

**Company Registration No. 08324782 (England and Wales)**

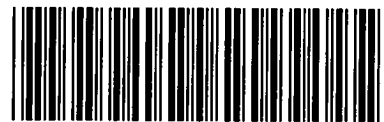
**WEST HERTS COMMUNITY FREE SCHOOL TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

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# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

G Cunningham  
M Glick (Resigned 16 November 2020)  
J Harris  
B Henry  
J Kavakeb (Resigned 15 February 2021)  
K Ma  
A Sidhu (Appointed 16 June 2020) (Resigned 19 November 2020)

### Trustees

A Daniel (Resigned 16 November 2020)  
M Glick (Resigned 16 November 2020)  
I Maxwell (Resigned 16 November 2020)  
A Sidhu (Resigned 19 November 2020)  
G Cawley (Appointed 1 December 2020)  
E Kirkbride (Appointed 20 November 2020)  
R Haythorpe (Appointed 17 November 2020 and resigned 16 November 2020)  
J Harris (Appointed 16 November 2020)  
G Cunningham (Chair of Board of Trustees) (Appointed 16 November 2020)  
D Affarka (Resigned 16 November 2020)  
P Barton (Resigned 16 November 2020)  
T Ffrench-Lynch (Resigned 16 November 2020)  
Ms S Halls (Appointed 14 January 2021)

### Senior management team

Interim CEO & Accounting Officer	L Soden (Appointed 1 September 2020)
Interim COO	S Poole (Appointed 1 July 2020)
ARCFS Executive Principal	C Elsey
JCFS Executive Principal	N Jones (Resigned 31 December 2020)
LCSF Executive Principal	J Dibdin
Trust Business Manager	M Gabbitass (Resigned 31 December 2020)
Chief Financial Officer	A Agidee-Adekunle (Appointed 1 December 2020)
Interim JCFS Executive Principal	J Dibdin

**Company registration number** 08324782 (England and Wales)

**Registered office** Lanchester Building  
Hempstead Road  
Watford  
Herts  
WD17 3HD

### Academies operated

Jupiter Community Free School

### Location

Hemel Hempstead

### Headteacher

N Jones (Resigned 31 December 2020), J Dibdin (Appointed 1 January 2021)

Ascot Community Free School

Watford

C Elsey

Lanchester Community Free School

Watford

J Dibdin

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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**Independent auditor**

UHY Hacker Young (East) Limited  
PO Box 501  
The Nexus Building  
Broadway  
Letchworth Garden City  
Herts  
SG6 9BL

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 24 of the attached financial statements and comply with the Academy Trust's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in 2015 ('SORP 2015').

#### **Structure, governance and management**

##### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of West Herts Community Free School Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

##### Members' liability

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

##### Trustees' indemnities

The Schools, Trustees and Academy Trust buy into and are covered by the DfE Risk Protection Arrangement (RPA) (<https://www.gov.uk/guidance/academies-risk-protection-arrangement-rpa>). The cost is £20 per pupil for each year. The cover provided is as follows:

- Public Liability: unlimited for any one claim; and
- Governor and Trustee Liability: unlimited

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

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association provide for the appointment or election of at least three trustees, comprising the following:

- up to 15 trustees may be appointed by the members of the Academy Trust;
- the members of the Academy Trust may appoint any number of staff trustees, provided that the total number of staff trustees (including the Chief Executive Officer) does not exceed one third of the total number of directors;
- the Chair of each Local Governing Body for as long as they remain in office;
- the Chief Executive Officer;
- a minimum of two parent trustees unless there are Local Governing Bodies which include at least two parent members; and
- any additional trustees appointed by the Secretary of State.

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2021**

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

We expect all Trustees to undertake training as appropriate to their work at the Academy Trust. All Trustees have access to the Herts Governance Services and are inducted to the Trust appropriately for their role and experience. As part of this induction all Trustees undertake training in child protection, GDPR and Prevent.

#### Organisational structure

The Academy Trust is governed by a board of Trustees constituted under a Memorandum of Association and Articles of Association. The Trust Board is responsible for ensuring that high standards of governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy Trust, addressing such matters as:

- Policy development and strategic direction;
- Ensuring compliance with legal requirements;
- Ensuring sound management and administration;
- Establishing and maintaining effective internal controls;
- Management of all resources;
- Monitoring of the schools' performance; and
- Assessing and managing risk.

From 1 September 2014 (following the opening of the three schools for the first cohort of pupils), the board of Trustees has delegated a number of functions to a Local Governing Body ("LGB") at each school. Each LGB is responsible for monitoring key aspects of each school's performance such as progress and attainment of pupils; quality of teaching and behaviour and safety of pupils. The Governors also prepare and monitor the budget for their own schools overseen by the Trust Board.

The three primary schools (Ascot Road Community Free School, Jupiter Community Free School and Lanchester Community Free School) all have a PAN of 420 pupils. A total of 1136 pupils were noted on the October 2020 census.

Committees are informed by the Senior Leadership Team at each school. The Senior Leadership Team is responsible for the School, its staff, its pupils and the education they receive.

Louise Soden was appointed as Interim Accounting Officer from 1st September 2020 and was in post at the date of approval of the annual report and financial statements.

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

The key management personnel for WHCFST are: the Interim Chief Executive Officer (CEO); the Trust Business Manager (TBM), then the Chief Financial Officer (CFO); the Interim Chief Operating Officer (COO) and the three Principals in the schools.

The Interim CEO and Accounting Officer (AO) (from 1st September 2020) who was part time (0.3) and was in post under a service level agreement with the Danes Educational Trust was paid at a day rate that was agreed by the then Chair of the Trust Board.

