

**Company Registration No. 8704162 (England and Wales)**

**HERTS & ESSEX MULTI ACADEMY TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**



# **HERTS & ESSEX MULTI ACADEMY TRUST**

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## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

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#### **Members**

S Brindley  
S Cox  
R Fielden  
S Dutton  
S Loveday

#### **Trustees**

M Archer (Chair) (Appointed 21 October 2020)  
T Benson (Appointed 21 October 2020)  
P Bull  
Z Burnet (Appointed 21 October 2020 and resigned 15 July 2021)  
R Fielden  
A Forbes (Resigned 31 August 2021)  
I Graham  
Y Gregory (Vice Chair) (Appointed 21 October 2020)  
P Harding (Resigned 19 October 2020)  
J Keogh (Vice Chair) (Resigned 9 September 2021)  
C Tooze (Headteacher and Accounting Officer)  
S Wilks

#### **Co-Opted Governors**

A Bhusari (appointed 26 October 2020)  
C Boylan (resigned 15 July 2021)  
H Boyle (resigned 31 December 2021)  
I Chapman (appointed 1 September 2020)  
C Cozens  
N Elliman (appointed 11 September 2020)  
T Hammonds (appointed 9 February 2021)  
F Iwaschkin  
C Kerins  
E Kirkham  
M Labi (appointed 11 September 2020)  
K Liu  
J Massingham-Lamprell  
I McLeod (Appointed 11 September 2020)  
F Millns (appointed 21 April 2021)  
A Novitt (Appointed 9 February 2021)  
T Read  
H Smith  
L Storey  
C Wilkerson (appointed 4 December 2020)

## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

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#### **Senior Leadership Team**

- Executive Headteacher (HEMAT)	C Tooze
- Headteacher (H&E)	E Kirkham
- Headteacher (MF)	H Smith
- Executive Deputy Headteacher (HEMAT)	I Chapman
- Executive Deputy Headteacher (HEMAT)	J O'Hagan (Resigned 7 August 2021)
- Executive Deputy Headteacher (HEMAT)	P Robinson (Appointed 24 May 2021)

<b>Company secretary</b>	E Nelson (Resigned 31 May 2021) I Chapman (Appointed 1 June 2021)
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<b>Company registration number</b>	8704162 (England and Wales)
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<b>Principal and registered office</b>	The Hertfordshire & Essex High School Warwick Road Bishop's Stortford CM23 5NJ
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<b>Academies operated</b>	<b>Location</b>	<b>Headteacher</b>
Herts & Essex High School	Bishop's Stortford	E Kirkham
Manor Fields Primary School	Bishop's Stortford	H Smith

<b>Independent auditor</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
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<b>Bankers</b>	NatWest Bank 7 North Street Bishop's Stortford Herts CM23 2TJ
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<b>Solicitors</b>	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
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# **HERTS & ESSEX MULTI ACADEMY 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 ended 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates two schools: Manor Fields Primary School and The Hertfordshire & Essex High School and Science College. Both schools serve a catchment in and around Bishop's Stortford. Admissions are on a non-selective basis, with reference to the catchment area. Manor Fields is a school for children aged 3-11. It has capacity for 465. Herts & Essex is a school for students aged 11 to 18. It has capacity for 1,430. The numbers on roll in January 2021 were: Manor Fields 447 and Herts & Essex 1,350.

Manor Fields joined the Multi Academy Trust on 1 September 2017.

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

##### **Constitution**

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

Eight Trustees act as the directors of the Charitable Company for the purposes of company law.

The Charitable Company is known as Herts & Essex Multi Academy Trust. The Trust also has two subsidiary companies: Catalyst Innovation for Education Limited, (which filed a first gazette notice on 16 November 2021), and The Herts & Essex High School Sports Centre Limited, (which filed a first gazette notice on 26 October 2021).

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

##### **Members' liability**

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

##### **Trustees' indemnities**

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

Note: Co-opted governors have the same powers as Trustees other than voting at Trustees' meetings and voting for new co-opted governors.

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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

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

In general the Academy Trust will have the following Governors:

- The Members/Trustees may appoint Governors subject to Articles of Association.
- In addition, Subject to Articles, the Academy Trust shall have the following Governors:
  - a. A minimum of 4 Parent Governors
  - b. Up to 3 Staff Governors
  - c. Any Additional Governors, as deemed necessary by the 'Secretary of State under the relevant clauses in the Articles of Association'
- The total number of Governors who are employees of the Academy Trust (including the Executive Headteacher) must not exceed one third of the total number of Governors
- The Executive Headteacher shall be treated for all purposes as being an ex officio Governor
- The term of office for any Governor is 4 years, with the exception of:
  - a. This time limit does not apply to the Executive Headteacher
  - b. A Staff Governor will only hold office for so long as they continue to be employed as a teacher or member of support staff

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

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

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

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

##### Organisational structure

Trustees, Trust-level Committees and Local Governing Body (LGB) Committees meet twice each term. The Members meet at least once per year.

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

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

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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##### **Principal Activities**

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

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

The Governing Body have devolved responsibility for day to day management of the schools to the Executive Headteacher and Senior Leadership Team (SLT). The SLT comprises the Executive Headteacher, Headteachers, Deputy Headteachers, HR Manager, Strategic ICT Lead and Assistant Headteachers.

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

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

The Executive Headteacher is the Accounting Officer.

##### Trade Union Facility Time

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

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

The key management personnel of the academy are the Senior Leadership Team and the Trustees. Trustees are not remunerated; staff Trustees are remunerated in their role at the Academy.

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

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

The Hertfordshire and Essex Multi Academy Trust holds two subsidiary limited companies:

Herts & Essex Sports Centre Limited Company registration number 11145421.

Catalyst Innovation for Education Limited Company registration number 08704888.

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

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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#### **Objectives and activities**

##### Objects and aims

#### **Herts & Essex High School**

Herts & Essex High School has been hugely successful in the last 12 years and many innovative changes have helped raise standards which were already high. A\*-C/9-4 percentages including English and Maths outcomes increased from 70% to 80% to 90+% since 2010. Some years ago, value added scores held at around average, with a rise to 1016 in 2012 and 1038 in 2014. Since 2016, the new value added measure, Progress 8, placed Herts & Essex amongst the best in Hertfordshire and in the top 5% of schools nationally for the last five consecutive years.

The school enjoyed two specialisms for several years as well as Sportsmark, Arts Mark, ICT Mark, International School, NACE awards, and Careers Mark. It was nationally accredited as one of the country's first 100 Teaching Schools, as well as leading Matrix Maths Hub and a Science Learning Partnership, all in recognition of high standards in many areas over a long period of time. In 2009, Ofsted summarised Herts & Essex as "an outstanding school with an outstanding Sixth Form" and in 2012, an Ofsted subject inspection confirmed this evaluation summary. Since then, Herts & Essex has consistently self-evaluated as 'outstanding' in all areas, with external validation. In December 2019, it was awarded the accolade 'World Class School'.

