by the ESFA to enable the Trust to address the current underlying inequalities between those children and their wealthier peers.

Other Government Grants - Income which has been received for specific purposes.

Free School Meals - Income received for the provision of free school meals.

Educational trips - This represents restricted income received for the provision of educational trips for students.

High Needs Funding - This represents restricted income received for the provision of educational support for high needs students.

Other income - This represents income which has been received for a specific purpose.

NEF funding - This represents income received from the Local Authority to be used for specific purposes.

Pension reserve - This represents the Trust's share of the assets and liabilities in the Local Government Pension Scheme.

**Fixed asset funds**

Fixed assets transferred on conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion.

Fixed assets transferred on entry to the MAT - This represents the buildings and equipment owned by Academies joining the Multi Academy Trust.

DfE/ESFA Capital grants - These funds are received for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Devolved Formula Capital - This represents funding from the ESFA to cover the maintenance and purchase of the Trust's assets.

Condition Improvement Fund (CIF) - This represents funding from the ESFA for specific capital projects.

Fixed asset donations - This represents fixed assets donated to the Multi Academy Trust.

Fixed assets purchased from GAG - This represents capital spend using revenue reserves of the Trust.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (CONTINUED)**

**Total funds analysis by academy**

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Burford Church of England Primary School	45,497	19,575
Bitterley Church of England Primary School	7,667	37,279
St Michael's Church of England Primary School	141,147	64,056
Burley Gate Church of England Primary School	140,964	259,019
Central	(117,034)	301,426
Ludlow Church of England School	146,506	164,597
Ludlow Infant and Nursery School Academy	(29,195)	213
Ludlow Junior School	181,927	173,075
Morville Church of England Primary School	48,544	45,374
St Thomas Cantilupe Church of England Academy	158,988	162,346
Tenbury Church of England Primary School	66,084	41,961
The Hereford Academy	(228,260)	(20,158)
Bishop's Castle Primary School	13,235	14,869
Conover Church of England Primary School	96,871	117,304
St Edward's Church of England Primary School	42,030	16,784
St George's Church of England Academy Clun	76,868	61,300
Eastnor Parochial Primary School	81,330	-
Total before fixed asset funds and pension reserve	873,169	1,459,020
Restricted fixed asset fund	27,495,057	25,871,647
Pension reserve	(11,253,000)	(7,344,000)
<b>TOTAL</b>	<b>17,115,226</b>	<b>19,986,667</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. STATEMENT OF FUNDS (CONTINUED)**

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Central	117,034
Ludlow Infant and Nursery School Academy	29,195
The Hereford Academy	228,260
	<hr/> <hr/>

**Central**

The deficit reserve is due to the financial support that the Trust has had to provide to Ludlow Secondary school with the refurbishment of the classrooms and temporary accommodation.

**Ludlow Infants and Nursery School Academy**

It was recognised in 2018/19 that Ludlow Infants school could not continue as a standalone school as the costs were exceeding income. It was agreed that it would merger with Ludlow Junior School which is on the same site and substantial savings could be made by such as only one headteacher. The merger took place on 1st September 2019.

**The Hereford Academy**

At the beginning of 2018/19 the sixth form unit was closed however, this was after the budget for the year had been set. During the year the academy has worked to reduce the staff and overheads, but this was not fully completed to the year end.

The Academy Trust is taking the following action to return the academies to surplus:

**Central**

The ESFA have commenced making payment for the capital project at Ludlow Secondary school from September and this will improve the reserves position together with an action plan to look at reducing overall costs around MAT wide purchases.

**The Hereford Academy**

The academy has now set a balance budget for the 2019/20 and is making further reductions in staffing over the next 12 months following the appointment of new head teacher.