The salary for the Trust Business Manager who was also part-time (0.4FTE) was determined against the Hertfordshire County Council pay scales for roles with similar responsibilities. The Trust Business Manager left in December 2020. A new Chief Financial Officer was appointed in December 2020 on a day rate agreed by the Interim CEO. She was also part time (0.6 FTE).

The Interim Chief Operating Officer was appointed 1st July 2020 and was part-time (0.6FTE). This was through the service level agreement with Danes Educational Trust at a day rate at cost. This was agreed by the then Chair of the Trust Board.

The salaries of the Principals were determined against the leadership group pay range (Teachers Pay and Conditions), taking into account the size of the schools. Pay levels are assessed annually for these staff through performance management carried out by the CEO and respective Chairs of Governors. Any advancement in pay is dependent upon meeting key targets related to the performance of the schools and on the assumption that they have not reached the maximum on their designated pay scale.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Trade union facility time

During the period there were no relevant union officials and therefore there was no trade union facility time and no paid trade union activities.

#### Related parties and other connected charities and organisations

The following are connected organisations within the meaning of the latest Accounts Direction issued by the Education and Skills Funding Agency:

- University of Hertfordshire

Barbara Henry is Member of the Trust, and Associate Dean at the University of Hertfordshire.

Elizabeth Kirkbride is a Trustee and a Lecturer in law at the University of Hertfordshire.

- Michelle Dibdin

Michelle Dibdin provides art provision at Lanchester Community Free School Trust and is the wife of the Principal of Lanchester Community Free School. (Resigned October 2021).

- Squirrels Day Nurseries

Jo Kavakeb was a Member of the Trust and the owner of Squirrels Day Nurseries who lease space in each of the three schools. She resigned as a Member on 15th February 2021.

- Danes Educational Trust (DET)

DET provided a service level agreement for interim Chief Executive (Accounting Officer) and interim Chief Operating Officer roles.

Susan Poole is the Interim COO and an employee of Danes Educational Trust (0.3FTE at DET).

Dominic Richards attended WHCFST Board meetings as an advisor and is the COO of Danes Educational Trust (1FTE).

Louise Soden is the Interim CEO and AO, and a consultant for Danes Educational Trust.

- Hampton Waskett Ltd

Susan Poole (Interim COO) is a director and invoiced WH directly for March and April 2021 instead of through the DET service level agreement.

- Soden Education Limited

Louise Soden (Interim CEO and AO) is a director and invoiced WH directly for January 2021 onwards instead of through the DET service level agreement.

- Hertfordshire County Council

Kate Ma is a member of the Trust and a Senior Planning Officer, Children's Services at Hertfordshire County Council.

Robyn Haythorpe is a Trustee and a School Planning Officer, Children's Services at Hertfordshire County Council.

Further detail of the transactions between the Academy Trust and the above organisations is provided in note 24 to the financial statements.

#### **Objectives and activities**

##### Objects and aims

The Academy Trust's object as set out in its governing document is the advancement of education in the United Kingdom for the public benefit by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Objectives, strategies and activities

- Establish a common culture and a sense of belonging to one trust where all are focused "on a better future" for children.
- To build on the good outcomes in the schools by establishing a common school improvement strategy which promotes best practice and consistent high standards.
- To establish a succession planning strategy for leadership and governance to ensure consistent and robust leadership which drives high quality education.
- To establish central services to allow the schools to focus on their core business of teaching, learning, the curriculum and the achievement of high standards.
- To introduce a new structure and business cycle for the work of the trust to ensure an educationally and financially secure structure to educate our pupils.
- To ensure the schools have the best support possible through the membership of a multi-academy trust.
- To strengthen and extend strategic partnerships in order to support school improvement and pupil outcomes.

### **Activities for achieving objectives**

In order to achieve our strategy we intend to:-

Actively promote the Trust and its role in overseeing the development of the Schools. This will create a sense of community within the Trust Schools.

- In order to challenge, monitor and evaluate standards and quality in the schools and ensure stronger scrutiny and challenge by Trustees and Local Governing Bodies we will:
  1. Identify key strengths and areas of development from the Ofsted reports to drive a Trust-wide school improvement policy;
  2. Develop a peer challenge programme across the Trust by putting in place cross-school improvement and cross-school task groups;
  3. Engage external providers for periodic monitoring and evaluation.
- Strengthen programmes for supporting and growing leaders in schools.
- Plan for sustainable development of the Trust team, Trust Board and Local Governing Bodies.
- Establish a project management group to consult on and identify key services that can be centralised. This will be benchmarked against similar trusts/schools to ensure most effective and efficient practices.
- Continue to undertake a regular skills audit of board members to ensure skills are aligned with objectives of the Trust.
- Transfer the Schools to another trust to gain the support required; the decision was taken to transfer the Schools into the Danes Educational Trust on 1 September 2021.
- Strengthen Trust relations with external agencies and develop partnerships with local businesses.

### Public benefit

In setting the Academy Trust's objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees have complied with their duty to have due regard to this guidance, in exercising their powers or duties.



# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### Strategic report

#### Overview

The academic year for 2020/21 began amidst the pandemic, with a new Interim CEO and a new Interim COO. The schools' focus was to ensure children received a strong education, both in school and whilst remote learning was in place. The Trust work was focused on supporting the schools and enacting its strategic decision to transfer the three schools to another multi-academy trust.

As an interim measure whilst the Trust took stock, a service level agreement was put in place with Danes Educational Trust to provide CEO and COO support to the Trust. During this period, the Trust decided that the Trust in its current format of a central MAT function was not sustainable as it required significant, extra financial input from the schools.

The decision was taken by the Trustees to transfer the schools to another Trust. A number of Trusts were reviewed and it was agreed to proceed with the due diligence process with Danes Educational Trust. This due diligence process completed in March 2021, with both Trust Boards agreeing to the transfer of the three schools to Danes Educational Trust. This transfer took place on 1st September 2021. The WHCFST no longer has any schools.