#### **Manor Fields Primary School**

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

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

The main improvement strategies are:

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



# **HERTS & ESSEX MULTI ACADEMY TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Objectives, strategies and activities

#### **Herts & Essex Multi Academy Trust**

##### **Motto**

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

##### **Mission statement**

- *Excellence for All*

##### **Values**

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

##### **Academic Philosophy**

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

##### **Facilities and Technologies**

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

##### **Our Values and how we turn them into reality**

##### **Creativity**

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

##### **Compassion**

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

##### **Respect**

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

## HERTS & ESSEX MULTI ACADEMY TRUST

### TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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#### Resilience

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

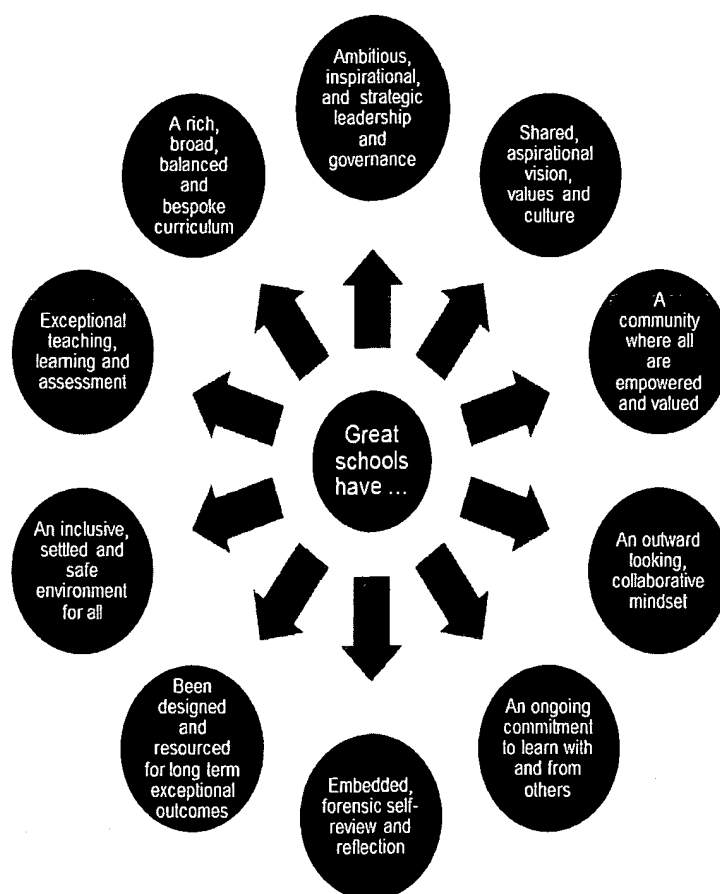
#### Initiative

- Enterprise activities are extensive
- Partnerships with other schools and organisations, such as Eden High School, Uganda, Bishop's Stortford Education Trust, Aspire and Matrix Maths Hub

#### Independence

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

*HEMAT schools will all be Great Schools*



## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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##### **How HEMAT schools will become Great Schools - Our Strategic Plan**

###### **Ambitious, inspirational and strategic leadership and governance**

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

###### **Shared, aspirational vision, values and culture**

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

###### **A community where all are empowered and valued**

- A World Class School

###### **An outward looking, collaborative mind-set**

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

###### **An ongoing commitment to learn with and from others**

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

###### **Embedded forensic self-review and reflection**

- Share the best practice across both schools

###### **Designed and resourced for long-term exceptional outcomes**

- Fresh, innovative spaces at MF
- Great food served from great restaurants
- Strategic Finance Director in post

###### **An inclusive, settled and safe environment for all**

- Improve our H&S through new Fire Alarm systems at H&E
- New roofs on the old H&E buildings (no leaks)
- Hold Public Exams in the Sports Centre (silence and space guaranteed)

###### **Exceptional teaching, learning and assessment**

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

###### **A rich, broad, balanced and bespoke curriculum**

- A shared and clear vision for our all-through curriculum

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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##### Annual Development Plans

The main objectives for the Annual Development Plan for 2021-2022 are as follows:

1. Celebrating ethnic diversity and embedding anti-racism across the Trust
2. Teaching and Learning: Oracy
3. Staff training with a Pastoral Focus –equipping our staff, students and parents across the Trust
4. Character Education throughout the Trust
5. Learnings from Lockdown across both schools
6. Recovery and Reconnection; dealing with learning gaps and improving study skills at H&E
7. EYFS New Curriculum at MFs

##### Public benefit

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

The schools aim to advance for the public benefit, education in Bishop's Stortford and the surrounding area. This is evident in results ends of Key Stages 1, 2, at GCSE and A Level, and the vast majority of students progressing to Higher Education or high level apprenticeships from Year 13.

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

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

##### **Strategic report**

##### Key performance indicators

The Members/Trustees/Governors carried out a review of the key financial controls, key performance indicators (KPI) and risk control processes that would be applied to future reporting and business monitoring and performance.

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

Core funding (GAG) is based on student numbers, this is also a key performance indicator. Student numbers for January 2021 were 1350 for Herts & Essex and 447 for Manor Fields at census date, an increase on the previous year. It is anticipated that this number will continue at this level (or slightly higher at sixth form level) for the foreseeable future. Applications for the main school (Years 7-11) were very positive continuing with the trend of significant over-subscription with 569 students applying for places at Herts & Essex relating to the 180 Year 7 places available for entry in September 2021. Further pressure on secondary school numbers has been indicated in the Local Authority Strategic Plan due to increased housing stock and the continued expansion of Bishop's Stortford. The Governors will be monitoring these developments over the next few years in terms of strategic planning for places and will be liaising with the Local Authority and other stakeholders in this respect.

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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##### Going concern

The Trustees assess whether the use of going concern assumption 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 Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. After consideration and discussions the Trustees have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

In the year ended 31 August 2021, the Trust reported:

- General funds net expenditure of £78,831 (2020: £46,009)
- Transfer from general funds to capital of £nil (2020: £282,684)
- General funds net expenditure after capital transfers of £78,831 (2020: £236,675)
- The restricted fixed asset fund balance is £27,683,661 (2020: £27,471,118)
- The Local Government Pension Scheme fund deficit was £5,047,000 (2020: £3,636,000)
- The Trust's general funds were in deficit of £512,557 (2020: £433,726)
- The Trust's general funds are attributed to Herts & Essex High School deficit of £622,027 (2020: £551,367) and Manor Fields Primary School surplus of £109,470 (2020: £117,641)

In year, the Trust's two subsidiaries, Catalyst Innovation for Education Limited and the Herts & Essex Sports Centre Limited, have ceased trading. The two subsidiaries had a combined surplus of £2,685 at 31 August 2020 which were transferred to the Trust. Unfortunately, due to the Covid-19 pandemic and subsequent lockdowns, the Sports Centre has not been able to run at a profit in year under review, resulting in an overall loss of £165,831 in year. Without the loss of income from the forced lock-down closure of the Sports Centre, the Academy Trust saw a net income position of £87k in 2021.

