

REGISTRAR OF COMPANIES

The Hoddesdon School Trust

Annual Report and Financial Statements

31 August 2017

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

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Reference and administrative information

Members	Mrs A M Pask Mrs F L Ives Mr M J Sturgeon Mr N R Chaaban
Trustees	Mrs J E M Carson Cert. Ed. (Co-opted) Mr P Cuffaro BSc, MPhil Mr G A Dykes BSc, FCA Mrs A E Heal Ms S A Hurwood BA Mrs F L Ives (Chair) Mr D J Kennedy BA, FRSA (Accounting Officer) Mr A C Lebaigue Mr R J McCarthy MCMI, MCIWEM Mrs R E Semark BEd NPQH (Co-opted) Mrs M C Sykes BA MCIPR
Company Secretary	Mr D A Allman BSc, MA, NPQH, FRSA
Trust Senior Management Team CEO and Executive Headteacher Deputy CEO and Co-Headteacher Headteacher – Roselands Primary School Co-Headteacher – The John Warner School Headteacher – The Cranbourne Primary School Director of Finance and Resources	Mr D J Kennedy BA, FRSA Mr D A Allman BSc, MA, NPQH, FRSA, Mrs J E M Carson Cert. Ed Mr J M Scott BA, MA, NPQH Mrs R E Semark BEd NPQH Mrs S J Pringle DSBM, AinstAM(Dip), ACIM
Registered address	The Hoddesdon School Trust Stanstead Road Hoddesdon Hertfordshire EN11 0QF
Company registration number	07555066
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds TSB Bank Plc Hitchin Branch PO Box 1000 BX1 1LT

Reference and administrative information

Solicitors

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

Chartered surveyors

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

Trustees' report (including the strategic report) Year to 31 August 2017

The Trustees of The Hoddesdon School Trust ('the Academy Trust') present their annual report together with the financial statements of the Academy Trust for the year to 31 August 2017. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the attached financial statements and comply with the Academy Trust's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

History

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members' liability

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

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

Trustees' indemnities

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

Principal activities

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

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

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

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

Trustees' report (including the strategic report) Year to 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The Trustees are directors of the Academy Trust for the purposes of the Companies Act 2006. The following Trustees were in office at 31 August 2017 and served throughout the year except where shown.

Trustee	Appointed	Resigned
Prof B C Barker MA, MPhil, PhD		20/10/2016
Mrs J E M Carson Cert. Ed. (Co-opted)	14/9/2016	
Mr P Cuffaro BSc, MPhil.	4/11/2016	
Mr G A Dykes BSc, FCA	14/9/2016	
Mrs A E Heal		
Ms S A Hurwood BA		
Mr T Hutchings BA, FHEA		16/07/2017
Mrs F L Ives (Chair)		
Mr D J Kennedy BA, FRSA (Accounting Officer)		
Mr A C Lebaigue		
Mr R J McCarthy MCMI, MCIWEM	14/9/2016	
Mrs R E Semark BEd NPQH (Co-opted)	14/9/2016	
Mrs M C Sykes BA MCIPR	14/9/2016	

Method of recruitment and appointment or election of Trustees

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

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

Policies and procedures adopted for the induction and training of Trustees

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

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

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

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

During the period for which this report accounts, the Trust Board decided not to convene regular sub-committee meetings in order to maximise Trustee first hand engagement with work of the Trust.

In addition, there are four committees that are convened as and when required, being Admissions, Sports Centre, Pupil Discipline and Staff Dismissal. Additionally, ad hoc groups of Trustees are established, as and when required, to consider specific issues and make recommendations to the Board.

Mr David Galbraith was the Responsible Officer during the year and as such had an oversight role in relation to the systems and processes of control and risk management that operated throughout The Hoddesdon School Trust.

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

Arrangements for setting pay and remuneration of key management personnel

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships

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

OBJECTIVES AND ACTIVITIES

Objects and aims

The charitable objectives for which the Academy Trust was established are set down in the governing document as follows:

- ◆ To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum ("the Academy"); and
- ◆ To promote for the benefit of the inhabitants of Hoddesdon and the surrounding area the provision of facilities, for recreation or other leisure time occupation of individuals who have a need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare, and with the object of improving the condition of life of the said inhabitants.