#### Key performance indicators

	Target	Ascot Road	Jupiter	Lanchester
Pupils on roll	420	380	400	331
First choice applications	60	40	61	23
Education				
EY Good level of development	71.8%**	46%	71.7%*	42%
Year 6 results				
Reading - expected standard	73%**	87%	37.5%	67%
Reading - exceeded standard		22%	37.5%	30%
Writing - expected standard	78%**	79%	50%	59%
Writing - exceeded standard		9%	0%	10%
Maths - expected standard	79% **	67%	60%	77%
Maths - exceeded standard		28%	7.5%	31%

\* unverified

\*\* 2019 benchmark, which was based on a normal school year

Educational outcomes are not as strong as would be expected, nor attendance. This is because the year was highly disrupted by the pandemic. With school closures and also disruption to staffing through self-isolation even when the schools were open.

#### 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 Trust to continue as a going concern. The Trust normally make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements, however with effect from 1 September 2021 the management of the Academies has been transferred to another multi-academy trust, as explained in post balance sheet events Note 25.

All assets and liabilities were transferred out of the Trust on that date, and therefore whilst the multi-academy trust itself will not be continuing as going concern beyond 1 September 2021, no adjustments are required as a result of ceasing to apply the going concern basis and, in particular, there is no change to the measurement of assets and liabilities.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Financial review

During the year the Academy Trust reported a deficit for the financial year of £874,323. However, the deficit is largely as a result of servicing the LGPS and movements on the value of this pension scheme. Each school made a small surplus.

The Academy Trust ended the year with £9,549,101 in reserves (2020: £9,549,101). The schools have identified areas that they wish to make improvements to and they will be reducing the levels of reserves held over the next academic year.

#### Reserves policy

The policy of the Academy Trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies. The Trustees regularly review the reserves of the Academy Trust and consider them to be sufficient for the Academy Trust's requirements and not excessive. However due to widely anticipated cuts in future funding, the situation will be kept under review.

The pension reserve (which is in deficit by £1,666,000) relates to the Academy Trust's share of the net position under the Local Government Pension Scheme (LGPS) as calculated for accounting purposes. The Academy Trust will not be liable for a lump sum and the pension contribution will be met from the Trust's budgeted annual income. In addition, 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.

#### Investment policy

The Trustees introduced their Treasury Management Policy in September 2020 which confirmed the level of reserves to be held by each school and how they might be used, adding detail to the considerations required to access these reserves. It also introduced a formal application process which would be reviewed and approved (or not) by the Trust Board.

#### Principle risks and uncertainties

The Academy Trust's principal risks have been identified. The risks fall into the following classifications; compliance, financial, operational, and strategic and reputational.

The main risks and actions taken to mitigate these are set out below:

- The Trust was non-compliant with the Academies Financial Handbook and its own controls.
  - o This was changed by the introduction of a new CFO and new controls in December 2020
  - o Internal audit in Summer Term to note compliance levels post new controls
- Low pupil numbers at Lanchester Community Free School
  - o Active marketing, with support from Danes Educational Trust, to include a change of name and rebrand in 2021/22
  - o Using parents to communicate positive messages
  - o Vertical classes used to reduce teaching staff required
- Nursery leases had been allowed to expire in 2019 with a verbal agreement in place only
  - o New leases, approved by ESFA in place September 2021
- Failure to recruit a headteacher for Jupiter Community Free School
  - o Interim headteacher recruited
- Building work at Jupiter may not have been completed for September 2021
  - o Internal works complete and external works due October 2021
- Strategic governance - Schools may not transfer to Danes Educational Trust for September 2021
  - o Schools transferred on 1st September 2021

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### Fundraising

All fundraising activities for the Academy Trust are carried out by school staff or with assistance from volunteers such as parents who help with the running of the specific fundraising events, professional fundraisers are not used. All fundraising activities are managed by the staff within the school and monitored by the School Business Managers, with oversight by members of the governing body.

No complaints relating to fundraising activities have been received by the Academy Trust during this financial period.

### Plans for future periods

The Academy Trust's recognises that the Trust at 31st August 2021 is a going concern. However, the Trust transferred its three schools, all assets and all liabilities to Danes Educational Trust on 1st September 2021 and as such no longer operates any schools.

After much deliberation in 2020, the Trust decided that the schools would be better supported within a larger trust. To establish the best trust to take on the three schools, the Trust carried out an initial review of several larger trusts. This process identified Danes Educational Trust as the preferred trust. WH Trust then carried out a due diligence process which reported to the WH Trust Board. Trustees reviewed the due diligence work and approved the decision to transfer the schools to Danes Educational Trust.


West Herts Community Free School Trust will be dissolved in January 2022, following the filing of the final set of accounts.

### Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company'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' Report, incorporating a strategic report, was approved by order of the Trust Board, as the company directors, on 22/12/21 and signed on its behalf by:



G Cunningham

Chair of Board of Trustees

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that West Herts Community Free 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 Trust Board has delegated the day-to-day responsibility to the Interim Chief Executive Officer, 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 West Herts Community Free School Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trust Board has formally met 7 times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Trustees	Meetings attended	Out of possible
A Daniel (Resigned 16 November 2020)	1	1
M Glick (Resigned 16 November 2020)	1	1
I Maxwell (Resigned 16 November 2020)	1	1
A Sidhu (Resigned 19 November 2020)	0	0
G Cawley (Appointed 1 December 2020)	6	6
E Kirkbride (Appointed 20 November 2020)	5	6
R Haythorpe (Appointed 17 November 2020 and resigned 16 November 2020)	5	7
J Harris (Appointed 16 November 2020)	5	6
G Cunningham (Chair of Board of Trustees) (Appointed 16 November 2020)	6	6
D Affarka (Resigned 16 November 2020)	1	1
P Barton (Resigned 16 November 2020)	1	1
T Ffrench-Lynch (Resigned 16 November 2020)	1	1
Ms S Halls (Appointed 14 January 2021)	5	6

Members	Meetings attended	Out of possible
G Cunningham	3	3
J Harris	3	3
B Henry	3	3
M Glick Ex Officio (Resigned 16th November 2020)	1	1
J Kavakeb (Resigned 15th February 2021)	3	3
K Ma	3	3
A Sidhu (Resigned 16th November 2020)	1	1

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Finance and audit committee

This committee was not constituted for 2020/21 and did not meet. The work of this committee was carried out at the Trust Board for 2020/21.

