

Registration number: 10571943

# Hera Primary Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 19 January 2017 to 31 August 2017



Edmund Carr LLP  
Chartered Accountants & Statutory Auditor  
146 New London Road  
Chelmsford  
Essex  
CM2 0AW

# **Hera Primary Academy Trust**

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# **Hera Primary Academy Trust**

## **Reference and Administrative Details**

<b>Members</b>	Mr N Taggart (appointed 1 March 2017)
	Mr N Taylor (appointed 1 March 2017)
	Mr T Page (appointed 1 March 2017)
	Mrs J Arnot (appointed 1 March 2017)
<b>Chief Executive Officer</b>	Mrs D Baker
<b>Governors and Trustees (Directors)</b>	Mr R Alston (appointed 19 January 2017 and resigned 22 October 2017)
	Mr M Cummings (appointed 19 January 2017)
	Mrs I Bailey (appointed 19 January 2017)
	Mrs N Nunn (appointed 19 January 2017)
	Mrs J Smith-Hughes (appointed 19 January 2017)
	Mrs F Poelman (appointed 19 January 2017)
	Mr A Montague (appointed 19 January 2017)
<b>Governors</b>	Mrs D Gayler (appointed 9 March 2017)
	Mrs R Barnes (appointed 9 March 2017)
	Mr D Brown (appointed 9 March 2017)
	Mrs C Clark (appointed 9 March 2017)
	Mrs T Forsyth (appointed 9 March 2017)
	Mrs J Kendall (appointed 9 March 2017)
	Father Tom Page (appointed 9 March 2017)
	Mr B Whiteway-Wilkinson (appointed 9 March 2017)
	Mr M Golledge (appointed 9 March 2017)
	Mrs C Moston (appointed 9 March 2017)
	Mrs T Parker (appointed 9 March 2017)
	Mrs A Saveall (appointed 9 March 2017)
	Mr N Wanags (appointed 9 March 2017)
	Mr A Williams (appointed 9 March 2017)

## **Hera Primary Academy Trust**

### **Reference and Administrative Details (continued)**

<b>Senior Management Team</b>	Mrs D Baker, Headteacher
	Mrs D Gayler, Headteacher
	Mr M Hodges, Deputy Headteacher
	Mrs T Kelly, Assistant Headteacher
	Mr M Poyton, Deputy Headteacher
	Mrs S Wilson, Assistant Headteacher
	Mrs S Partridge, CFO, Academy Business Manager
	Mrs S Dale, Academy Business Manager
	Mrs H Chittick, SENCO
<b>Principal and Registered Office</b>	Lawford Mead Primary School
	Trent Road
	Chelmsford
	Essex
	CM1 2JH
<b>Company Registration Number</b>	10571943
<b>Auditors</b>	Edmund Carr LLP
	Chartered Accountants & Statutory Auditor
	146 New London Road
	Chelmsford
	Essex
	CM2 0AW
<b>Bankers</b>	Lloyds Bank
	High Street Chelmsford
	77 High Street
	Chelmsford
	Essex
	CM1 1DU

## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust consists of two primary schools, Lawford Mead Primary & Nursery School and Kings Road Primary School.

Each school is located in Chelmsford and both offer education for pupils from 4 - 11. Lawford Mead Primary School also offers pre-school education for 3 year olds. The trust has a pupil capacity of 840 plus 52 nursery places (26 FTE) and had a roll of 818 plus and 32 nursery (16 FTE) children in the school census of 5th October 2017.

#### **Discussion on conversion to academy trust**

On 1st March 2017 Lawford Mead Primary School and Kings Road Primary school converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to Hera Primary Academy Trust from the Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

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

##### ***Constitution***

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 19 January 2017. The company registration number is 10571943. The charitable company is known as HERA Primary Academy Trust.

The Trustees of HERA Primary Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

The principal objective of HERA Primary Academy Trust is the operation of Lawford Mead Primary School and Kings Road Primary School to provide education for pupils of varying abilities between the ages of three and eleven.