Objectives, strategies and activities

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

Public benefit

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

Trustees' report (including the strategic report) Year to 31 August 2017

OBJECTIVES AND ACTIVITIES (continued)

Public benefit (continued)

Benefits and beneficiaries

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

Trustees' assessment of public benefit

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

STRATEGIC REPORT

Achievements and performance

Review of activities

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

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

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

Values

A common ethos and shared values have enabled the Trust to get off to a smooth start, with all committed to providing the very best education across all phases. The values embraced across the Trust are listed below:

Trustees' report (including the strategic report) Year to 31 August 2017

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Values (continued)

We value aspiration which means we:

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

We value creativity which means we:

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

We value participation which means we:

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

We value respect which means we:

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

We value endeavour which means we:

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

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

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Practices

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

In this first year teacher staff from all three schools have planned for and piloted initiatives in the areas of English, mathematics, science, modern foreign languages, music and physical education.

This has meant that in addition to teachers sharing expertise and developing ideas, children of secondary age have greatly enjoyed the opportunity to act as mentors to primary children in disciplines including languages and sports, and children of primary age report that, whatever secondary school they eventually attend, the fears they may have had have dissipated due to familiarity with a secondary school environment.

In English, a set of shared 'non-negotiables' in writing has been agreed across both primaries, and is in the process of being transferred to the secondary phase.

In mathematics, the 'Singapore Bar' method of calculation pioneered by teachers at Cranbourne has been embraced by mathematics teachers at John Warner and is an area for development next year at Roselands.

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

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

In music, a Trust-wide music festival was hosted at John Warner with class teachers and peripatetic teachers from Roselands taking the lead in creating joint pieces for choir, orchestra and the two combined. This event enabled children from Cranbourne and Roselands to showcase their talents to a wide audience from all three schools, enabling them to develop their stage confidence further still.

In sports, many new Trust wide sports events have provided invaluable leadership opportunities for secondary age sports leaders, and enabled primary children to collaborate and compete in activities across shared days and special events that have broadened and deepened their experiences of physical education in schools and beyond.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Professional development

The benefits to staff in terms of professional development have been considerable, with some primary colleagues being able to draw on some of the particular expertise of secondary subject specialists. For secondary teachers, cross phase working has led to a rapidly growing appreciation not only about what children learn about and do toward the end of their primary education, but of the very high standards many achieve and so the skills and attributes they possess at the earliest stages of their secondary education may be maximised.

This awareness has led to revisions of curriculum plans and in some cases the development of shared pedagogical approaches within and across phases. The benefits to children, therefore, are felt both within classrooms and in the wider enrichment programmes offered at all three schools.

In addition to work on developing classroom practice, the professional development opportunities available in any one school are available to staff in any of the others, and during the course of this academic year professional leadership development courses have been delivered in house to 30 staff across both sectors, as well as conferences focussing on developing shared values and approaches and to continually reviewing and strengthening safeguarding practices across the Trust.

Organisation

Organisationally the Trust is relatively unusual in that no 'top-slice' for central services has been applied. The drive for ever greater efficiency and value for money has been a collaborative one based on emergent need as the year progressed.

Improving and maintaining high levels of attendance at all schools within the Trust has been a key priority, and as such there is an attendance officer who, along with providing valuable family support to the families of vulnerable children, works with each of the schools to improve attendance of children at risk of underachievement because of perceived patterns of absence.

Children with special educational needs or disabilities are supported by Special Educational Needs Co-ordinators (SENCOs) in each of the schools who meet regularly to share expertise and support one another with routine and more challenging work.

Safeguarding is similarly approached from a corporate perspective, with key personnel in each of the schools routinely sharing advice and information. One of the first actions of this group was to introduce an online information management system, CPOMS, to provide immediate, auditable information to relevant staff in order to secure the sustained safety and well being of children whilst in their individual schools and when they move from one school to another.

Trustees' report (including the strategic report) Year to 31 August 2017

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Organisation (continued)

There is a Trust wide approach to the management of human, physical and financial resources and professional advice in relation to relevant legal matters is routinely sought.

This has meant that, for example, we have been able to negotiate and drive down costs across the three schools in energy consumption and bought-in services from the Local Authority.

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

Transport is another area in which we have been able to achieve economies of scale, because there are now four minibuses across the Trust which is allowing each school to save on coach hire and to make use of existing resources as well as extend the opportunities to make more trips and visit events held at each site.

Leadership and management

Considerable work has been required to integrate financial activities, and the way the Trust charges for services is determined by mutual agreement of the constituent Headteachers, based on an analysis of the services provided.

New staff are appointed to work principally at a named school, but may be asked to work in, or support work in, one of the other schools in the Trust.