The Sports Centre, which represents around 3% of the Trust's income, has been fully operational since the start of the 2021/22 financial year. As at 30 November 2021, the Sports Centre is reporting a small in year profit which remains as forecast. There is a small risk, that should the Sports Centre have to close due to a tightening of restrictions as a result of the ongoing Covid-19 pandemic, that the Sports Centre, which is predicted to make an in-year surplus this year, may report a deficit. Should this take place, the Trust will work to make cost savings, or delay planned projects, to minimise any in year loss and impact on the overall Trust's going concern position.

The Trust continues to report a deficit position. This is due to historic additional costs incurred with the building of the Sports Centre, which resulted in transfers from the general to the capital fund. No such transfers were required in 2021 however the Trust still reports an overall deficit position due to the historic transfers. Without the cumulative transfers of £1,199,092 from the general fund to the fixed asset fund over the past two years to make up for the additional costs outlined above, the Trust's general funds would stand at a surplus of £691,257 at 31 August 2021 instead of a deficit position of £512,557. The Trust is actively working towards decreasing the deficit position, specifically by:

- Sale of a piece of land, which the ESFA has approved, and was completed subsequent to the year end and which raised funds of £165,375;
- Careful monitoring of costs and looking for efficiencies to reduce spend; and
- Increased pupil numbers, most notably sixth form numbers at the High School which has increased sixth form funding in 2021-22.

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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The Trust expects to generate net general funds income in both financial years 2021/22 and 2022/23 which will result in turning the current accumulated deficit into a surplus by 31 August 2023.

The Trustees have considered various sensitivities that could impact the forecast cash flow position of the Trust (such as the closure of the Sports Centre in another lock-down and unforeseen increased costs) and they are confident that certain mitigating actions (such as delaying planned projects) could be put in place if needed to ensure that the Trust remains a going concern.

#### **Financial review**

##### **Financial Notice to Improve (FNtI)**

As a consequence of the Grenfell tragedy and subsequent redesign of a number of features of the Sports Centre, the Herts & Essex Trust incurred a significant overspend on this building project. Unfortunately, this led to a deficit for the Trust, which the Trust are in the process of reducing and eradicating. As a result of the deficit incurred, the Trust received a letter on the 27th July 2020 addressed to Robert Fielden (Chair of Trustees at the time), from Warwick Sharp Director, Academies and Maintained Schools Directorate. The letter outlined details of what the Trust must do to comply with the terms of the FNtI. The letter can be viewed via this link:

<https://www.hemat.org.uk/policies2/59363.html> - Letter from Warwick Sharp.

Since receiving the letter the Trust has:

- engaged with a new SRMA deployment
- developed an action plan to drive through the efficiencies of the SRMA recommendation
- carried out an external governance review to identify any gaps in the governance structure
- developed and implemented an action plan
- engaged with Academy Ambassadors.

The FNtI is ongoing, however the Trust are working towards having this removed in 2021-2022.

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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##### Reserves policy

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

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

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

The Trust's total reserves at 31 August 2021 were £22,124,104 (2020: £23,401,392).

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

The Trust's pension reserve has a liability at 31 August 2021 of £5,047,000 (2020: £3,636,000).

##### Investment policy

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

##### Purposes:

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

All funds surplus to immediate requirements are held in bank accounts which receive the highest interest rates available to the Trust to maximise income. Day to day management of the surplus funds is delegated to the Executive Headteacher within strict guidelines approved by the Governing Body.

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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##### Principal risks and uncertainties

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

The Governors have implemented a risk management system to assess the commercial and other risks that the school faces. Where significant risk potentially remains, then adequate liability insurance cover is in place to close these gaps.

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

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

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

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

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

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 21 to the financial statements, represents a significant potential liability. However, as the Governors consider that the school is able to meet its known annual deficit contribution commitments for the foreseeable future, the risk from this liability is minimised and is manageable.

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

The Trust has further enhanced its audit and risk procedures to provide assurance to trustees that the Trust is effectively managing its risks and has a robust system of internal controls. The reporting mechanism for this is the Trust's Risk Register which highlights the key risks facing the Trust. The Risk Register is monitored by the Audit and Risk committee (termly) and the Finance Committee (annually).

Any significant changes in risk impact or probability, or the occurrence of an event which raises the profile of a risk is recorded on the risk register as it occurs.

The Executive Deputy Headteacher ensures that:

- individual members of staff are aware of their accountability for individual risks
- individuals report promptly to the SLT any perceived new risks or failure of existing control measures.



## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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The accountable risk owners mitigate actions to an acceptable level.

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

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

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

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

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

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

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

#### **Covid-19 risks**

The Academy Trust has considered the risks associated with Covid-19. There are several areas in connection with the pandemic which have been debated by Trustees in its committees:

- financial risks in connection with extra heating, cleaning and sanitising costs, extra tuition to enable students to catch up with the work missed during lockdown periods, and costs of purchasing IT hardware and software, such as laptops and online software systems
- learning risks in connection with an inability to run school trips, a need to teach outside specialist classrooms and in various different ways, including remote education during lockdown

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

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

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Trustees are aware of a number of ways in which the risks associated with the pandemic have already been mitigated:

- free laptops for disadvantaged pupils from the DfE have been claimed
- Covid costs have been claimed or covered within existing budgets
- resources have been redistributed innovatively, for example the distribution of laptops which are used for public examinations
- some savings, such as furlough of Sports Centre staff, public examination fees and invigilator wages have helped cover extra costs incurred
- the high standard of remote education provided by the Trust means that loss of learning gains has been minimal

Trustees continue to monitor the impact of Covid-19 and to mitigate for them.