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

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

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

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees. Risk Protection Arrangement (RPA) is in place across the Trust. RPA is an alternative to insurance where UK government funds cover losses that arise. The Governors Liability section of the RPA will indemnify Governors, members of the governing body or board of governors of the Academy; Employees of the Academy acting in a managerial capacity and any employee named as a co-defendant in a claim made against a Governor.



## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

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

In accordance with the memorandum and articles of association Members may appoint by ordinary resolution up to 7 Member Appointed Trustees for up to a period of 4 years. These members are expected to be individuals with relevant expertise in finance, school improvement and human resources. The Chairs of the Local Governing Boards can also be included as Trustees. The Trustees also sit on the Finance and Audit Committee and the H.R. & Pay Committee. In addition, the Members have appointed by the ordinary resolution the Chief Executive Officer, who is also the Accounting Officer, as a Trustee.

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

All new Trustees are offered an induction programme and introduction to all schools and are encouraged to undertake suitable training for their role. Existing Trustees are made aware of continuing professional development programmes available through the Trust, local authority and other training agencies. The Trust maintains a skills Matrix of all Trustees to enable the Board to assess the situation and validate that the Trustees collectively have the right experience and expertise required to meet their commitments to the Trust.

#### ***Organisational structure***

The Board meets regularly during the year. Minutes of all meetings of committee are circulated with agenda and other papers, prior to the meeting of Trustees.

The CEO holds the position of Chair for the leadership committee, which is composed of the Headteachers, Deputy Headteachers and, where applicable, the Assistant Headteachers from each school. The Leadership team continues to advise the board, and the other committees of the trust. The Position of Chair of the HR Committee is currently held by a Trustee. Likewise, the position of Chair for the Finance & Audit Committee is held by another Trustee.

The CEO is the Accounting Officer and works closely with Trustees, Governors and the senior staff of each school. The day-to-day management of individual member schools rests with the Headteacher who has overall responsibility for the school.

The appointment of Headteachers is approved by the Board, as are strategic decisions in setting Trust objectives, monitoring performance etc.

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

The remuneration of the key management personnel of the schools follows the DfE Teachers Pay and Conditions Document and through this the Head teacher's pay is reviewed annually, following a Performance Management meeting. The Trust's Pay Policy requires an independent member to be a part of those Performance Management meetings, that all pay is within the nationally agreed Guidelines and that all increases are prior approved by the Board of Trustees. The Trust has not employed any key personnel outside of the individual school structures.

#### ***Risk management***

The Trustees have assessed the major risks to which the Academy Trust is exposed, particularly to those related to the operation and finances of the school and are satisfied that systems are in place to mitigate any exposure to major risks. A formal review of the risks is undertaken on an annual basis.

## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### ***Connected organisations, including related party relationships***

##### **Tanglewood Partnership**

Both Kings Road and Lawford Mead schools are part of the Tanglewood Partnership which includes Writtle Infant & Juniors Schools, Highwood County Primary School, Westlands Community Primary School, Margaretting C.of E. (VC) Primary School, Roxwell C.of E. (VC) Primary School, Hylands Secondary School and Tanglewood Nursery School. Regular meetings take place between the Headteachers to discuss school to school support, moderation of attainment and progress across the curriculum, transition projects between schools and phases and termly cluster meetings and updates are run for senior/middle leaders.

##### **Chelmsford Education Network**

Both schools are members of the Chelmsford Education Network. This is a local partnership of 24 schools which employs finance managers, a premises surveyor, an operations manager and an administrator who provide specialist support and advice to member schools. The Network also provides opportunities for staff development, sharing of best practice, group procurement and school to school support.

##### **Essex Primary SCITT**

Both schools are partner schools with Essex Primary SCITT and support teacher training students for various placements.

##### **Chelmsford West Child and Family Wellbeing Hub**

The Chelmsford West delivery site is a delivery centre and part of the Chelmsford Central Child and Family Wellbeing Hub. The organisation is based on the school site using premises leased from the Local Authority. The Hub is part of the new Essex Child and Family Wellbeing Service which Barnardo's are providing for Essex County Council in partnership with Virgin Care. They are working with partners to transform the way families receive care and support.