### Audit risk and compliance committee

The work of this committee was initially carried out at Trust Board because of the situation until March 2021.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
E Kirkbride (Appointed 20 November 2020)	3	3
R Haythorpe (Appointed 17 November 2020 and resigned 16 November 2020)	3	3

### Review of value for money

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

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

#### Improving Educational Results:

- Advice from a highly experienced primary practitioner provided to all three schools, but focused on Jupiter where leadership needed significant support
- Coaching and mentoring provided for inexperienced leaders to support their practice
- Effective action taken to address and improve the quality of teaching where pupils were making insufficient progress
- Support for targeted planning in all three schools to tackle the recovery from lockdowns. Programmes focused on support for literacy introduced to secure progress
- Using expertise from across the Trust to improve provision, for example in Early Years.

### Financial Governance and oversight

The Trust's governance arrangements include regular monitoring by the Board of Trustees, the Audit Committee and the Local Governing Bodies of each Academy. Regular management reports are produced and reviewed at individual school and Trust level and distributed to relevant bodies. The Academies have Business Managers in post who report directly to the Local Governing Body at termly meetings. The Trust Business Manager / Chief Financial Officer reported at each Trust Board meeting. During the year, responsible officer internal audit review work has been carried out by an external company, Buzzacott.

During the previous academic year, it was evidenced that there had been a breakdown of Financial Governance and oversight. These issues came to light between July and the end of the financial year. The Trust has acted to deal with the issues identified and has sought guidance and support from the Danes Educational Trust.

### Maximising income generation

There is an external nursery based at each of our Academies adding income through leasing arrangements to the funds available for the schools. All schools also offer breakfast and after school clubs and activities and are looking to maximise their lettings income where possible.

Covid-19 has led to a significant drop in lettings income.

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The previous system of internal control has been in place in West Herts Community Free School Trust for the period 1 September 2020 to 30th November 2020. A new Scheme of Delegation and Financial Schedules of Delegation were approved by the new Trust Board on 1st December 2020 and introduced across the Trust and remained in place until the schools transferred to Danes Educational Trust on 1st September 2021.

### **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 period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts. 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 Trust Board;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed Buzzacott to act as internal auditor.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a regular basis, the appointee reports to the finance and audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## GOVERNANCE STATEMENT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- an audit of compliance with the Academies Financial Handbook following the significant changes made in December 2020, following:
  - o Top 10 'musts' for chairs and trustees;
  - o Roles and Responsibilities;
  - o Main Financial Requirements;
  - o Internal Scrutiny;
  - o Annual Accounts and External Audit;
  - o Delegated Authorities; and
  - o The Regulator and Intervention.

The programme of work was executed as planned and three significant items were identified and resolved.

A formal investigation was carried out into the Trust's financial and operational weaknesses in October 2020. The Trust Board resigned in November 2020 and the Members appointed a new Trust Board. A new Governance structure, new Scheme of Delegation and new financial controls were brought in by the new Trust Board on 1st December 2020.

The lack of compliance of internal financial controls was notified to the ESFA by the new Chair of the Trust Board in November 2020. The ESFA monitored the situation monthly through the Trust's action plan until June 2021 when it advised the Trust that is no longer needed updates on progress.

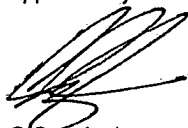
### Review of effectiveness

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

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

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

Approved by order of the Trust Board on 22/12/20 and signed on its behalf by:



G Cunningham  
Chair of Board of Trustees

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2021**

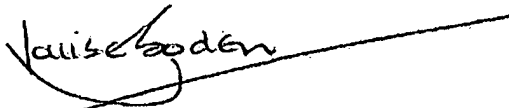
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Following the changes in the senior management team at WHCFST, I was appointed as Interim CEO and Accounting Officer from 1 September 2020.

As Accounting Officer of West Herts Community Free School Trust, I have considered my responsibility to notify the Trust Board and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2020.

Material irregularity was discovered shortly before I was appointed. An investigation took place, and this has been reported to the ESFA who is working with the Trust to monitor the rapid action plan that has been implemented by the new Trust Board.

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 Trust Board and ESFA.



L Boden  
Interim CEO & Accounting Officer

21st December 2021



# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees (who are also the directors of West Herts Community Free School Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published 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 accounts for each financial year. Under company law the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Trustees are required to:

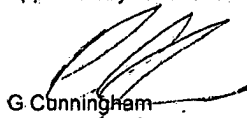
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Trust Board on 21/12/21 and signed on its behalf by:

  
G Cunningham  
Chair of Board of Trustees

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Qualified Opinion**

We have audited the accounts of West Herts Community Free School Trust for the year ended 31 August 2021, which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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), the Charities SORP 2015 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 the Academies Accounts Direction 2020 to 2021.

### **Basis for Qualified opinion**

A value of £155,996 was brought forward with respect to assets under construction. Our opinion was modified in respect of this balance in last year's financial statements, as the audit evidence available to us was limited because there was no external assessment of works carried out by the contractor. No external valuation was carried out for the year ended 31 August 2021 and thus we are unable to obtain sufficient appropriate audit evidence regarding the comparative value or the value at the year end.