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

Indicators, milestones and benchmarks

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

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

Trustees' report (including the strategic report) Year to 31 August 2017

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Indicators, milestones and benchmarks (continued)

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

Financial review

Financial report for the year

The results for the year are shown on page 29.

The operational activities of the Academy Trust during the year ended 31 August 2017 generated total income of £22.548m including core funding in respect of the General Annual Grant of £9.275m (2016 - £6.181m) and capital grants of £2.341m (2016 - £1.648m). Income of £9.590m was recognised in respect to the transfer from local authority on conversion, representing the value of assets and liabilities acquired on conversion of the two primary schools into the Academy Trust.

Total expenditure for the year ended 31 August 2017 amounted to £12.478m (2016 - £8.082m) including depreciation on tangible fixed assets of £0.806m and a loss of £1.112m recognised on the diminution in value of the demolished Maths Block.

The Academy Trust continues to recognise its liability in respect of the Hertfordshire Local Government Pension Scheme on its balance sheet, which as at 31 August 2017 amounted to £1.578m (2016 - £2.175m). The Academy Trust makes contributions to this pension scheme in accordance with the advice of the actuary and these contributions are funded from the General Annual Grant.

Key financial performance indicators

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

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

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

Going concern

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

Trustees' report (including the strategic report) Year to 31 August 2017

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies

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

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

The Responsible Officer checks that control procedures that are in place provide reasonable but not absolute assurance against material misstatement or loss. In this first financial year of operation of the Trust, the Board of Trustees had direct oversight of and undertook the responsibilities of the Audit and Risk Committee.

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

Reserves policy

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

At the balance sheet date, the Academy Trust had free reserves of £977,059 (2016 - £35,471).

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

Investment policy

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

The Academy Trust's current policy is to invest surplus funds in short-term cash deposits. For the year ended 31 August 2017, the Academy Trust's cash balances generated an average income return of 0.22% (2016: 0.66%), which in the current economic climate the Trustees consider to be reasonable.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

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

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

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

Plans for future years

Future strategy

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

- ◆ To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- ◆ To promote for the benefit of the inhabitants of Hoddesdon and the surrounding area the provision of facilities, for recreation or other leisure time occupation of individuals who have a need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare, and with the object of improving the condition of life of the said inhabitants.

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

Trustees' report (including the strategic report) Year to 31 August 2017

STRATEGIC REPORT (continued)

Future strategy (continued)

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

Future activities and events

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

Impact of future activities and events

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

Funds held as custodian trustee on behalf of others

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

AUDITOR

In so far as the Trustees are aware:

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

The Trustees' Annual Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 7 December 2017 and signed on its behalf by:



Chair of Trustees **F.L. Ives**

Date: 7 December 2017

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

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

During the period for which this report accounts, the Trust Board decided not to convene regular sub-committee meetings in order to maximise Trustee first hand engagement with work of the Trust.

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

Trustee	Meetings attended	Out of a possible
Mrs A E Heal	5	5
Mr A C Lebaigue	6	6
Prof B C Barker MA, MPhil, PhD	1	1
Mr D J Kennedy BA, FRSA (Accounting Officer)	6	6
Mrs F L Ives (Chair)	5	6
Mr G A Dykes BSc, FCA	6	6
Mrs J E M Carson Cert. Ed. (Co-opted)	3	5
Mrs M C Sykes BA MCIPR	3	5
Mr P Cuffaro BSc, MPhil.	1	4
Mrs R E Semark BEd NPQH (Co-opted)	4	5
Mr R J McCarthy MCMI, MCIWEM	4	5
Ms S A Hurwood BA	2	6
Mr T Hutchings BA, FHEA	2	3

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

Governance (continued)

In this first year of operation Trustees decided to fulfil the function of the Audit and Risk Committee themselves as a whole, however for the second financial year a separate Audit and Risk Committee has been established and will meet three times per year under the Terms of Reference of that committee.

The Audit and Risk Committee has further decided that the functions of the Responsible Officer will be fulfilled through an internal audit function to be provided by the external auditor.

Review of Value for Money

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

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

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

Example 1: Educational Outcomes – Whole School

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

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

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

Review of Value for Money (continued)

Example 2: Educational Outcomes – Attendance

Attendance at school is an essential aspect of educational achievement, and through internal restructuring and revised administrative procedures the Trust now has a dedicated in house Attendance Officer who also fulfils a Family Support function.