#### **Fundraising**

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

#### **Plans for future periods**

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

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

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

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

#### **Funds held as custodian trustee on behalf of others**

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

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2021**

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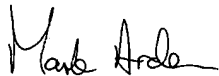
#### **Auditor**

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 Governors 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 auditors, UHY Hacker Young, have indicated their willingness to continue in office. The Designated Trustee will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 22 December 2021 and signed on its behalf by:



M Archer  
Chair

# HERTS & ESSEX MULTI ACADEMY TRUST

## GOVERNANCE STATEMENT

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Scope of responsibility

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

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

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met six times during the year to 31 August 2021. Attendance during the year at Trustees' Meetings:

Trustees	Meetings attended	Out of possible
M Archer (Chair) (Appointed 21 October 2020)	6	6
T Benson (Appointed 21 October 2020)	6	6
P Bull	5	6
Z Burnet (Appointed 21 October 2020 and resigned 15 July 2021)	5	6
R Fielden	6	6
A Forbes (Resigned 31 August 2021)	5	6
I Graham	3	4
Y Gregory (Vice Chair) (Appointed 21 October 2020)	6	6
P Harding (Resigned 19 October 2020)	0	0
J Keogh (Vice Chair) (Resigned 9 September 2021)	4	6
C Tooze (Headteacher and Accounting Officer)	6	6
S Wilks	6	6

Governor meeting attendance for 2020/21 is on the website <https://www.hemat.org.uk/> and can be accessed via the following links:

[https://www.hemat.org.uk/force\\_download.cfm?id=1824374](https://www.hemat.org.uk/force_download.cfm?id=1824374) - for HEMAT

[https://www.hertsandessex.herts.sch.uk/force\\_download.cfm?id=1824430](https://www.hertsandessex.herts.sch.uk/force_download.cfm?id=1824430) - for Herts & Essex

[https://www.manorfields.herts.sch.uk/force\\_download.cfm?id=1824373](https://www.manorfields.herts.sch.uk/force_download.cfm?id=1824373) - for Manor Fields

## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **GOVERNANCE STATEMENT (CONTINUED)**

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

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##### Trust Committees

Finance Committee – this meets five times (with additional meetings as required to review monthly management accounts). The Finance Committee is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, drafting the Annual Budget, compliance with reporting and regulatory requirements and receiving Internal Audit Reports. This committee operates across the Trust. It also takes responsibility for the annual audit and monitors and reviews the finances of the Trust.

Audit and Risk Committee – the newly formed Audit and Risk committee meets at least three times a year reviewing financial audits, risk and risk strategy. This sub-committee operates across the Trust.

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

Curriculum LGB Committees – these meet twice per term to monitor, evaluate and review school policy, practice and performance in relation to curriculum planning, stakeholder communications, target setting and assessment, examinations and academic performance. These committees operate within each school separately.

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

Premises Development and Sports Centre Committee - this meets twice per term to monitor and review all aspects of maintenance, improvement and repair to the buildings, grounds and plant, as well as overseeing the running of the Sports Centre. It advises the Governing Body on its responsibilities under Health & Safety legislation, determines a School Security Policy and monitors the use of the premises outside school hours. This committee operates across the Trust and is responsible for ensuring that a Site Improvement Plan is in place, relating to the school premises and associated buildings. It also makes recommendations for future financial planning in relation to the School Site Improvement plan.

##### **Review of value for money**

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

## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **GOVERNANCE STATEMENT (CONTINUED)**

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

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

- ensuring that major purchases made by the Academy Trust had been subject to the correct quotation/tendering procedure;
- carrying out an annual full staffing review with staff recruitment made on the basis of this review with increases and reductions in the appropriate areas; and
- cost savings identified and implemented within the financial year.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Herts & Essex Multi Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts.

#### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the 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 Governing Body.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- the use of Key Performance Indicators (KPIs) to identify financial/other adverse trends in performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **GOVERNANCE STATEMENT (CONTINUED)**

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

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The Academy Trust continued to recognise the need for a specific internal audit function and has appointed MHA MacIntyre Hudson. The internal auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis the internal auditor reports to the Academy Trust on the operation of the systems of control and on the discharge of the Academy Trust's financial responsibilities. For the year under review there were no material control issues noted.

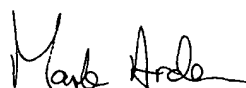
#### **Review of effectiveness**

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

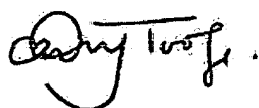
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- scrutiny by the ESFA; and
- an audit commissioned from Herts for Learning.

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

Approved by order of the members of the Governing Body on 22 December 2021 and signed on its behalf by:



M Archer  
Chair



C Tooze  
Headteacher and Accounting Officer

## **HERTS & ESSEX MULTI ACADEMY TRUST**

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

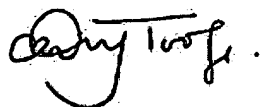
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As Accounting Officer of Herts & Essex Multi Academy Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

Herts & Essex Multi Academy Trust received a Financial Notice to Improve (FNTI) from the ESFA in the year ended 31 August 2020. The Trust and the trustees are working with the ESFA to rectify the issues raised by the ESFA and implement the required improvements. It is expected that the FNTI will be lifted by the ESFA when all matters are satisfactorily resolved.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered relating to the year ended 31 August 2021 or post year-end to date. If any instances are identified after the date of this statement, these will be notified to the Trust's Board of Trustees and ESFA.



C Tooze  
**Accounting Officer**

21 December 2021



## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2021**

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

Company law requires the Trustees to prepare 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:

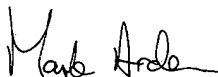
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 the 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 Board of Trustees on 22 December 2021 and signed on its behalf by:



M Archer  
**Chair**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERTS & ESSEX MULTI  
ACADEMY TRUST  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**Opinion**

We have audited the accounts of Herts & Essex Multi Academy 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 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion 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 2019 and the Academies Accounts Direction 2020 to 2021.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the 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 opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERTS & ESSEX MULTI  
ACADEMY 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.

We have nothing to report in this regard.

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

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

- the information given in the Trustees' report including the 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**

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.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERTS & ESSEX MULTI  
ACADEMY TRUST (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**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.

**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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry 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 such as the Companies Act 2006. 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 risk related to overstated assets.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, review of correspondence with legal advisors, enquiries of management and testing of journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERTS & ESSEX MULTI  
ACADEMY TRUST (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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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.

**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.



**Colin Wright (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young**

22 December 2021

**Chartered Accountants  
Statutory Auditor**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO HERTS & ESSEX MULTI ACADEMY 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 25 May 2020 and further to the requirements of the Education and 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 Herts & Essex Multi Academy 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 Herts & Essex Multi Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Herts & Essex Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Herts & Essex Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Herts & Essex Multi Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Herts & Essex Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 March 2014 and the Academies Financial Handbook, extant from 1 September 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO HERTS & ESSEX MULTI ACADEMY TRUST AND THE EDUCATION  
AND SKILLS FUNDING AGENCY (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The work undertaken to draw our conclusion includes:

- Evaluation of the general control environment;
- Confirmation that the internal delegations have been approved by the governing body, and conform to the limits set by the Department for Education;
- Review of the declaration of interests to ensure completeness;
- Review of minutes for evidence of declaration of interest;
- A sample of payments has been reviewed to confirm that each item has been appropriately authorised in accordance with the academy trust's delegated authorities;
- A sample of cash payments were reviewed for unusual transactions;
- A sample of expenditure items were reviewed against specific terms of grant funding within the funding agreement; and
- Formal representations have been obtained from the governing body and the accounting officer acknowledging their responsibilities for matters relating to regularity and propriety.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the 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.