##### **Lettings and Clubs**

A variety of external clubs and providers that serve the local community use the Trust facilities. These include: the YMCA who provide before/after school care during term time, Meadow Youth Football Club, Steps Dance Academy, All Star Academy and Active8.

##### **Other Community Involvement**

The schools are involved in many community events throughout the year, for example harvest collections for the local foodbank. The schools have links with St. Andrews Church, Broomfield Road Evangelical Church, North Avenue Reformed Church and the Parish Church of Ascension with All Saints. This includes visits and inviting members of the Church into school for Assemblies and other Curriculum links. The School Councils organise a variety of fund raising events for identified charities throughout the year.

## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### **Objectives and activities**

##### ***Objects and aims***

The charitable objectives, for which the Trust was established, are set down in the Articles of Association as follows:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

In furtherance of the objectives, the Trust may:

- operate bank accounts in the name of the Academy Trust
- raise funds and invite and receive contributions provided that in raising funds the Academy Trust shall not undertake any substantial permanent trading activities and shall conform to any relevant statutory regulations;
- acquire, alter, improve and (subject to such consents as may be required by law) to charge or otherwise dispose of property;
- employ such staff as are necessary for the proper pursuit of the Objectives and to make all reasonable and necessary provisions for the payments of pensions and superannuation to staff and their dependents;
- co-operate with other charities, other independent and maintained schools, voluntary bodies and statutory authorities operating in furtherance of the Objectives and to exchange information and advice with them;
- establish subsidiary companies to carry on any trade or business for the purpose of raising funds for the Academy Trust;
- do all such other lawful things as are necessary for or are incidental to or conducive to the achievement of the Objectives.



## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### ***Objectives, strategies and activities***

The principal objective of HERA Primary Academy Trust is the operation of Kings Road Primary School and Lawford Mead Primary and Nursery School to provide education for pupils of varying abilities between the ages of three and eleven.

The main objective for the schools in the HERA Primary Academy Trust for the period 1st March 2017 to 31st August 2017 was to execute the vision of high aspirations and excellence for all. The aims of each member school are to:

- Promote excellence with all stakeholders through high expectations and aspirations for success
- Equip every child with the skills and knowledge that they need to be successful
- Fully understand the learning needs and barriers to learning for each child and to carefully monitor and guide their progress in collaboration with parents and any other specialist agencies
- Make learning exciting, inspiring and relevant
- Recruit, train and retain high quality staff at all levels, including governance, in order to maintain a consistently high level education for all children
- Develop the Trust's own Terms & Conditions to address work-life balance, staff well-being and collaborative working across the Trust
- Provide a sustainable professional development programme which will ensure high quality, first-class teaching by embedding a culture of coaching, mentoring and support at all levels across the Trust
- Promote and develop levels of leadership to the highest possible standards and ensure succession planning meets the needs of the Trust
- Embrace and develop strong partnerships for the benefit of all stakeholders, from both within and beyond the Trust to raise educational achievements through research and the development of new teaching methods that perpetuate our commitment to excellence in all that we do
- Devolve greater responsibility to leaders and managers at all levels across the Trust, building in a robust system of accountability, to develop a more creative and proactive workforce

Each member school's Development Plan is updated annually, in line with the Trust Development Plan, and sets out detailed plans and priorities for the next academic year. The principal aim is to continue developing the overall effectiveness of the each school with particular regard to the achievement and progress of pupils, the quality of teaching and learning, achieving high levels of good behaviour and safety of pupils and a consistently high standard of leadership and management.

#### ***Public benefit***

The Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

###### **Review of activities**

###### **Main Aims for 2016/17**

Due to the academy conversion taking place on 1st March 2017, there was no Trust Development Plan for the academic year 2016-2017. The main priority in the first six months was to establish efficient MAT systems and structures so that outcomes across all member schools are at least good by July 2018. Key priorities were to establish systems and structures as set out below:

###### **Target Impact Year 1**

- Greater accountability with more rigorous and robust self-evaluation and assessment systems
- Improved and targeted CPD
- Improved and enhanced curriculum planning and resources
- Sharing expertise to provide enhanced and sustainable support/interventions to meet the specific needs of our community and overcome barriers to learning