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**21. STATEMENT OF FUNDS (CONTINUED)**

**TOTAL COST ANALYSIS BY ACADEMY**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	Total 2018 £
Burford Church of England Primary School	405,553	59,911	12,596	155,700	<b>633,760</b>	657,046
Bitterley Church of England Primary School	326,228	127,379	15,959	93,760	<b>563,326</b>	538,970
St Michael's Church of England Primary School	257,282	90,811	4,861	75,252	<b>428,206</b>	433,813
Burley Gate Church of England Primary School	294,009	50,520	8,653	75,557	<b>428,739</b>	417,723
Central	-	438,014	-	1,314,716	<b>1,752,730</b>	1,112,158
Ludlow Church of England School	2,594,225	304,405	62,464	577,870	<b>3,538,964</b>	3,374,651
Ludlow Infant and Nursery School Academy	683,416	128,858	17,065	229,440	<b>1,058,779</b>	1,046,164
Ludlow Junior School	779,137	125,270	11,506	190,163	<b>1,106,076</b>	1,017,281
Morville Church of England Primary School	133,764	39,681	2,003	71,605	<b>247,053</b>	223,431
St Thomas Cantilupe Church of England Academy	811,889	108,969	27,935	146,411	<b>1,095,204</b>	1,072,686
Tenbury Church of England Primary School	642,794	114,644	6,498	140,984	<b>904,920</b>	851,127
The Hereford Academy	2,563,161	625,008	51,631	781,738	<b>4,021,538</b>	4,350,914
Bishop's Castle Primary School	421,858	64,938	7,813	156,924	<b>651,533</b>	240,285
Condover Church of England Primary School	470,951	85,788	27,128	144,454	<b>728,321</b>	487,142
St Edward's Church of England Primary School	159,801	44,534	6,469	66,591	<b>277,395</b>	191,523
St George's Church of England Academy Clun	216,978	74,974	12,116	149,551	<b>453,619</b>	142,887
Eastnor Parochial Primary School	256,858	26,143	4,034	101,583	<b>388,618</b>	-
<b>ACADEMY TRUST</b>	<b>11,017,904</b>	<b>2,509,847</b>	<b>278,731</b>	<b>4,472,299</b>	<b>18,278,781</b>	<b>16,157,801</b>

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**21. STATEMENT OF FUNDS (CONTINUED)**

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>UNRESTRICTED FUNDS</b>						
General Funds - all funds	696,869	638,157	(506,416)	-	-	828,610
<b>RESTRICTED GENERAL FUNDS</b>						
General Annual Grant (GAG)	249,296	12,883,083	(12,477,160)	(201,931)	-	453,288
Pupil Premium	-	758,441	(758,441)	-	-	-
Start up grant	100,107	50,000	(150,107)	-	-	-
Free School Meals	-	221,959	(221,959)	-	-	-
High Needs Funding	-	372,325	(372,325)	-	-	-
Other Government Grants	102,653	435,533	(465,186)	-	-	73,000
Educational trips	-	69,788	(69,788)	-	-	-
Other income	41,122	909,127	(846,127)	-	-	104,122
NEF funding	-	290,292	(290,292)	-	-	-
Pension reserve	(6,853,000)	(1,163,000)	(503,000)	-	1,175,000	(7,344,000)
	<u>(6,359,822)</u>	<u>14,827,548</u>	<u>(16,154,385)</u>	<u>(201,931)</u>	<u>1,175,000</u>	<u>(6,713,590)</u>

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**21. STATEMENT OF FUNDS (CONTINUED)**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>RESTRICTED FIXED ASSET FUNDS</b>						
Fixed assets transferred on conversion	4,596,566	-	-	-	-	4,596,566
Fixed assets transferred on entry to the MAT	19,517,088	1,453,377	(678,162)	-	-	20,292,303
DfE/ESFA Capital grants	278,240	-	-	-	-	278,240
Devolved Formula Capital	148,868	66,201	-	-	-	215,069
CIF	118,549	163,799	-	-	-	282,348
Fixed asset donations	5,190	-	-	-	-	5,190
Fixed assets purchased from GAG	-	-	-	201,931	-	201,931
	<u>24,664,501</u>	<u>1,683,377</u>	<u>(678,162)</u>	<u>201,931</u>	<u>-</u>	<u>25,871,647</u>
<b>TOTAL RESTRICTED FUNDS</b>	<u>18,304,679</u>	<u>16,510,925</u>	<u>(16,832,547)</u>	<u>-</u>	<u>1,175,000</u>	<u>19,158,057</u>
<b>TOTAL FUNDS</b>	<u><u>19,001,548</u></u>	<u><u>17,149,082</u></u>	<u><u>(17,338,963)</u></u>	<u><u>-</u></u>	<u><u>1,175,000</u></u>	<u><u>19,986,667</u></u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