Across the Trust there has been a marked engagement with hard to reach children and families, with targeted interventions securing significant improvements in attendance and so attainment for many of the most vulnerable children in each of the three schools.

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

Example 3: Better Purchasing

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

The building was constructed without interruption to the normal school business day, extremely high cost controls were placed on the project and the building was delivered with no additional costs to the funding agency. It provides best value for money in that it replaced outdated, dilapidated buildings with new energy efficient rooms which provided a first class teaching environment for the use of the school and wider community in time, on budget and bringing about sustainable curriculum efficiencies in the coming years.

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed Mr David Galbraith as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the RO reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The RO has delivered his schedule of work as planned. No control issues arose.

Review of effectiveness

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

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

Governance statement 31 August 2017

Review of effectiveness (continued)

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

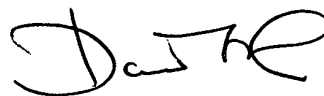
Approved by order of the Board of Trustees on 7 December 2017 and signed on its behalf by:



(Chair of Trustees)

F.L. Ives

Approved on: 7 December 2017



(Accounting Officer)

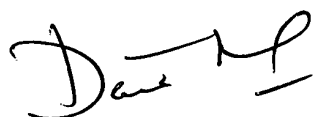
D.J. Kennedy

Statement on regularity, propriety and compliance 31 August 2017

As Accounting Officer of The Hoddesdon School Trust, I have considered my responsibility to notify the Academy Trust's Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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



Accounting Officer *D. J. Kennedy*

Date: 7 December 2017

Statement of Governors' responsibilities 31 August 2017

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

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

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

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

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

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

Approved by order of the Board of Trustees on 7 December 2017 and signed on its behalf by:



Chair of Trustees - F.L. Jones

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

Opinion

We have audited the financial statements of The Hoddesdon School Trust (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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



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

8 December 2017

Independent auditor's reports 31 August 2017

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

In accordance with the terms of our engagement letter dated 14 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Hoddesdon School Trust during the year from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Hoddesdon School Trust's funding agreement with the Secretary of State for Education dated 31 March 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent auditor's reports 31 August 2017

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

8 December 2017.

Statement of financial activities (including income and expenditure account) Year to 31 August 2017

			Restricted funds			
		Unrestricted general fund £	General £	Fixed assets fund £	2017 Total funds £	2016 Total funds £
	Notes					
Income from:						
Donations and capital grants	1	16,765	—	2,341,244	2,358,009	1,648,419
Transfer from local authority on conversion	2	637,299	(617,078)	9,569,825	9,590,046	—
Charitable activities						
Funding for the Academy Trust's educational operations	5	106,418	9,782,604	—	9,889,022	6,535,313
Other trading activities	3	384,135	323,768	—	707,903	625,491
Investments	4	3,298	—	—	3,298	6,033
Total income		1,147,915	9,489,294	11,911,069	22,548,278	8,815,256
Expenditure from						
Charitable activities						
Academy Trust's educational operations	6	—	10,559,798	1,918,476	12,478,274	8,081,706
Total expenditure		—	10,559,798	1,918,476	12,478,274	8,081,706
Net income (expenditure)		1,147,915	(1,070,504)	9,992,593	10,070,004	733,550
Transfers between funds	19	(206,327)	175,736	30,591	—	—
		941,588	(894,768)	10,023,184	10,070,004	733,550
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension scheme	24	—	1,443,000	—	1,443,000	(967,000)
Net movement in funds		941,588	548,232	10,023,184	11,513,004	(233,450)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2016		35,471	(1,770,153)	35,969,708	34,235,026	34,468,476
Total fund balances carried forward at 31 August 2017		977,059	(1,221,921)	45,992,892	45,748,030	34,235,026

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

Balance sheet 31 August 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible fixed assets	14		45,992,892		35,969,708
Investments	15		25		25
			45,992,917		35,969,733
Current assets					
Stock	16	12,583		9,451	
Debtors	17	540,069		512,163	
Cash at bank and in hand		1,957,739		1,047,396	
		2,510,391		1,569,010	
Liabilities					
Creditors: amounts falling due within one year	18	(1,177,278)		(1,128,717)	
Net current assets			1,333,113		440,293
Net assets excluding pension scheme liability			47,326,030		36,410,026
Defined benefit pension scheme liability	24		(1,578,000)		(2,175,000)
Total net assets			45,748,030		34,235,026
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	19		45,992,892		35,969,708
Restricted income fund	19		356,079		404,847
Pension reserve	19		(1,578,000)		(2,175,000)
Total restricted funds			44,770,971		34,199,555
Unrestricted income funds					
General fund	19		977,059		35,471
Total funds			45,748,030		34,235,026