###### **The following activities have taken place across the MAT to achieve the aims and objectives:**

- Regular meetings of the Leadership Group to discuss best practice, share strategies and systems, investigate resources and approaches to enhance learning and improve outcomes. These meetings have led to a Trust Development Plan focusing on a consistent approach to accountability, curriculum design and assessment
- Initial meetings between SENCOs to discuss best practice, share strategies and systems and further develop support network
- Regular meetings between School Business Managers to discuss best practice and share strategies and systems
- Key HERA staff supporting colleagues across the Trust
- Key HERA staff supporting colleagues from other non-HERA schools
- Three members of the Leadership Group training as Improvement Champions for the Peer Review Process, two have subsequently supported non HERA schools to develop and implement actions plans following Peer Reviews
- Joint transition project for Year 6 children across the Trust
- Receiving and delivering joint training for staff across the Trust including:
  - Positive Behaviour Management
  - Attachment Theory
  - Child Protection/Safeguarding
  - PREVENT
  - CSE & FGM
  - Child Protection Online Management System (CPOMs)
  - Analysing School Performance (ASP)
  - Review and roll out of Staff Wellbeing Package across the Trust
  - Sports events across the Trust
  - Class set of Ukuleles acquired for use across the Trust
  - Review and development of shared policies including:
    - All HR & Pay Policies
    - Positive Behaviour Management
    - Admissions
    - Assessment
    - Parental Code of Conduct

## Hera Primary Academy Trust

### Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)

#### Strategic Report

##### *Key financial performance indicators*

##### **Outcomes for Pupils 2016-17**

The HERA Primary Academy Trust measures achievement in various ways including: pupil progress, parental and pupil satisfaction, test results and performance in other competitive events. Our end of phase results for 2017 are recorded below:

##### **EYFS Outcome 2016-17**

	National	Kings Road	Lawford Mead
Good level of development (GLD)	71%	75%	73%

##### **Year 1 Phonics 2016-17**

	National	Kings Road	Lawford Mead
	81%	66%	75%

##### **Key Stage 1 Outcomes 2016-17**

	National		Kings Road		Lawford Mead	
	Expected and GD	Greater Depth (GD)	Expected and GD	Greater Depth (GD)	Expected and GD	Greater Depth (GD)
Reading	76%	25%	80%	13%	80%	37%
Writing	68%	15%	73%	10%	78%	30%
Maths	75%	21%	72%	12%	82%	33%
RWM Combined	64%	11%	60%	8%	74%	26%

##### **Key Stage 2 Outcomes 2016-17**

	National		Kings Road		Lawford Mead	
	Expected and GD	Greater Depth (GD)	Expected and GD	Greater Depth (GD)	Expected and GD	Greater Depth (GD)
Reading	71%	25%	61%	20%	52%	17%
EGPS	77%	31%	59%	25%	78%	22%
Writing	76%	18%	67%	12%	78%	15%
Maths	75%	23%	51%	10%	65%	17%
RWM Combined	61%	9%	41%	8%	43%	3%



## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### **Strategic Report**

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

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **Financial review**

The principal source of funding for the Trust is the General Annual Grant (GAG) funding that it receives from the ESFA. For the period 1st March 2017 to 31st August 2017, the Trust received £1,548,670 in GAG funding. A high percentage of this funding is spent on wages and support costs to deliver the Trust's primary objective of the provision of high quality teaching and learning.

##### ***Financial and risk management objectives and policies***

The Trust is mainly funded by the Education and Skills Funding Agency (ESFA). The majority of this funding is based on the number of pupils in each School. Each year the Directors prepare a budget with the aim of striking a correct balance between meeting the need to ensure a varied and interesting curriculum for the children by providing adequate staff and educational resources and also the necessity to establish and maintain reserves to meet unexpected future expenditure on the Trust's property and other assets.