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

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	25,151,269	25,151,269
Current assets	873,169	1,204,345	2,343,788	4,421,302
Creditors due within one year	-	(1,069,345)	-	(1,069,345)
Creditors due in more than one year	-	(135,000)	-	(135,000)
Provisions for liabilities and charges	-	(11,253,000)	-	(11,253,000)
<b>TOTAL</b>	<b>873,169</b>	<b>(11,253,000)</b>	<b>27,495,057</b>	<b>17,115,226</b>

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	25,645,426	25,645,426
Current assets	828,610	1,319,502	226,221	2,374,333
Creditors due within one year	-	(689,092)	-	(689,092)
Provisions for liabilities and charges	-	(7,344,000)	-	(7,344,000)
<b>TOTAL</b>	<b>828,610</b>	<b>(6,713,590)</b>	<b>25,871,647</b>	<b>19,986,667</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of financial activities)	265,559	(189,881)
<b>ADJUSTMENTS FOR:</b>		
Depreciation	632,920	609,199
Loss on disposal of fixed assets	1,205	69,600
Interest received	(996)	(878)
Capital grants from DfE and other capital income	(2,256,330)	(230,000)
Defined benefit pension scheme obligation inherited	52,000	-
Defined benefit pension scheme cost less contributions payable	506,000	312,000
Defined benefit pension scheme finance cost	214,000	191,000
Increase in stocks	(2,001)	(684)
Increase in debtors	(1,883,653)	(36,782)
Increase in creditors	365,253	50,423
Net assets transferred on conversion	(104,994)	(473,815)
<b>NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES</b>	<b>(2,211,037)</b>	<b>300,182</b>

**24. CASH FLOWS FROM FINANCING ACTIVITIES**

	Group 2019 £	Group 2018 £
Cash inflows from new borrowing	150,000	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>150,000</b>	<b>-</b>

**25. CASH FLOWS FROM INVESTING ACTIVITIES**

	Group 2019 £	Group 2018 £
Interest received	996	878
Purchase of tangible fixed assets	(139,968)	(321,018)
Capital grants from DfE Group	2,256,330	230,000
Cash transferred on conversion to an Academy Trust	104,994	193,864
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>2,222,352</b>	<b>103,724</b>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**26. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	Group 2019 £	Group 2018 £
Cash in hand	2,187,702	2,026,387
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>2,187,702</b>	<b>2,026,387</b>

**27. CONVERSION TO AN ACADEMY TRUST**

On 1 November 2018 Eastnor Parochial Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Hereford Multi Academy Trust from Herefordshire Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Consolidated balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Consolidated balance sheet as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Consolidated balance sheet.

	Unrestricted funds £	Restricted funds £	Total funds £
Cash - representing budget surplus on LA funds	104,994	-	104,994
LGPS pension deficit	-	(52,000)	(52,000)
<b>NET ASSETS/(LIABILITIES)</b>	<b>104,994</b>	<b>(52,000)</b>	<b>52,994</b>

**28. CAPITAL COMMITMENTS**

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
<b>CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS</b>				
Acquisition of tangible fixed assets	2,047,116	-	2,047,116	-
Repairs, maintenance or enhancements to tangible fixed assets	132,378	-	132,378	-
	<b>2,179,494</b>	<b>-</b>	<b>2,179,494</b>	<b>-</b>

The capital commitment relates to the replace of B block and the reconfiguration of existing classrooms at Ludlow Secondary School.

**DIOCESE OF HEREFORD MULTI ACADEMY TRUST  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**29. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 Worcestershire County Council and Shropshire County Council. Both are multi-employer defined benefit 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**

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
- 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 September 2019.