The financial statements on page 29 to 54 were approved by the Trustees, and authorised for issue on 7 December 2017 and are signed on their behalf by:



Chair **F.L. Ives**

The Hoddesdon School Trust
Company Limited by Guarantee
Registration Number: 07555066 (England and Wales)

Statement of cash flows Year to 31 August 2017

		2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	A	815,776	119,787
Cash flows from investing activities	B	94,567	(147,551)
Change in cash and cash equivalents in the year		910,343	(27,764)
Cash and cash equivalents at 1 September 2016		1,047,396	1,075,160
Cash and cash equivalents at 31 August 2017	C	1,957,739	1,047,396

A Reconciliation of income to net cash flow from operating activities

	2017 £	2016 £
Net income for the year (as per the statement of financial activities)	10,070,004	733,550
Adjusted for:		
Depreciation charges (note 14)	684,514	1,044,997
Transfer from local authority on conversion	(9,569,825)	—
Loss on disposal of tangible assets (note 14)	1,112,102	—
Capital grants from DfE and other capital income	(2,341,244)	(1,648,301)
Interest receivable (note 4)	(3,298)	(6,033)
Increase in stocks	(3,132)	(1,327)
Increase in debtors	(27,906)	(114,318)
Increase in creditors	48,561	62,219
Increase in provisions (net of actuarial gain or loss)	846,000	49,000
Net cash provided by operating activities	815,776	119,787

B Cash flows from investing activities

	2017 £	2016 £
Interest received	3,298	6,033
Purchase of tangible fixed assets	(2,249,975)	(1,801,885)
Capital grants from DfE/ESFA	2,341,244	1,648,301
Net cash used in investing activities	94,567	(147,551)

C Analysis of cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,957,739	1,047,396
Total cash and cash equivalents	1,957,739	1,047,396

Principal accounting policies 31 August 2017

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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

Conversion to an Academy Trust

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

The assets and liabilities transferred on conversion of the Roselands and Cranbourne Schools into the Academy Trust have been valued at their fair value and recognised on the balance sheet at the point that the risks and rewards of ownership pass to the Trust. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in 'Donations – transfer from local authority on conversion' in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 2.

Going concern

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

Principal accounting policies 31 August 2017

Income

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

Donations

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

Grants

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

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

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

Other trading income

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Agency arrangements

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

Tangible fixed assets

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

Freehold buildings over 15 to 54 years

Plant and machinery over 4 to 20 years

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

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

Liabilities

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

Provisions

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

Provisions (continued)

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Financial instruments

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

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

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

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

Stock

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

Taxation

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

Pensions benefits

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

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability;
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation; and
- ◆ The value of assets and liabilities acquired on conversion of the primary schools into the Academy Trust.

Critical areas of judgement

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

1 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed assets funds £	2017 Total funds £	2016 Total funds £
Capital grants	—	—	2,341,244	2,341,244	1,648,301
Other donations	16,765	—	—	16,765	118
	654,064	—	2,341,244	2,358,009	1,648,419

2 Conversion to an Academy Trust

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

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

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

2 Conversion to an Academy Trust (continued)

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

i) Roselands Primary School

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

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

ii) The Cranbourne Primary School

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

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

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

Notes to the Financial Statements Year to 31 August 2017

3 Other trading activities

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Hire of facilities/lettings income	4,460	3,480	7,940	3,450
Trip income	—	298,084	298,084	331,119
Catering income	379,675	—	379,675	280,369
Miscellaneous income	—	22,204	22,204	10,553
	<u>384,135</u>	<u>323,768</u>	<u>707,903</u>	<u>625,491</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Interest receivable	3,298	—	3,298	6,033

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
DfE / ESFA revenue grants				
General Annual Grant (GAG)	—	9,275,360	9,275,360	6,180,718
Start Up Grants	—	—	—	50,000
Other DfE / ESFA grants	—	432,242	432,242	226,669
	<u>—</u>	<u>9,707,602</u>	<u>9,707,602</u>	<u>6,457,387</u>
Other Government grants				
Special educational projects	—	53,963	53,963	—
	<u>—</u>	<u>53,963</u>	<u>53,963</u>	<u>—</u>
Other income from the Academy Trust's educational operations	106,418	21,039	127,457	77,926
	<u>106,418</u>	<u>9,782,604</u>	<u>9,889,022</u>	<u>6,535,313</u>