Additionally, we are unable to confirm that adequate accounting records were kept throughout the period as our work has highlighted deficiencies around the reconciliation of balance sheet items.

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 accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 qualified opinion.

### **Emphasis of matter relating to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that the Trust's 3 schools were transferred to the Danes Educational Trust (Company number 07671949) on 1 September 2021. From the date of transfer, all the assets and liabilities have been transferred out of the Trust. This event has triggered the termination of the Trust's active funding agreements and it is therefore considered to be an inactive Trust from this date. The Trust is expected to be wound up and formally dissolved as a legal entity in the following accounting period.

Our opinion is not modified in respect of this matter.

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Other information**

The Trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

As described in the basis for qualified opinion section of our report, we are unable to satisfy ourselves concerning the brought forward value of the asset under construction, currently included in the accounts at £155,996. We have concluded that where the other information refers to the fixed asset balance, the fixed asset funds, or related balances such as total reserves, it may be materially misstated for the same reason.

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

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

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

Arising solely from the limitation on the scope of our work relating to fixed assets, referred to above:

- We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- We were unable to determine whether adequate accounting records have been kept.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made.

### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the academy trust and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements which include, but are not limited to, the Companies Act 2006 and the Academies Account Direction 2020 to 2021.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud; and
- Enquiring of management as to actual and potential litigation and claims.

Our audit procedures in relation to fraud included but were not limited to:

- Discussing amongst the engagement team the risks of fraud;
- Making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud; and
- Gaining an understanding of the internal controls established to mitigate risks related to fraud; and
- Reviewing the results of the internal scrutiny visits; and
- Corroborating the basis for material accounting estimates; and
- Addressing the risks of fraud through management override of controls by performing substantive and analytical journal testing; and
- Obtaining support and reasonable explanation for any manual journal postings.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

## **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

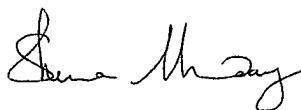
### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST HERTS COMMUNITY FREE SCHOOL TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **Use of our report**

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



**Shona Munday FCA (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young (East) Limited**

21 December 2021

**Chartered Accountants  
Statutory Auditor**

PO Box 501  
The Nexus Building  
Broadway  
Letchworth Garden City  
Herts  
SG6 9BL

# **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST HERTS COMMUNITY FREE SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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In accordance with the terms of our engagement letter dated 27 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Herts Community Free School Trust during the period 1 September 2020 to 31 August 2021 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 West Herts Community Free School Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the West Herts Community Free School Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than West Herts Community Free School Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of West Herts Community Free School Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of West Herts Community Free School Trust's Funding Agreement with the Secretary of State for Education dated 1 August 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 period 1 September 2020 to 31 August 2021 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 2020 to 2021 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

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

## **WEST HERTS COMMUNITY FREE SCHOOL TRUST**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST HERTS COMMUNITY FREE SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

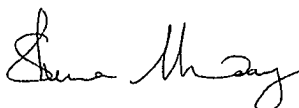
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#### **Conclusion**

In the course of our work, we noted the following points where the academy trust did not completely comply with the requirements of the ESFA Financial Handbook:

- The Trust did not obtain prior ESFA approval to appoint a CFO who is not an employee.
- The Trust does not have in place a sufficient control framework with regards to policies over:
  - discipline in financial management, including managing debtors and creditors
  - management and oversight of assets, including maintenance of a fixed asset register

Nothing else has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



#### **Reporting Accountant**

UHY Hacker Young (East) Limited  
PO Box 501  
The Nexus Building  
Broadway  
Letchworth Garden City  
Herts  
SG6 9BL

Dated: 21 December 2021

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2021 £	Total 2020 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	4,950	-	22,772	27,722	53,736
Charitable activities:						
- Funding for educational operations	4	81,384	5,396,713	-	5,478,097	4,538,187
Other trading activities	5	145,294	-	-	145,294	168,403
Investments	6	103	-	-	103	355
<b>Total</b>		<u>231,731</u>	<u>5,396,713</u>	<u>22,772</u>	<u>5,651,216</u>	<u>4,760,681</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	248,444	5,436,983	323,112	6,008,539	5,220,438
<b>Total</b>	7	<u>248,444</u>	<u>5,436,983</u>	<u>323,112</u>	<u>6,008,539</u>	<u>5,220,438</u>
<b>Net expenditure</b>		(16,713)	(40,270)	(300,340)	(357,323)	(459,757)
<b>Other recognised gains/(losses)</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(517,000)	-	(517,000)	189,000
<b>Net movement in funds</b>		(16,713)	(557,270)	(300,340)	(874,323)	(270,757)
<b>Reconciliation of funds</b>						
Total funds brought forward		189,754	(341,884)	9,701,231	9,549,101	9,819,858
Total funds carried forward		<u>173,041</u>	<u>(899,154)</u>	<u>9,400,891</u>	<u>8,674,778</u>	<u>9,549,101</u>



# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	13	9,669,218	9,837,403
<b>Current assets</b>			
Debtors	14	186,121	383,538
Cash at bank and in hand		829,104	691,086
		<u>1,115,225</u>	<u>1,075,222</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(443,665)	(493,524)
<b>Net current assets</b>		<u>671,560</u>	<u>581,698</u>
<b>Net assets excluding pension liability</b>		<u>10,340,778</u>	<u>10,419,101</u>
Defined benefit pension scheme liability	19	(1,666,000)	(870,000)
<b>Total net assets</b>		<u>8,674,778</u>	<u>9,549,101</u>
<b>Funds of the Academy Trust:</b>			
Restricted funds	17		
- Fixed asset funds		9,400,891	9,701,231
- Restricted income funds		766,846	528,116
- Pension reserve		(1,666,000)	(870,000)
<b>Total restricted funds:</b>		<u>8,501,737</u>	<u>9,359,347</u>
Unrestricted income funds	17	173,041	189,754
<b>Total funds</b>		<u>8,674,778</u>	<u>9,549,101</u>