*UHY Hacker Young*

**Reporting Accountant**

Dated: 22 December 2021

# HERTS & ESSEX MULTI ACADEMY 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	-	-	693,867	693,867	416,397
Charitable activities:						
- Funding for educational operations	4	69,189	10,046,350	-	10,115,539	9,984,589
Other trading activities	5	-	9,388	-	9,388	26,931
Investments	6	-	-	-	-	916
<b>Total</b>		<u>69,189</u>	<u>10,055,738</u>	<u>693,867</u>	<u>10,818,794</u>	<u>10,428,833</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	77,360	10,510,398	481,324	11,069,082	10,787,370
<b>Total</b>	7	<u>77,360</u>	<u>10,510,398</u>	<u>481,324</u>	<u>11,069,082</u>	<u>10,787,370</u>
<b>Net income/(expenditure)</b>		(8,171)	(454,660)	212,543	(250,288)	(358,537)
<b>Other recognised gains/(losses)</b>						
Actuarial losses on defined benefit pension schemes	22	-	(1,027,000)	-	(1,027,000)	(307,000)
<b>Net movement in funds</b>		<u>(8,171)</u>	<u>(1,481,660)</u>	<u>212,543</u>	<u>(1,277,288)</u>	<u>(665,537)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		117,641	(4,187,367)	27,471,118	23,401,392	24,066,929
Total funds carried forward		<u>109,470</u>	<u>(5,669,027)</u>	<u>27,683,661</u>	<u>22,124,104</u>	<u>23,401,392</u>



# HERTS & ESSEX MULTI ACADEMY TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020	Notes	Unrestricted funds £	Restricted funds: General	Fixed asset	Total 2020 £
		£	£	£	£
<b>Income and endowments from:</b>					
Donations and capital grants	3	9,124	-	407,273	416,397
Charitable activities:					
- Funding for educational operations	4	120,300	9,864,289	-	9,984,589
Other trading activities	5	1,960	24,971	-	26,931
Investments	6	916	-	-	916
<b>Total</b>		<u>132,300</u>	<u>9,889,260</u>	<u>407,273</u>	<u>10,428,833</u>
<b>Expenditure on:</b>					
Charitable activities:					
- Educational operations	9	82,463	10,231,088	473,819	10,787,370
<b>Total</b>	7	<u>82,463</u>	<u>10,231,088</u>	<u>473,819</u>	<u>10,787,370</u>
<b>Net income/(expenditure)</b>		49,837	(341,828)	(66,546)	(358,537)
Transfers between funds	19	(91,642)	(191,042)	282,684	-
<b>Other recognised gains/(losses)</b>					
Actuarial losses on defined benefit pension schemes	22	-	(307,000)	-	(307,000)
<b>Net movement in funds</b>		<u>(41,805)</u>	<u>(839,870)</u>	<u>216,138</u>	<u>(665,537)</u>
<b>Reconciliation of funds</b>					
Total funds brought forward		159,446	(3,347,497)	27,254,980	24,066,929
Total funds carried forward		<u>117,641</u>	<u>(4,187,367)</u>	<u>27,471,118</u>	<u>23,401,392</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	13	27,260,420		27,471,118	
Investments	14	21,994		22,096	
		27,282,414		27,493,214	
<b>Current assets</b>					
Debtors	15	782,317		685,976	
Cash at bank and in hand		250,922		204,370	
		1,033,239		890,346	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(902,049)		(1,301,168)	
<b>Net current assets/(liabilities)</b>		131,190		(410,822)	
<b>Total assets less current liabilities</b>		27,413,604		27,082,392	
Creditors: amounts falling due after more than one year	17	(242,500)		(45,000)	
<b>Net assets before defined benefit pension scheme liability</b>		27,171,104		27,037,392	
Defined benefit pension scheme liability	22	(5,047,000)		(3,636,000)	
<b>Total net assets</b>		22,124,104		23,401,392	
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	19				
- Fixed asset funds		27,683,661		27,471,118	
- Restricted income funds		(622,027)		(551,367)	
- Pension reserve		(5,047,000)		(3,636,000)	
<b>Total restricted funds</b>		22,014,634		23,283,751	
<b>Unrestricted income funds</b>	19	109,470		117,641	
<b>Total funds</b>		22,124,104		23,401,392	

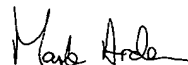
**HERTS & ESSEX MULTI ACADEMY TRUST**

**BALANCE SHEET (CONTINUED)**

**AS AT 31 AUGUST 2021**

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The accounts on pages 30 to 59 were approved by the Trustees and authorised for issue on 22 December 2021 and are signed on their behalf by:



M Archer  
**Chair**

Company Number 8704162

# HERTS & ESSEX MULTI ACADEMY TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	23		(674,291)		(142,334)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		-		916	
Capital grants from DfE Group		536,466		207,341	
Capital funding received from sponsors and others		157,401		199,932	
Purchase of tangible fixed assets		(270,626)		(689,957)	
Proceeds from sale of investments		102		-	
<b>Net cash provided by/(used in) investing activities</b>			423,343		(281,768)
<b>Cash flows from financing activities</b>					
New other loan		300,000		50,000	
Repayment of other loan		(2,500)		-	
<b>Net cash provided by financing activities</b>			297,500		50,000
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>			46,552		(374,102)
Cash and cash equivalents at beginning of the year			204,370		578,472
<b>Cash and cash equivalents at end of the year</b>			250,922		204,370

# **HERTS & ESSEX MULTI ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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#### **1 Accounting policies**

Herts & Essex Multi Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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.

##### **1.2 Going concern**

The Trustees assess whether the use of going concern assumption 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 Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. After consideration and discussions the Trustees have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

In the year ended 31 August 2021, the Trust reported:

- General funds net expenditure of £78,831 (2020: £46,009)
- Transfer from general funds to capital of £nil (2020: £282,684)
- General funds net expenditure after capital transfers of £78,831 (2020: £236,675)
- The restricted fixed asset fund balance is £27,683,661 (2020: £27,471,118)
- The Local Government Pension Scheme fund deficit was £5,047,000 (2020: £3,636,000)
- The Trust's general funds were in deficit of £512,557 (2020: £433,726)
- The Trust's general funds are attributed to Herts & Essex High School deficit of £622,027 (2020: £551,367) and Manor Fields Primary School surplus of £109,470 (2020: £117,641)

In year, the Trust's two subsidiaries, Catalyst Innovation for Education Limited and the Herts & Essex Sports Centre Limited, have ceased trading. The two subsidiaries had a combined surplus of £2,685 at 31 August 2020 which were transferred to the Trust. Unfortunately, due to the Covid-19 pandemic and subsequent lockdowns, the Sports Centre has not been able to run at a profit in year under review, resulting in an overall loss of £165,831 in year. Without the loss of income from the forced lock-down closure of the Sports Centre, the Academy Trust saw a net income position of £87k in 2021.