Notes to the Financial Statements Year to 31 August 2017

6 Expenditure

	Staff costs (note 11) £	Non pay expenditure		2017 Total funds £	2016 Total funds £
		Premises £	Other costs £		
Academy Trust's educational operations (note 7)					
Direct costs	7,128,611	1,918,476	1,067,442	10,114,529	6,552,514
Support costs	798,990	628,552	936,203	2,363,745	1,529,192
	<u>7,927,601</u>	<u>2,547,028</u>	<u>2,003,645</u>	<u>12,478,274</u>	<u>8,081,706</u>
Net income for the year includes:					
Operating lease rentals				32,591	18,279
Depreciation				684,514	584,704
Diminution in value on demolition of buildings				1,112,012	460,293
Fees payable to auditor					
Audit services				19,609	14,045
Other services				34	2,508

7 Charitable activities – Academy Trust's educational operations

	2017 Total funds £	2016 Total funds £
Direct costs	10,114,529	6,552,514
Support costs	2,363,745	1,529,192
	<u>12,478,274</u>	<u>8,081,706</u>

	2017 Total funds £	2016 Total funds £
Analysis of support costs		
Support staff costs	798,990	574,927
Premises costs	628,552	352,632
Other support costs	857,613	553,373
Governance costs (note 8)	78,590	48,260
Total support costs	<u>2,363,745</u>	<u>1,529,192</u>

8 Governance costs

	2017 Total funds £	2016 Total funds £
Legal and professional fees	9,412	2,313
Auditor's remuneration	19,609	16,553
Trustees' reimbursed expenses	—	945
Other governance costs	49,569	28,449
	<u>78,590</u>	<u>48,260</u>

Notes to the Financial Statements Year to 31 August 2017

9 Central services

No chargeable central services were provided by the Trust to its Academies during the period and no central charges arose.

10 Comparative information

	Unrestricted general fund £	Restricted funds		2016 Total funds £
		General £	Fixed assets fund £	
Income from:				
Donations and capital grants	—	118	1,648,301	1,648,419
Charitable activities				
Funding for the Academy's educational operations	45,441	6,489,872	—	6,535,313
Other trading activities	280,963	344,528	—	625,491
Investments	6,033	—	—	6,033
Total income	332,437	6,834,518	1,648,301	8,815,256
Expenditure from				
Charitable activities				
Academy's educational operations	6,063	7,030,646	1,044,997	8,081,706
Total expenditure	6,063	7,030,646	1,044,997	8,081,706
Net income (expenditure)	326,374	(196,128)	603,304	733,550
Transfers between funds	(408,286)	242,703	165,583	—
	(81,912)	46,575	768,887	733,550
Other recognised gains and losses				
Actuarial losses on defined benefit pension scheme	—	(967,000)	—	(967,000)
Net movement in funds	(81,912)	(920,425)	768,887	(233,450)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2015	117,383	(849,728)	35,200,821	34,468,476
Total fund balances carried forward at 31 August 2016	35,471	(1,770,153)	35,969,708	34,235,026

11 Staff

(a) Staff costs

Staff costs during the year were:

	2017 Total funds £	2016 Total funds £
Wages and salaries	6,023,716	4,150,676
Social security costs	583,571	381,701
Pension costs	1,228,369	728,099
Apprenticeship levy	3,151	—
	7,838,807	5,260,476
Supply staff costs	88,794	25,124
	7,927,601	5,285,600

(b) Staff severance payments

The Academy Trust incurred no non-statutory/non-contractual severance payments in the year (2016 – £nil).

(c) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2017 expressed as average headcount was as follows:

Charitable activities	2017 No.	2016 No.
Teachers	109	71
Administration and support	133	69
Management	22	14
	264	154

(d) Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	4	3
£70,001 - £80,000	2	2
£80,001 - £90,000	2	—
£90,001 - £100,000	1	1
£150,001 - £160,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these staff members amounted to £142,459 (2016 - £98,940).

11 Staff (continued)

(e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the Academy Trust was £729,126 (2016: £1,126,068).