The accounts on pages 22 to 43 were approved by the Trustees and authorised for issue on 21/12/21 and are signed on their behalf by:

G Cunningham  
Chair of Board of Trustees

Company Number 08324782

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	20		369,469		(45,035)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		103		355	
Capital grants from DfE Group		22,772		46,459	
Purchase of tangible fixed assets		(154,926)		(214,351)	
<b>Net cash used in investing activities</b>			(132,051)		(167,537)
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			237,418		(212,572)
Cash and cash equivalents at beginning of the year			691,686		904,258
<b>Cash and cash equivalents at end of the year</b>			929,104		691,686

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 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.

#### 1.1 Basis of preparation

The accounts 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

West Herts Community Free School Trust meets the definition of a public benefit entity under FRS 102.

#### 1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Governors normally make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements, however with effect from 1 September 2021 the management of the Trust's 3 schools has been transferred to a new multi-academy trust, as explained in post balance sheet events Note 25.

All assets and liabilities were transferred out of the Trust on that date, and therefore whilst the multi-academy trust itself will not be continuing as going concern beyond 1 September 2021, no adjustments are required as a result of ceasing to apply the going concern basis and, in particular, there is no change to the measurement of assets and liabilities.

#### 1.3 Income

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

##### Grants

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

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

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

##### Sponsorship income

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

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 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.

#### Other income

Other 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.

#### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### 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.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	50 years straight line
Assets under construction	See below
Plant and equipment	3 years straight line
Fixtures, fittings & equipment	4 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

#### 1.6 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.

#### 1.7 Leased assets

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

#### 1.8 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. Prepayments are not financial instruments.

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

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 1 Accounting policies

(Continued)

#### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

### 1.9 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.

### 1.10 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 and the assets are held separately from those of the Academy Trust.

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

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

### 1.11 Fund accounting

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

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

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

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 2 Critical accounting estimates and areas of judgement

Accounting 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### Critical areas of judgement

##### **Depreciation, amortisation and residual values**

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

**The "McCloud/Sergeant judgement".** This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

**Guaranteed Minimum Pension (GMP).** GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

**Discount rates.** There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

**Mortality assumptions.** Details of the changes in mortality assumptions are shown in note 19. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Private sponsorship	4,950	-	4,950	-
Capital grants	-	22,772	22,772	46,459
Other donations	-	-	-	7,277
	<u>4,950</u>	<u>22,772</u>	<u>27,722</u>	<u>53,736</u>

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	4,851,177	4,851,177	4,079,411
Other DfE / ESFA grants:				
Pupil premium	-	310,477	310,477	171,956
Start up grants	-	45,000	45,000	85,500
	<u>-</u>	<u>5,206,654</u>	<u>5,206,654</u>	<u>4,336,867</u>
<b>Other government grants</b>				
Local authority grants	-	119,203	119,203	32,869
Special educational projects	-	70,856	70,856	63,460
	<u>-</u>	<u>190,059</u>	<u>190,059</u>	<u>96,329</u>
Other incoming resources	<u>81,384</u>	<u>-</u>	<u>81,384</u>	<u>104,991</u>
<b>Total funding</b>	<u>81,384</u>	<u>5,396,713</u>	<u>5,478,097</u>	<u>4,538,187</u>

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	132,672	-	132,672	159,111
Parental contributions	12,622	-	12,622	9,292
	<u>145,294</u>	<u>-</u>	<u>145,294</u>	<u>168,403</u>



# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	103	-	103	355

### 7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	3,394,815	274,645	396,555	4,066,015	3,135,655
- Allocated support costs	783,177	563,416	595,931	1,942,524	2,084,783
	4,177,992	838,061	992,486	6,008,539	5,220,438

#### Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for audit services	13,000	27,195
Operating lease rentals	1,452	396
Depreciation of tangible fixed assets	323,112	361,887
Net interest on defined benefit pension liability	17,000	18,000

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 8 Central services

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

Include list of services, such as:

- Financial Management and budget setting;
- HR Support;
- Centralisation of policies;
- Support for projects within the schools;
- Standardisation of school improvement plans and reporting

The amounts charged during the year were as follows:

	2021 £	2020 £
Jupiter Community Free School	81,250	48,380
Ascot Community Free School	46,250	46,000
Lanchester Community Free School	46,250	40,620
	<u>173,750</u>	<u>135,000</u>

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>Direct costs</b>				
Educational operations	23,016	4,042,999	4,066,015	3,135,655
<b>Support costs</b>				
Educational operations	225,428	1,717,096	1,942,524	2,084,783
	<u>248,444</u>	<u>5,760,095</u>	<u>6,008,539</u>	<u>5,220,438</u>

	2021 £	2020 £
<b>Analysis of support costs</b>		
Support staff costs	783,177	840,797
Depreciation	48,467	361,887
Technology costs	79,507	82,698
Premises costs	517,020	328,535
Legal costs	59,095	1,846
Other support costs	432,399	438,532
Governance costs	22,859	30,488
	<u>1,942,524</u>	<u>2,084,783</u>

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	3,302,493	2,775,635
Pension costs	875,499	749,470
Staff costs - employees	4,177,992	3,525,105
Staff development and other staff costs	4,177,992 226,967	3,525,105 244,117
Total staff expenditure	4,404,959	3,769,222

#### Staff numbers

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

	2021 Number	2020 Number
Teachers	52	45
Administration and support	88	80
Management	3	5
	143	130

#### Higher paid staff

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

	2021 Number	2020 Number
£70,001 - £80,000	2	3

#### 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 pension contributions) received by key management personnel for their services to the Academy Trust was £400,944 (2020: £405,336).