# **HERTS & ESSEX MULTI ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

---

#### **1 Accounting policies**

**(Continued)**

The Sports Centre, which represents around 3% of the Trust's income, has been fully operational since the start of the 2021/22 financial year. As at 30 November 2021, the Sports Centre is reporting a small in year profit which remains as forecast. There is a small risk, that should the Sports Centre have to close due to a tightening of restrictions as a result of the ongoing Covid-19 pandemic, that the Sports Centre, which is predicted to make an in-year surplus this year, may report a deficit. Should this take place, the Trust will work to make cost savings, or delay planned projects, to minimise any in year loss and impact on the overall Trust's going concern position.

The Trust continues to report a deficit position. This is due to historic additional costs incurred with the building of the Sports Centre, which resulted in transfers from the general to the capital fund. No such transfers were required in 2021 however the Trust still reports an overall deficit position due to the historic transfers. Without the cumulative transfers of £1,199,092 from the general fund to the fixed asset fund over the past two years to make up for the additional costs outlined above, the Trust's general funds would stand at a surplus of £691,257 at 31 August 2021 instead of a deficit position of £512,557. The Trust is actively working towards decreasing the deficit position, specifically by:

- Sale of a piece of land, which the ESFA has approved, and was completed subsequent to the year end and which raised funds of £165,375;
- Careful monitoring of costs and looking for efficiencies to reduce spend; and
- Increased pupil numbers, most notably sixth form numbers at the High School which has increased sixth form funding in 2021-22.

The Trust expects to generate net general funds income in both financial years 2021/22 and 2022/23 which will result in turning the current accumulated deficit into a surplus by 31 August 2023.

The Trustees have considered various sensitivities that could impact the forecast cash flow position of the Trust (such as the closure of the Sports Centre in another lock-down and unforeseen increased costs) and they are confident that certain mitigating actions (such as delaying planned projects) could be put in place if needed to ensure that the Trust remains a going concern.

#### **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.

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

---

#### 1 Accounting policies

(Continued)

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.

##### 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.

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

---

#### 1 Accounting policies (Continued)

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.

#### 1.5 Tangible fixed assets and depreciation

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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 each asset over its expected useful life, as follows:

Freehold property	2% per annum on a straight line basis
Leasehold property	2% per annum on a straight line basis
Assets under construction	Not depreciated
Computer equipment	33.3% per annum on straight line basis
Fixtures, fittings & equipment	10% per annum on a straight line basis

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.



# **HERTS & ESSEX MULTI ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **1 Accounting policies (Continued)**

#### **1.7 Leased assets**

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

#### **1.8 Investments**

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

#### **1.9 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.

##### 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.

#### **1.10 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.

#### **1.11 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.

# **HERTS & ESSEX MULTI ACADEMY TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

---

### **1 Accounting policies**

**(Continued)**

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit 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 net income or expenditure 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.

#### **1.12 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 Education and Skills Funding Agency.

### **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.

## HERTS & ESSEX MULTI ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

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

(Continued)

##### Pension Liability

##### **Critical assumptions for LGPS**

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 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

##### Depreciation

The trustees estimate the useful economic lives and residual values of Buildings, Computer Equipment and Furniture and Fittings in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the Statement of Financial Activities and Balance Sheet.

The trustees have reviewed the carrying values of the Trust's fixed assets.

##### Critical areas of judgement

The trustees do not consider that they have made any critical judgements in the preparation of the financial statements.

#### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Capital grants	-	693,867	693,867	357,341
Other donations	-	-	-	59,056
	<u>-</u>	<u>693,867</u>	<u>693,867</u>	<u>416,397</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 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)	-	7,977,378	7,977,378	7,725,652
Other DfE/ESFA grants:				
UIFSM	-	31,070	31,070	-
Pupil premium	-	145,980	145,980	104,930
Maths Hub	-	431,397	431,397	849,446
Others	-	599,350	599,350	492,853
	-	9,185,175	9,185,175	9,172,881
<b>Other government grants</b>				
Special educational projects	-	342,650	342,650	205,437
Other incoming resources	69,189	518,525	587,714	606,271
<b>Total funding</b>	69,189	10,046,350	10,115,539	9,984,589

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	-	6,081	6,081	21,153
Catering income	-	3,307	3,307	3,818
Teaching income	-	-	-	1,960
	-	9,388	9,388	26,931

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	-	-	-	916

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	6,782,459	-	835,736	7,618,195	8,034,599
- Allocated support costs	1,335,276	1,309,109	806,502	3,450,887	2,752,771
	<u>8,117,735</u>	<u>1,309,109</u>	<u>1,642,238</u>	<u>11,069,082</u>	<u>10,787,370</u>

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for:		
- Audit	18,500	22,500
- Other services	5,900	6,850
Operating lease rentals	128,040	138,293
Depreciation of tangible fixed assets	481,324	473,819
Net interest on defined benefit pension liability	65,000	56,000

### 8 Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<b>Direct costs</b>				
Educational operations	77,360	7,540,835	7,618,195	8,034,599
<b>Support costs</b>				
Educational operations	-	3,450,887	3,450,887	2,752,771
	<u>77,360</u>	<u>10,991,722</u>	<u>11,069,082</u>	<u>10,787,370</u>

	2021 £	2020 £
<b>Analysis of support costs</b>		
Support staff costs	1,410,630	1,290,270
Premises costs	827,785	685,232
Legal costs	96,321	52,034

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Charitable activities (Continued)

Other support costs	1,096,051	706,585
Governance costs	20,100	18,650
	<u>3,450,887</u>	<u>2,752,771</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	5,907,292	5,676,066
Social security costs	559,062	572,284
Pension costs	1,651,381	1,567,208
Staff costs - employees	<u>8,117,735</u>	<u>7,815,558</u>
Agency staff costs	-	2,274
	<u>8,117,735</u>	<u>7,817,832</u>
Staff development and other staff costs	101,711	41,504
Total staff expenditure	<u>8,219,446</u>	<u>7,859,336</u>

#### Staff numbers

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

	2021 Number	2020 Number
Teachers	112	111
Administration and support	128	118
Management	5	6
	<u>245</u>	<u>235</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Staff

(Continued)

#### Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	4	2
£70,001 - £80,000	-	1
£80,001 - £90,000	-	2
£90,001 - £100,000	1	-
£130,001 - £140,000	1	1
	<u>      </u>	<u>      </u>

#### 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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,729,801 (2020: £781,493).

### 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 was as follows:

		Remuneration
	2021	2020
C Tooze (Headteacher and Trustee)	£135,000 - £140,000	£135,000 - £140,000

	Employer's pension contributions	
	2021	2020
C Tooze (Headteacher and Trustee)	£30,000 - £35,000	£30,000 - £35,000

During the year, expenses totalling £nil (2020: £287) were reimbursed to no trustees (2020: one trustee).