12 Trustees' remuneration and expenses

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

Mr D J Kennedy – Headteacher

. Remuneration £150,000 - £155,000 (2016 - £150,000 - £155,000)

. Employer's pension contributions £25,000 - £30,000 (2016 - £25,000 - £30,000)

R Semark – Headteacher

. Remuneration £80,000 - £85,000 (2016 - N/A)

. Employer's pension contributions £10,000 - £15,000 (2016 - N/A)

J Carson – Headteacher

. Remuneration £75,000 - £80,000 (2016 - N/A)

. Employer's pension contributions £10,000 - £15,000 (2016 - N/A)

During the year ended 31 August 2017, no travel and subsistence expenses were reimbursed to any Trustee (2016 - £945).

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

13 Trustees' and Officers' insurance

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

14 Tangible fixed assets

	Assets under construction £	Freehold land and buildings £	Leasehold land and buildings £	Plant and equipment £	Total £
Cost/valuation					
At 1 September 2016	1,897,086	36,772,507	—	328,973	38,998,566
Donated assets on conversion (note 2)	—	—	9,569,825	—	9,569,825
Transfers	(3,479,334)	3,429,394	—	49,940	—
Additions	2,371,835	—	—	—	2,371,835
Disposals	—	(1,341,715)	—	—	(1,341,715)
At 31 August 2017	789,587	38,860,186	9,569,825	378,913	49,598,511
Depreciation					
At 1 September 2016	—	2,873,637	—	155,221	3,028,858
Charge in year	—	641,574	127,473	37,327	806,374
Disposals	—	(229,613)	—	—	(229,613)
At 31 August 2017	—	3,285,598	127,473	192,548	3,605,619
Net book value					
At 31 August 2017	789,587	35,574,588	9,442,352	186,364	45,992,892
At 31 August 2016	1,897,086	33,898,870	—	173,752	35,969,708

The diminution in value represents the value of buildings demolished as part of the construction of new facilities. The loss recognised in the financial statements is £1,112,102.

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

Buildings transferred upon conversion

Two schools joined the Academy Trust during 2016/17 (2015/16 – none), both of which were transferred from the local authority. The value of the buildings transferred on conversion is included within tangible fixed assets, under leasehold land and buildings. Further details of this transfer are included in note 2.

15 Investments

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

Notes to the Financial Statements Year to 31 August 2017

15 Investments (continued)

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

16 Stock

	2017 £	2016 £
Stock of miscellaneous goods	12,583	9,451

17 Debtors

	2017 £	2016 £
Trade debtors	98,664	127,440
VAT recoverable	9,868	33,727
Other debtors	22,900	70
Prepayments and accrued income	408,637	350,926
	540,069	512,163

18 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	119,133	474,991
Taxation and social security	156,874	120,259
Other creditors	185,133	138,685
Accruals and deferred income (see below)	716,138	394,782
	1,177,278	1,128,717
Deferred income (included above)		
Deferred income at 1 September 2016	284,003	276,027
Released during the year	(284,003)	(276,027)
Resources deferred in the year	377,467	284,003
Deferred income at 31 August 2017	377,467	284,003

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

19 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
. General Annual Grant (GAG)	—	9,275,360	(9,481,687)	206,327	—
. Start Up Grant	35,915	—	(18,177)	—	17,738
. Pupil Premium	—	—	—	—	—
. Capital grants	368,932	—	—	(30,591)	338,341
. Other grants	—	432,242	(432,242)	—	—
. Other restricted funds	—	401,692	(401,692)	—	—
. Pension reserve	(2,175,000)	(620,000)	(226,000)	1,443,000	(1,578,000)
	<u>(1,770,153)</u>	<u>9,489,294</u>	<u>(10,559,798)</u>	<u>1,618,736</u>	<u>(1,221,921)</u>
Restricted fixed assets funds					
. Transfer on conversion	30,466,842	9,569,825	(1,729,908)	—	38,306,759
. DfE/ESFA capital grants	4,709,125	2,341,244	(182,863)	30,591	6,898,096
. Capital expenditure from GAG	782,770	—	(4,980)	—	777,790
. Other donations	10,972	—	(725)	—	10,247
	<u>35,969,708</u>	<u>11,911,069</u>	<u>(1,918,476)</u>	<u>30,591</u>	<u>45,992,892</u>
Total restricted funds	<u>34,199,555</u>	<u>21,400,363</u>	<u>(12,478,274)</u>	<u>1,649,327</u>	<u>44,770,971</u>
Unrestricted funds					
. General funds	35,471	1,147,915	—	(206,327)	977,059
Total unrestricted funds	<u>35,471</u>	<u>1,147,915</u>	<u>—</u>	<u>(206,327)</u>	<u>977,059</u>
Total funds	<u>34,235,026</u>	<u>22,548,278</u>	<u>(12,478,274)</u>	<u>1,443,000</u>	<u>45,748,030</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy Trust that has been provided to the Academy Trust via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2017.