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of trustees' remuneration and other benefits for G Cook was £Nil (2020: £73,094)

### 12 Insurance for Trustees and Officers

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. The cover was provided to the Trust by the Academies Risk Protection Arrangement (RPA) in the year. The cost of the insurance was 2021: £35,140 (2020: £16,596) and is included in the total insurance cost.

### 13 Tangible fixed assets

	Land and buildings	Assets under construction	Plant and equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2020	10,795,139	155,996	752,645	682,623	12,386,403
Additions	-	110,578	18,412	25,936	154,926
At 31 August 2021	10,795,139	266,574	771,057	708,559	12,541,329
<b>Depreciation</b>					
At 1 September 2020	1,295,417	-	652,489	601,094	2,549,000
Charge for the year	215,903	-	65,460	41,748	323,111
At 31 August 2021	1,511,320	-	717,949	642,842	2,872,111
<b>Net book value</b>					
At 31 August 2021	9,283,819	266,574	53,108	65,717	9,669,218
At 31 August 2020	9,499,722	155,996	100,156	81,529	9,837,403

### 14 Debtors

	2021 £	2020 £
Trade debtors	4,772	6,420
VAT recoverable	-	160,619
Other debtors	97,101	134,885
Prepayments and accrued income	84,248	81,612
	186,121	383,536

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	154,058	186,340
Other taxation and social security	62,411	46,086
Other creditors	27,778	67,511
Accruals and deferred income	199,418	193,587
	<u>443,665</u>	<u>493,524</u>

### 16 Deferred income

	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	<u>133,146</u>	<u>133,881</u>
Deferred income at 1 September 2020	133,881	103,205
Released from previous years	(133,881)	(103,205)
Resources deferred in the year	<u>133,146</u>	<u>133,881</u>
<b>Deferred income at 31 August 2021</b>	<u><b>133,146</b></u>	<u><b>133,881</b></u>

At the year end, all three academies were holding funds in advance for universal free school meals.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 17 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	591,430	4,851,177	(4,657,447)	(785,160)	-
Start up grants	-	45,000	-	-	45,000
Other DfE / ESFA grants	-	310,477	(310,477)	-	-
Other government grants	-	190,059	(190,059)	-	-
Other restricted funds	(63,314)	-	-	785,160	721,846
Pension reserve	(870,000)	-	(279,000)	(517,000)	(1,666,000)
	<u>(341,884)</u>	<u>5,396,713</u>	<u>(5,436,983)</u>	<u>(517,000)</u>	<u>(899,154)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	9,701,231	22,772	(323,112)	-	9,400,891
	<u>9,701,231</u>	<u>22,772</u>	<u>(323,112)</u>	<u>-</u>	<u>9,400,891</u>
<b>Total restricted funds</b>	<u>9,359,347</u>	<u>5,419,485</u>	<u>(5,760,095)</u>	<u>(517,000)</u>	<u>8,501,737</u>
<b>Unrestricted funds</b>					
General funds	189,754	231,731	(248,444)	-	173,041
	<u>189,754</u>	<u>231,731</u>	<u>(248,444)</u>	<u>-</u>	<u>173,041</u>
<b>Total funds</b>	<u>9,549,101</u>	<u>5,651,216</u>	<u>(6,008,539)</u>	<u>(517,000)</u>	<u>8,674,778</u>

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

#### General Annual Grant

The General Annual Grant (GAG) must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

#### Other DfE / EFA grants

This represents other funding for various purposes including pupil premium, sports funding, training and other pupil related activities.

#### Other government grants

This represents funding received from local government for various specific purposes including special educational needs children and education other than at school.

#### Other restricted funds

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant.

#### Pensions Reserve

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme.

#### Restricted fixed asset fund

The restricted fund asset fund was funded predominantly by the funds inherited on conversion to an academy from the local authority following the transfer of the land and buildings.

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 17 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	387,893	4,079,411	(3,875,874)	-	591,430
Start up grants	-	85,500	(85,500)	-	-
Other DfE / ESFA grants	-	171,956	(171,956)	-	-
Other government grants	-	96,329	(96,329)	-	-
Other restricted funds	(7,965)	7,277	(62,626)	-	(63,314)
Pension reserve	(821,000)	-	(238,000)	189,000	(870,000)
	<u>(441,072)</u>	<u>4,440,473</u>	<u>(4,530,285)</u>	<u>189,000</u>	<u>(341,884)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	10,016,659	46,459	(361,887)	-	9,701,231
	<u>10,016,659</u>	<u>46,459</u>	<u>(361,887)</u>	<u>-</u>	<u>9,701,231</u>
<b>Total restricted funds</b>	<u>9,575,587</u>	<u>4,486,932</u>	<u>(4,892,172)</u>	<u>189,000</u>	<u>9,359,347</u>
<b>Unrestricted funds</b>					
General funds	244,271	273,749	(248,587)	-	269,433
	-	-	(79,679)	-	(79,679)
	<u>244,271</u>	<u>273,749</u>	<u>(328,266)</u>	<u>-</u>	<u>189,754</u>
<b>Total funds</b>	<u>9,819,858</u>	<u>4,760,681</u>	<u>(5,220,438)</u>	<u>189,000</u>	<u>9,549,101</u>

#### Total funds analysis by academy

	2021 £	2020 £
Fund balances at 31 August 2021 were allocated as follows:		
Jupiter Community Free School	406,062	376,651
Ascot Community Free School	320,788	271,301
Lanchester Community Free School	178,835	25,570
Central services	34,202	44,348
Total before fixed assets fund and pension reserve	<u>939,887</u>	<u>717,870</u>
Restricted fixed asset fund	9,400,891	9,701,231
Pension reserve	(1,666,000)	(870,000)
Total funds	<u>8,674,778</u>	<u>9,549,101</u>