The employer's pension costs paid to TPS in the year amounted to £705,127 (2018 - £970,481).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

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**29. PENSION COMMITMENTS (CONTINUED)**

**LOCAL GOVERNMENT PENSION SCHEME**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,069,000 (2018 - £992,000), of which employer's contributions totalled £861,000 (2018 - £485,000) and employees' contributions totalled £ 208,000 (2018 - £193,000). The agreed contribution rates for future years are 16.0 per cent for employers and 5.5 - 12.5 per cent 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**

	2019 %	2018 %
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1

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

	2019 Years	2018 Years
<i>Retiring today:</i>		
Males	23.0	23.0
Females	26.2	26.1
<i>Retiring in 20 years:</i>		
Males	25.3	25.2
Females	28.5	28.4

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	605	417
Mortality assumption - 1 year increase	642	445
CPI rate +0.1%	646	447
Pay growth +0.1%	629	435

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**NOTES TO THE FINANCIAL STATEMENTS  
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**29. PENSION COMMITMENTS (CONTINUED)**

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	3,632,000	3,099,000
Bonds	929,000	743,000
Property	317,000	222,000
Cash and other liquid assets	142,000	103,000
Other	809,000	436,000
<b>Total market value of assets</b>	<b>5,829,000</b>	<b>4,603,000</b>

The actual return on scheme assets was £203,000 (2018 - £242,000).

The amounts recognised in the Consolidated statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(1,073,000)	(1,111,000)
Past service cost	(294,000)	-
Interest income	128,000	76,000
Interest cost	(342,000)	(267,000)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	56,000
<b>Total amount recognised in the consolidated statement of financial activities</b>	<b>(1,581,000)</b>	<b>(1,246,000)</b>

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
<b>AT 1 SEPTEMBER</b>	<b>11,947,000</b>	<b>10,131,000</b>
Conversion of Academy	52,000	1,347,000
Current service cost	1,073,000	1,111,000
Interest cost	342,000	267,000
Employee contributions	208,000	193,000
Actuarial gains	3,201,000	(1,029,000)
Benefits paid	(35,000)	(73,000)
Past service cost	294,000	-
<b>AT 31 AUGUST</b>	<b>17,082,000</b>	<b>11,947,000</b>

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**29. PENSION COMMITMENTS (CONTINUED)**

Changes in the fair value of the Group's share of scheme assets were as follows:

	2019 £	2018 £
<b>AT 1 SEPTEMBER</b>	<b>4,603,000</b>	<b>3,278,000</b>
Conversion of Academy	-	184,000
Interest income	146,000	92,000
Actuarial gains	64,000	146,000
Employer contributions	861,000	799,000
Employee contributions	208,000	193,000
Benefits paid	(35,000)	(73,000)
Administration expenses	(18,000)	(16,000)
<b>AT 31 AUGUST</b>	<b>5,829,000</b>	<b>4,603,000</b>

**30. OPERATING LEASE COMMITMENTS**

At 31 August 2019 the Group and the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Trust 2019 £	Trust 2018 £
Not later than 1 year	38,835	42,791	36,914	31,093
Later than 1 year and not later than 5 years	93,646	81,377	93,646	79,456
	<b>132,481</b>	<b>124,168</b>	<b>130,560</b>	<b>110,549</b>

**31. MEMBERS' LIABILITY**

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

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

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**32. RELATED PARTY TRANSACTIONS**

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

Purchases were made from St Paul Primary School, of which S Robertson's spouse is a governor, totalling £1,431 (2018: £Nil). There was a balance of £Nil outstanding at the year-end (2018: £Nil).

During the year, purchases totalling £44,730 were made from The Hereford Diocesan Board of Education, of which A Teale holds a common directorship (2018: £11,867). There was a balance of £Nil outstanding at the year-end (2018: £Nil).

Also during the year, sales were made to The Hereford Diocesan Board of Education, of which A Teale holds a common directorship, totalling £17,065 (2018: £25,790). There was a balance of £Nil outstanding at the year-end (2018: £Nil).

**33. POST BALANCE SHEET EVENTS**

On 1 September 2019, Ludlow Infant and Nursery School Academy was merged into Ludlow Junior School. As a result, the number of individual schools within the Trust has reduced from 16 to 15.

**34. AGENCY ARRANGEMENTS**

The Trust distributes 16-19 Bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2019 the Trust received £4,053 and disbursed £4,053 from the fund.

**35. GENERAL INFORMATION**

Diocese of Hereford Multi Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Unit 11, The Business Quarter, Sheet Road, Ludlow, Shropshire, SY8 1FD.