##### ***Reserves policy***

The Trust has developed a Reserves Policy having regard to the risks identified in the operation of the Trust, as set out in the Risk Register and to generate reserves to provide funds to continue to enhance the educational facilities and services of the school, sustain and develop the staffing structure and to fund planned maintenance and improvement projects. It is anticipated that it will take a number of years for the Trust to build the Reserves but it is their intention to focus its Reserves' Policy on the Academy's Net Current Assets and to build these over the short to medium term to protect the Trust against reductions in funding levels and/or a fall in pupil numbers and also to protect against operational issues including substantial building repairs and maintenance.

As the Trust is still in its first year of existence consideration is being undertaken to establish a reasonable minimum annual figure to be retained by the Trust. This will ensure the Trust is able to meet the requirements of the Reserves Policy by 2022. The Trustees will review the reserves level annually to ensure that these aims can be achieved and resources are available to ensure the maintenance of its assets alongside provision of high quality education and support for all of pupils.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £367,250 and restricted reserves of £110,388. At 31st August 2017 the total funds comprised:

Unrestricted - £367,250

Restricted General Fund - £110,388

Fixed Asset Fund - £9,797,068

Restricted Pension Reserve - £1,872,000

Due to the accounting rules for the Local Government Pension Scheme under FRS 102, the Trust is recognising a pension deficit of £1,872,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The Trust made deficit payments during the period and it is envisaged that should this amount increase it will be met from budgeted annual income. The recognition of this deficit has no direct impact on the free reserves of the Trust.

At 31st August 2017 the Trust held £36,883 in funds on behalf of The Tanglewood Partnership member schools. These funds are included within deferred income.



## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### **Strategic Report**

##### ***Investment policy***

At the present time all of the Trust's cash is held on deposit with the Trust's bankers. The Trustees believe that this is appropriate until the Trust can build up its Reserves significantly above the minimum level indicated in the Reserves Policy.

##### ***Principal risks and uncertainties***

The principal financial risks and uncertainties are the ability of the School to continue to attract pupils, to maintain pupil numbers at the allowed levels and the maintenance of funding from the ESFA at the levels needed to attract suitably qualified teachers and other staff. Whilst this funding uncertainty is a general one in education, a particular concern is that of the pension funding deficit (due to be inherited from the local authority upon each Academy's establishment) in respect of non-teaching staff. It is planned that this deficit will be managed over the coming years.

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

The main aims of the Trust Development Plan 2017/18 (TDP) for the HERA Primary Academy Trust are set out in the below. These aims sit alongside the individual School Development Plans (SDP) which have a particular focus on improving educational experiences for children through securing consistent, high quality teaching and learning across the Trust and ensuring pupils are making expected progress as a minimum.

Education & School Performance (Including Safeguarding):

- To ensure pupil attainment & progress in all Trust schools is at least in line with National for all pupil groups
- To implement and embed efficient and effective behaviour management strategies in all member schools
- To ensure that current systems and practices for Safeguarding are robust and efficient
- To ensure attendance in all Trust schools is at least in line with National
- To investigate developing SEMH hybrid enhanced provision to serve the community

Finance:

- To prepare a consolidated and viable 1 year Trust budget
- To prepare a viable 1&3 year budget for all Trust schools
- To secure best value is achieved for all major purchases and contracts

## **Hera Primary Academy Trust**

### **Trustees' Report for the period from 19 January 2017 to 31 August 2017 (continued)**

#### **Strategic Report**

##### *Plans for future periods (continued)*

###### Governance:

- To ensure Trust Board members and Committee members have the expertise and capacity to fulfil their duties
- To ensure that Local Governing Boards have the expertise and capacity to fulfil their duties
- To ensure that CFO and CEO have the expertise and capacity to fulfil their duties
- To ensure statutory policies are in place across the Trust and reviewed in line with statutory expectation

###### Property & Assets

- To ensure that the Trust estate is maintained to an acceptable condition and provides a safe environment for pupils
- To have a rolling replacement register of fixtures and fittings for all Trust schools
- To have a rolling replacement register of all IT equipment for all Trust schools

###### Employment of Staff

- To ensure a sustainable and effective staffing structure across the Trust
- To ensure that the Trust is a fair, consistent and supportive employer of staff.

###### Stakeholder Views

- To create a Trust wide charter for parents
- To foster increasingly positive relationships with parents/carers
- To develop links and relationships with other stakeholders
- To develop impact of pupil voice.