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 17 Funds

(Continued)

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Jupiter Community Free School	1,218,281	209,951	91,389	501,838	2,021,459
Ascot Community Free School	1,027,029	214,581	233,343	483,913	1,958,866
Lanchester Community Free School	1,027,820	190,945	71,823	398,585	1,689,173
Central services	293	-	-	12,962	13,255
	<u>3,273,423</u>	<u>615,477</u>	<u>396,555</u>	<u>1,397,298</u>	<u>5,682,753</u>

### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2021 are represented by:</b>				
Tangible fixed assets	-	-	9,669,218	9,669,218
Current assets	173,041	1,210,511	(268,327)	1,115,225
Creditors falling due within one year	-	(443,665)	-	(443,665)
Defined benefit pension liability	-	(1,666,000)	-	(1,666,000)
<b>Total net assets</b>	<u>173,041</u>	<u>(899,154)</u>	<u>9,400,891</u>	<u>8,674,778</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	9,837,403	9,837,403
Current assets	189,754	1,021,640	(136,172)	1,075,222
Creditors falling due within one year	-	(493,524)	-	(493,524)
Defined benefit pension liability	-	(870,000)	-	(870,000)
<b>Total net assets</b>	<u>189,754</u>	<u>(341,884)</u>	<u>9,701,231</u>	<u>9,549,101</u>



# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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### 19 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 Hertfordshire County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £Nil (2020: £17,278) were payable to the schemes at 31 August 2021 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions 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 every 4 years. 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 2016 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 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. Assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.5%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £421,879 (2020: £356,890).

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

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 19 Pension and similar obligations

(Continued)

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

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2021 was £268,000 (2020: £199,000), of which employer's contributions totalled £206,000 (2020: £153,000) and employees' contributions totalled £62,000 (2020: £46,000). The agreed contribution rates for future years are 15.8% for employers and 5.5% - 12.5% for employees.

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

Total contributions made	2021 £	2020 £
Employer's contributions	206,000	153,000
Employees' contributions	62,000	46,000
Total contributions	268,000	199,000

Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	3.3	2.6
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7

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

	2021 Years	2020 Years
Retiring today		
- Males	22.1	21.9
- Females	24.5	24.1
Retiring in 20 years		
- Males	23.2	22.8
- Females	26.2	25.5

Scheme liabilities would have been increased/(decreased) by changes in assumptions as follows:

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Pension and similar obligations

(Continued)

#### The Academy Trust's share of the assets in the scheme

	2021 Fair value £	2020 Fair value £
Equities	725,000	509,000
Bonds	396,000	336,000
Property	150,000	86,000
Other assets	96,000	29,000
Total market value of assets	1,367,000	960,000

The actual return on scheme assets was £143,000 (2020: £109,000).

#### Amount recognised in the statement of financial activities

	2021 £	2020 £
Current service cost	468,000	373,000
Interest income	(19,000)	(14,000)
Interest cost	36,000	32,000
Total operating charge	485,000	391,000

#### Changes in the present value of defined benefit obligations

	2021 £
At 1 September 2020	1,830,000
Current service cost	468,000
Interest cost	36,000
Employee contributions	62,000
Actuarial loss/(gain)	641,000
Benefits paid	(4,000)
At 31 August 2021	3,033,000

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Pension and similar obligations (Continued)

#### Changes in the fair value of the Academy Trust's share of scheme assets

	2021 £
At 1 September 2020	960,000
Interest income	19,000
Actuarial gain	124,000
Employer contributions	206,000
Employee contributions	62,000
Benefits paid	(4,000)
At 31 August 2021	1,367,000

### 20 Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the reporting period (as per the statement of financial activities)	(357,323)	(459,757)
Adjusted for:		
Capital grants from DfE and other capital income	(22,772)	(46,459)
Investment income receivable	(103)	(355)
Defined benefit pension costs less contributions payable	262,000	220,000
Defined benefit pension scheme finance cost	17,000	18,000
Depreciation of tangible fixed assets	323,111	361,887
Decrease/(increase) in debtors	197,415	(167,336)
(Decrease)/increase in creditors	(49,859)	28,985
Net cash provided by/(used in) operating activities	369,469	(45,035)

### 21 Analysis of changes in net funds

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash	691,686	237,418	929,104

# WEST HERTS COMMUNITY FREE SCHOOL TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 22 Long-term commitments, including operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	7,696	7,752
Amounts due in two and five years	4,960	12,655
	<u>12,656</u>	<u>20,407</u>

### 23 Capital commitments

	2021 £	2020 £
Expenditure contracted for but not provided in the accounts	<u>86,891</u>	<u>-</u>

### 24 Related party transactions

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

During the year ended 31 August 2021, the Academy Trust was party to the following transactions with related parties. All transactions were in accordance with the Academy Trust's normal procurement procedures with consideration given to the requirements of the ESFA's Academies Financial Handbook.

Jo Kavakeb, a member of the trust, is a director of Squirrels Day Nurseries. During the year, the academy trust received £168,558 (2020: £142,788.44) for services provided to Squirrels Day Nurseries. At the year end, £Nil (2020: £Nil) was outstanding.

M Dibdin, wife of the principal at Lanchester Community Free School Trust. During the year, the academy trust paid £791 (2020: £3,810) for the provision of art. At the year end, £Nil (2020: £Nil) was outstanding.

### 25 Post balance sheet events

On 1 September 2021 West Herts Community Free School Trust joined the Danes Education Trust, a multi academy trust. All the assets and liabilities of the academy were transferred to the Danes Education Trust on this date.

### 26 Members' liability

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