## HERTS & ESSEX MULTI ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2021

#### 12 Trustees' and officers' insurance

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

#### 13 Tangible fixed assets

	Freehold property	Leasehold Assets under property construction	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2020	23,026,993	6,248,436	-	108,878	88,210
Additions	179,786	-	90,840	-	-
At 31 August 2021	23,206,779	6,248,436	90,840	108,878	88,210
<b>Depreciation</b>					
At 1 September 2020	1,802,979	115,291	-	51,351	31,778
Charge for the year	410,282	38,709	-	24,473	7,860
At 31 August 2021	2,213,261	154,000	-	75,824	39,638
<b>Net book value</b>					
At 31 August 2021	20,993,518	6,094,436	90,840	33,054	48,572
At 31 August 2020	21,224,014	6,133,145	-	57,527	56,432

The freehold property was valued by chartered surveyors on conversion to academy status. The trustees consider that the valuation remains appropriate as at 31 August 2021. The freehold of the land and buildings transferred from Manor Fields is held by the local authority under a 125 year lease, at no charge to the Trust. The leasehold property was valued by the local authority at the time of conversion.

Included in freehold and leasehold property is land valued at £6,913,000 (2020: £6,913,000) which consists of leasehold land of £4,313,000 (2020: £4,313,000) and freehold land of £2,600,000 (2020: £2,600,000).



# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 14 Fixed asset investments

	Other investments £	Shares in subsidiary undertakings £	Total £
<b>Market value</b>			
At 1 September 2020	21,994	102	22,096
Disposals at opening book value	-	(102)	(102)
	<hr/>	<hr/>	<hr/>
At 31 August 2021	21,994	-	21,994
	<hr/>	<hr/>	<hr/>

The registered office of the subsidiaries is the same as the registered office of the Trust.

#### Other investments

The other investments consists of funds held by Hertfordshire County Council on behalf of the Trust with a market value of £21,994 arising from an endowment to the former school.

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

### 15 Debtors

	2021 £	2020 £
Trade debtors	33,826	24,942
Amounts owed by group undertakings	-	163,356
VAT recoverable	66,052	63,941
Other debtors	3,060	55,436
Prepayments and accrued income	679,379	378,301
	<hr/>	<hr/>
	782,317	685,976
	<hr/>	<hr/>

**HERTS & ESSEX MULTI ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**16 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other loans	105,000	5,000
Trade creditors	262,161	545,760
Other taxation and social security	137,551	135,781
Other creditors	162,352	473,711
Accruals and deferred income	234,985	140,916
	<u>902,049</u>	<u>1,301,168</u>

**17 Creditors: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other loans	242,500	45,000
	<u>242,500</u>	<u>45,000</u>

<b>Analysis of loans</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not wholly repayable within five years by instalments	17,500	25,000
Wholly repayable within five years	330,000	25,000
	<u>347,500</u>	<u>50,000</u>
Less: included in current liabilities	(105,000)	(5,000)
	<u>242,500</u>	<u>45,000</u>

**Loan maturity**

Debt due in one year or less	105,000	5,000
Due in more than one year but not more than two years	205,000	5,000
Due in more than two years but not more than five years	20,000	20,000
Due in more than five years	17,500	25,000
	<u>347,500</u>	<u>55,000</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 17 Creditors: amounts falling due after more than one year

(Continued)

During the year, two loans were provided by the ESFA for £100,000 and £200,000. The loans are non-interest bearing with the repayments being due within 12 months and between 1 and 2 years respectively. At the year-end, the total amount outstanding in respect of these loans was £300,000.

In the year ended 31 August 2020, a loan of £50,000 was provided by LTA Operations Limited. The loan is non-interest bearing with repayments being due in equal six-monthly instalments over a 10 year period until maturity in December 2030. At the year-end, the total amount outstanding was £47,500 (2020: £50,000).

### 18 Deferred income

	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	137,596	-
	<u>137,596</u>	<u>-</u>
Deferred income at 1 September 2020	-	211,071
Released from previous years	-	(211,071)
Resources deferred in the year	137,596	-
	<u>137,596</u>	<u>-</u>
<b>Deferred income at 31 August 2021</b>	<b>137,596</b>	<b>-</b>

**HERTS & ESSEX MULTI ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

**19 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)	357,850	7,977,378	(7,933,372)	(136,266)	265,590
UIFSM	-	31,070	(31,070)	-	-
Pupil premium	-	145,980	(145,980)	-	-
Other DfE/ESFA grants	-	599,350	(599,350)	-	-
Other government grants	-	342,650	(342,650)	-	-
Contributions to be reclaimed	(909,217)	-	-	-	(909,217)
Maths Hub	-	431,397	(567,663)	136,266	-
Sports pitch sinking fund	-	-	-	21,600	21,600
Other restricted funds	-	527,913	(506,313)	(21,600)	-
Pension reserve	(3,636,000)	-	(384,000)	(1,027,000)	(5,047,000)
	<u>(4,187,367)</u>	<u>10,055,738</u>	<u>(10,510,398)</u>	<u>(1,027,000)</u>	<u>(5,669,027)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	<u>27,471,118</u>	<u>693,867</u>	<u>(481,324)</u>	<u>-</u>	<u>27,683,661</u>
<b>Total restricted funds</b>	<u>23,283,751</u>	<u>10,749,605</u>	<u>(10,991,722)</u>	<u>(1,027,000)</u>	<u>22,014,634</u>
<b>Unrestricted funds</b>					
General funds	<u>117,641</u>	<u>69,189</u>	<u>(77,360)</u>	<u>-</u>	<u>109,470</u>
<b>Total funds</b>	<u>23,401,392</u>	<u>10,818,794</u>	<u>(11,069,082)</u>	<u>(1,027,000)</u>	<u>22,124,104</u>

## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **19 Funds**

**(Continued)**

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

All General funds are held for the purpose of education in line with the Trust's objectives.

The General Annual Grant (GAG) must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was subject to a limit of 12% (2020: 12%) of the amount of GAG that could be carried forward at 31 August 2021. This amount was not exceeded.

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

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

The pension reserve fund relates to the pension deficit arising on the LGPS pension scheme. Due to the nature of the deficit, it is not immediately payable and can be met in the longer term by increased contributions, increased government funding or changes to benefits.