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

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

Notes to the Financial Statements Year to 31 August 2017

19 Funds (continued)

Total funds analysis by Academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
The John Warner School	999,979	440,318
Roselands Primary School	314,029	—
The Cranbourne Primary School	19,130	—
Total before fixed assets and pension reserve	1,333,138	440,318
Restricted fixed asset fund	45,992,892	35,969,708
Pension reserve	(1,578,000)	(2,175,000)
Total	45,748,030	34,235,026

Total cost analysis by Academy

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

	Teaching and educational support staff costs £000's	Other support staff costs £000's	Educational supplies £000's	Other costs (excluding dépreciation) £000's	Total 2017 £	Total 2016 £
The John Warner School	4,868,044	601,916	814,749	1,041,506	7,326,215	7,036,709
Roselands Primary School	939,715	87,263	107,728	266,818	1,401,524	—
The Cranbourne Primary School	1,320,852	109,811	144,965	256,431	1,832,059	—
Academy Trust	7,128,611	798,990	1,067,442	1,564,755	10,559,798	7,036,709

20 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset fund £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Investments	—	25	—	25
Tangible fixed assets	—	—	45,992,892	45,992,892
Current assets	977,059	1,533,332	—	2,510,391
Current liabilities	—	(1,177,278)	—	(1,177,278)
Pension scheme liability	—	(1,578,000)	—	(1,578,000)
Total net assets	977,059	(1,221,921)	45,992,892	45,748,030

Notes to the Financial Statements Year to 31 August 2017

21 Capital commitments

At 31 August 2017, the Academy Trust had capital commitments of £507,788 in respect of ongoing building projects on the John Warner School site, including the maths block (2016 - £1,777,018).

22 Commitments under operating leases

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

	2017 £	2016 £
Amounts due within one year	22,051	16,661
Amounts due between two and five years inclusive	50,266	12,162
	72,317	28,823

23 Members' liability

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

24 Pension and similar obligations

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

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

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

Contributions amounting to £135,032 were payable to the schemes at 31 August 2017 (2016: £93,999) and are included within creditors.

24 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

24 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £667,000 (2016: £548,000).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £376,000, of which employer's contributions totalled £302,000 and employees' contributions totalled £74,000. The agreed contribution rates for future years are 25.3% for employers and up to 12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.5%	3.6%
Rate of increase for pensions in payment / inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%

24 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.5	22.3
Females	24.9	24.5
<i>Retiring in 20 years</i>		
Males	24.1	24.3
Females	26.7	26.7

Sensitivity analysis

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

	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate -0.5%	692	721
Salary increase rate +0.5%	174	185
Pension increase rate +0.5%	503	520

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

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	2,376	1,368
Bonds	914	608
Property	256	152
Cash	110	43
Total market value of assets	3,656	2,171
Present value of scheme liabilities		
· Funded	(5,234)	(4,346)
Share of scheme deficit	(1,578)	(2,175)

24 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The actual return on scheme assets was 16.6%.

Amounts recognised in statement of financial activities	2017 £'000	2016 £'000
Current service cost	469	186
Interest cost	59	44
Total amount recognised in the SOFA	528	230

Analysis of pension finance costs

Expected return on pension scheme assets	59	68
Interest on pension liabilities	(118)	(112)
Pension finance costs	(59)	(44)

Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
At 1 September 2016	(4,346)	(2,830)
Inherited on conversion of schools	(1,094)	—
Current service cost	(469)	(186)
Interest cost	(118)	(112)
Employee contributions	(74)	(45)
Actuarial loss/(gain)	845	(1,180)
Benefits paid	22	7
At 31 August 2017	(5,234)	(4,346)

Changes in the fair value of the Academy Trust's share of scheme assets:	2017 £'000	2016 £'000
At 1 September 2016	2,171	1,671
Inherited assets on conversion of schools	474	—
Actuarial gain	598	213
Expected return on assets	59	68
Employer contributions	302	181
Employee contributions	74	45
Benefits paid	(22)	(7)
At 31 August 2017	3,656	2,171

25 Related party transactions

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

No such transactions have been identified for the year ended 31 August 2017 (2016 - none).

26 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year, it received £17,302 (2016 - £18,786) of funding and disbursed £14,055 (2016 - £10,393), with the unspent balance at 31 August 2017 included in other creditors.