###### **Funds held as Custodian Trustee on behalf of others**

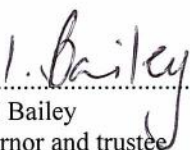
Although the charitable company maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors and other funders, Hera Primary Academy Trust does not hold, and the governors do not anticipate that it will in the future hold, any funds as custodian for any third party.

###### **Auditor**

In so far as the Trustees are aware:

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

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 23.11.17 and signed on its behalf by:

  
.....  
Mrs I Bailey  
Governor and trustee

## **Hera Primary Academy Trust**

### **Governance Statement**

#### **Scope of responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Hera Primary 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 Governing Body has delegated the day-to-day responsibility to Mrs D Baker, 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 Hera Primary Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 2 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr R Alston	2	2
Mr M Cummings	2	2
Mrs D Baker	2	2
Mrs I Bailey	2	2
Mrs N Nunn	2	2
Mrs J Smith-Hughes	2	2
Mrs F Poelman	1	2
Mr A Montague	1	2
Mrs D Gayler	2	2

During the year R. Alston resigned as Chair of the Trustees and as a Local Governor for Kings Road Primary School. I. Bailey was appointed by the Members to act as Chair of Trustees until a permanent appointed is made.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Trustees responsibilities in ensuring sound management of the Trust's finances and resources, including proper planning, monitoring and probity. Attendance at meetings during the period was as follows:



## Hera Primary Academy Trust

### Governance Statement (continued)

Name	Meetings attended	Out of a possible
Mr M Cummings	2	2
Mr R Alston	2	2
Mrs D Baker	2	2
Mrs I Bailey	1	2
Mrs D Gayler	2	2
Mrs S Partridge	2	2
Mrs S Dale	2	2

#### Review of value for money

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

The accounting officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate.

The responsibility for ensuring that the Trust obtains value for money remains at present, largely delegated to those who are directly responsible for the management of each school.

The MAT Board and its local governing bodies ensure that processes are in place to be assured that management is satisfactorily discharging its responsibility for securing value for money.

The Leadership Group, comprising the Senior Leadership Teams from both schools has, by working together, sharing strengths and planning ensured that a more consistent and high quality level of teaching and learning can be implemented in each school from the start of the academic year 2017 - 18. It is expected that this will improve outcomes for pupils across the Trust.

A common ledger code project was completed to enable more accurate benchmarking of the Trust's expenditure and to highlight where approaches to suppliers should be made to negotiate economy of scale in the future.

Prior to conversion payroll was contracted out at Kings Road Primary at an annual cost of £4,000. On conversion, this expenditure was taken in-house across the Trust to improve financial efficiency. The CFO was already competent in administering payroll and took responsibility for the administration of payroll for both schools. To ensure sustainability and succession planning, Mrs. S. Dale has now undertaken initial training in this area and is currently being supported by the CFO in administering the payroll for Kings Road.

Three substantial curriculum resources were purchased across the Trust resulting in a 5% saving of the total cost for both schools.

The Trustees have appointed a Working Party to review existing contracts and bulk buying across the Trust to ensure that best value is obtained in the future.



## **Hera Primary Academy Trust**

### **Governance Statement (continued)**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Hera Primary Academy Trust for the period ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

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

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

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

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

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

The Governing Body has considered the need for a specific internal audit function and has decided to appoint internal control service providers for each Academy.

The internal control service provider's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a termly basis, the internal control service providers compile a report to the board of trustees on the operation of the systems of control and on the discharge of the board of Trustees financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

#### **Review of effectiveness**

As Accounting Officer, Mrs D Baker has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

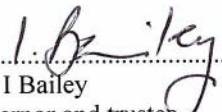
- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

## Hera Primary Academy Trust

### Governance Statement (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes 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 23.11.17 and signed on its behalf by:

  
.....  
Mrs I Bailey  
Governor and trustee

## **Hera Primary Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Hera Primary Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Governing Body 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 2016.