**HERTS & ESSEX MULTI ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2021**

**19 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)	452,306	7,725,652	(7,704,213)	(115,895)	357,850
Pupil premium	-	104,930	(104,930)	-	-
Other DfE/ESFA grants	920	1,342,299	(1,343,219)	-	-
Other government grants	-	205,437	(205,437)	-	-
Contributions to be reclaimed	(909,217)	-	-	-	(909,217)
Maths Hub	-	849,446	(849,446)	-	-
Other restricted funds	99,494	(338,504)	314,157	(75,147)	-
Pension reserve	(2,991,000)	-	(338,000)	(307,000)	(3,636,000)
	<u>(3,347,497)</u>	<u>9,889,260</u>	<u>(10,231,088)</u>	<u>(498,042)</u>	<u>(4,187,367)</u>
<b>Restricted fixed asset funds</b>					
DfE group capital grants	27,254,980	357,341	(423,887)	282,684	27,471,118
Private sector capital sponsorship	-	49,932	(49,932)	-	-
	<u>27,254,980</u>	<u>407,273</u>	<u>(473,819)</u>	<u>282,684</u>	<u>27,471,118</u>
<b>Total restricted funds</b>	<u>23,907,483</u>	<u>10,296,533</u>	<u>(10,704,907)</u>	<u>(215,358)</u>	<u>23,283,751</u>
<b>Unrestricted funds</b>					
General funds	<u>159,446</u>	<u>132,300</u>	<u>(82,463)</u>	<u>(91,642)</u>	<u>117,641</u>
<b>Total funds</b>	<u>24,066,929</u>	<u>10,428,833</u>	<u>(10,787,370)</u>	<u>(307,000)</u>	<u>23,401,392</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Funds (Continued)

#### Total funds analysis by academy

	2021 £	2020 £
Fund balances at 31 August 2021 were allocated as follows:		
Herts & Essex High School	(622,027)	(551,367)
Manor Fields Primary School	109,470	117,641
Total before fixed assets fund and pension reserve	(512,557)	(433,726)
Restricted fixed asset fund	27,683,661	27,471,118
Pension reserve	(5,047,000)	(3,636,000)
Total funds	22,124,104	23,401,392

#### 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 2021 £	Total 2020 £
Herts & Essex High School	5,342,027	951,508	772,323	1,119,563	8,185,421	8,088,894
Manor Fields Primary School	1,430,678	134,382	34,181	418,336	2,017,577	1,886,657
	6,772,705	1,085,890	806,504	1,537,899	10,202,998	9,975,551

### 20 Subsequent events

Subsequent to the year end, on 21 December 2021, the sale of a piece of land owned by the Trust was completed. Proceeds receivable from the sale amounted to £165,375.

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 21 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	-	-	27,260,420	27,260,420
Fixed asset investments	-	21,994	-	21,994
Current assets	109,470	500,528	423,241	1,033,239
Creditors falling due within one year	-	(902,049)	-	(902,049)
Creditors falling due after one year	-	(242,500)	-	(242,500)
Defined benefit pension liability	-	(5,047,000)	-	(5,047,000)
<b>Total net assets</b>	<b>109,470</b>	<b>(5,669,027)</b>	<b>27,683,661</b>	<b>22,124,104</b>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	27,471,118	27,471,118
Fixed asset investments	-	22,096	-	22,096
Current assets	117,641	772,705	-	890,346
Creditors falling due within one year	-	(1,301,168)	-	(1,301,168)
Creditors falling due after one year	-	(45,000)	-	(45,000)
Defined benefit pension liability	-	(3,636,000)	-	(3,636,000)
<b>Total net assets</b>	<b>117,641</b>	<b>(4,187,367)</b>	<b>27,471,118</b>	<b>23,401,392</b>

#### 22 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 for both schools. 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 both schemes related to the period ended 31 March 2019.

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



## **HERTS & ESSEX MULTI ACADEMY TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021**

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#### **22 Pension and similar obligations**

**(Continued)**

##### **Teachers' Pension Scheme**

###### **Introduction**

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members and the employer make 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. 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. The 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 4.45%.

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 £957,806 (2020: £666,925).

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

## HERTS & ESSEX MULTI ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 AUGUST 2021

#### 22 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 pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 25.3% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2021 £	2020 £
Employer's contributions	307,000	317,000
Employees' contributions	71,000	73,000
Total contributions	<u>378,000</u>	<u>390,000</u>

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	<u>1.65</u>	<u>1.7</u>

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	<u>26.2</u>	<u>25.5</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 22 Pension and similar obligations

(Continued)

Scheme liabilities would have been affected by changes in assumptions as follows:

	2021	2020
	£'000	£'000
Discount rate - 0.1%	171	677
CPI rate + 0.1%	159	39

Defined benefit pension scheme net liability	2021	2020
	£	£
Scheme assets	4,636,000	3,822,000
Scheme obligations	(9,683,000)	(7,458,000)
Net liability	(5,047,000)	(3,636,000)

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

	2021	2020
	Fair value	Fair value
	£	£
Equities	2,457,000	2,026,000
Bonds	1,344,000	1,338,000
Property	510,000	344,000
Cash	325,000	114,000
Total market value of assets	4,636,000	3,822,000

The actual return on scheme assets was £522,000 (2020: £695,000).

Amount recognised in the statement of financial activities	2021	2020
	£	£
Current service cost	626,000	599,000
Interest income	(67,000)	(54,000)
Interest cost	132,000	110,000
Total operating charge	691,000	655,000

**HERTS & ESSEX MULTI ACADEMY TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

**22 Pension and similar obligations**

**(Continued)**

<b>Changes in the present value of defined benefit obligations</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 1 September 2020	7,458,000	5,787,000
Current service cost	626,000	599,000
Interest cost	132,000	110,000
Employee contributions	71,000	73,000
Actuarial loss	1,482,000	948,000
Benefits paid	(86,000)	(59,000)
	<u>9,683,000</u>	<u>7,458,000</u>
At 31 August 2021	<u>9,683,000</u>	<u>7,458,000</u>
 <b>Changes in the fair value of the Academy Trust's share of scheme assets</b>		
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At 1 September 2020	3,822,000	2,796,000
Interest income	67,000	54,000
Actuarial gain	455,000	641,000
Employer contributions	307,000	317,000
Employee contributions	71,000	73,000
Benefits paid	(86,000)	(59,000)
	<u>4,636,000</u>	<u>3,822,000</u>
At 31 August 2021	<u>4,636,000</u>	<u>3,822,000</u>

# HERTS & ESSEX MULTI ACADEMY TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 23 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)	(250,288)	(358,537)
Adjusted for:		
Capital grants from DfE and other capital income	(693,867)	(407,273)
Investment income receivable	-	(916)
Defined benefit pension costs less contributions payable	319,000	282,000
Defined benefit pension scheme finance cost	65,000	56,000
Depreciation of tangible fixed assets	481,324	473,819
(Increase)/decrease in debtors	(96,341)	89,344
(Decrease) in creditors	(499,119)	(276,771)
<b>Net cash used in operating activities</b>	<b>(674,291)</b>	<b>(142,334)</b>

### 24 Analysis of changes in net funds/(debt)

	1 September 2020 £	Cash flows £	31 August 2021 £
Cash	204,370	46,552	250,922
Loans falling due within one year	(5,000)	(100,000)	(105,000)
Loans falling due after more than one year	(45,000)	(197,500)	(242,500)
	<u>154,370</u>	<u>(250,948)</u>	<u>(96,578)</u>

### 25 Related party transactions

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

### 26 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.