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



Mrs D Baker  
Accounting officer

Date: 23.11.17



## Hera Primary Academy Trust

### Statement of Trustees' Responsibilities

The Trustees (who are 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 Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

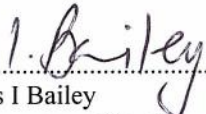
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board on 23.11.17 and signed on its behalf by:

  
.....  
Mrs I Bailey  
Governor and trustee



## **Hera Primary Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Hera Primary Academy Trust**

We have audited the financial statements of Hera Primary Academy Trust for the period from 19 January 2017 to 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of governors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 18), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Conclusions relating to going concern**

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

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

## **Hera Primary Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Hera Primary Academy Trust (continued)**

#### **Opinion on the financial statements**

In our opinion the financial statements:

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

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

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

.....*Edmund Carr LLP*.....  
Thomas York (Senior Statutory Auditor)  
For and on behalf of Edmund Carr LLP, Statutory Auditor  
Chartered Accountants  
146 New London Road  
Chelmsford  
Essex  
CM2 0AW

Date: *23.11.17* .....



## **Hera Primary Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Hera Primary Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Hera Primary Academy Trust during the period 19 January 2017 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 1 March 2017 and the Academies Financial Handbook extant from August 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 19 January 2017 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the committees and other evidence made available to us, relevant to our consideration of regularity;
- testing a sample of payments and receipts to documentation;
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

## **Hera Primary Academy Trust**

### **Independent Reporting Accountant's Report on Regularity to Hera Primary Academy Trust and the Education Funding Agency (continued)**

#### **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 from 19 January 2017 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....*Edmund Carr LLP*.....  
Thomas York  
For and on behalf of Edmund Carr LLP,  
Chartered Accountants  
146 New London Road  
Chelmsford  
Essex  
CM2 0AW

Date: *23.11.17* .....



# Hera Primary Academy Trust

## Statement of Financial Activities for the Period from 19 January 2017 to 31 August 2017 (including Income and Expenditure Account)

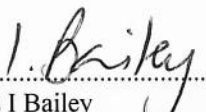
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2017 £
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	14,582	-	18,025	32,607
Transfer from local authority on conversion	24	421,236	-	9,925,000	10,346,236
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,910,242	-	1,910,242
Other trading activities	4	40,976	1,330	-	42,306
Investments	5	95	-	-	95
Total		476,889	1,911,572	9,943,025	12,331,486
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	144,886	1,885,937	145,957	2,176,780
Net income		332,003	25,635	9,797,068	10,154,706
Transfers between funds		35,247	(35,247)	-	-
<b>Other recognised gains and losses</b>					
Opening defined benefit pension scheme liability		-	(1,644,000)	-	(1,644,000)
Actuarial gains on defined benefit pension schemes	22	-	(108,000)	-	(108,000)
Net movement in funds/(deficit)		367,250	(1,761,612)	9,797,068	8,402,706
<b>Reconciliation of funds</b>					
Total funds/(deficit) carried forward at 31 August 2017		367,250	(1,761,612)	9,797,068	8,402,706

## Hera Primary Academy Trust

(Registration number: 10571943)  
Balance Sheet as at 31 August 2017

	Note	31 August 2017 £
<b>Fixed assets</b>		
Tangible assets	12	9,791,405
<b>Current assets</b>		
Debtors	13	168,196
Cash at bank and in hand		<u>451,749</u>
		619,945
Creditors: Amounts falling due within one year	14	<u>(136,644)</u>
Net current assets		<u>483,301</u>
Total assets less current liabilities		<u>10,274,706</u>
Net assets excluding pension liability		10,274,706
Pension scheme liability	22	<u>(1,872,000)</u>
Net assets including pension liability		<u><u>8,402,706</u></u>
<b>Funds of the Academy:</b>		
<b>Restricted funds</b>		
Restricted general fund		110,388
Restricted fixed asset fund		9,797,068
Restricted pension fund		<u>(1,872,000)</u>
		8,035,456
<b>Unrestricted funds</b>		
Unrestricted general fund		<u>367,250</u>
Total funds		<u><u>8,402,706</u></u>

The financial statements on pages 23 to 49 were approved by the Trustees, and authorised for issue on 23.11.17 and signed on their behalf by:

  
.....  
Mrs I Bailey  
Governor and trustee

## Hera Primary Academy Trust

### Statement of Cash Flows for the Period from 19 January 2017 to 31 August 2017

	Note	31 August 2017 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	18	445,991
Cash flows from investing activities	19	<u>5,758</u>
Change in cash and cash equivalents in the period		451,749
Cash and cash equivalents at 19 January		<u>-</u>
Cash and cash equivalents at 31 August	20	<u><u>451,749</u></u>



## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017**

#### **1 Accounting policies**

##### **Statement of accounting policies**

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

##### **Basis of preparation**

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

Hera Primary Academy Trust meets the definition of a public benefit entity under FRS 102.

##### **Conversion to an academy trust**

The conversion from state maintained schools to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in the notes.

##### **Going concern**

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

##### **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.

## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### ***Grants***

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

##### ***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 financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be 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.

## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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.

##### **Tangible fixed assets**

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the 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 on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

<b>Asset class</b>	<b>Depreciation method and rate</b>
ICT Equipment	33.33% Straight Line
Leasehold buildings	50 years



## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Liabilities**

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

##### **Provisions**

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

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

##### **Leased assets**

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

##### **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.

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

## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **1 Accounting policies (continued)**

##### **Pension benefits (continued)**

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

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

##### **Fund accounting**

Unrestricted 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 the Education and Skills Funding Agency/Department for Education/sponsor/other 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 Funding Agency/Department for Education.

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

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

##### ***Critical accounting estimates and assumptions***

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 31/08/2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# Hera Primary Academy Trust

## Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

### 2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	Total 2017 £
<b>Other voluntary income</b>			
Educational trips and visits	10,653	-	10,653
Capital grants	-	18,025	18,025
Other donations	3,929	-	3,929
	<u>14,582</u>	<u>18,025</u>	<u>32,607</u>

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

	Restricted funds £	Total 2017 £
<b>DfE/EFA revenue grants</b>		
General Annual Grant (GAG)	1,548,670	1,548,670
Other DfE/EFA grants	<u>241,864</u>	<u>241,864</u>
	<u>1,790,534</u>	<u>1,790,534</u>
<b>Other government grants</b>		
SEN Fund	63,304	63,304
Other Local authority grants	<u>47,422</u>	<u>47,422</u>
	<u>110,726</u>	<u>110,726</u>
<b>Non-government grants and other income</b>		
Staff absences insurance reimbursement	<u>8,982</u>	<u>8,982</u>
Total grants	<u>1,910,242</u>	<u>1,910,242</u>



## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £
Hire of facilities	3,452	-	3,452
Catering income	25,160	-	25,160
Other sales	12,364	1,330	13,694
	<u>40,976</u>	<u>1,330</u>	<u>42,306</u>

#### 5 Investment income

	Unrestricted funds £	Total 2017 £
Short term deposits	<u>95</u>	<u>95</u>

#### 6 Expenditure

	Non Pay Expenditure			Total 2017 £
	Staff costs £	Premises £	Other costs £	
<b>Academy's educational operations</b>				
Direct costs	920,689	-	131,307	1,051,996
Allocated support costs	<u>691,405</u>	<u>250,913</u>	<u>182,466</u>	<u>1,124,784</u>
	<u>1,612,094</u>	<u>250,913</u>	<u>313,773</u>	<u>2,176,780</u>

# Hera Primary Academy Trust

## Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

### 6 Expenditure (continued)

Net income/(expenditure) for the period includes:

	<b>31 August 2017 £</b>
Operating lease rentals	7,533
Depreciation	2,040
Fees payable to auditor - audit	10,500
- other audit services	<u>500</u>

### 7 Charitable activities

	<b>Total 2017 £</b>
Direct costs - educational operations	1,051,996
Support costs - educational operations	<u>1,124,784</u>
	<u>2,176,780</u>

	<b>Educational operations £</b>	<b>Total 2017 £</b>
<b>Analysis of support costs</b>		
Support staff costs	691,405	691,405
Depreciation	145,957	145,957
Premises costs	104,956	104,956
Other support costs	166,308	166,308
Governance costs	<u>16,158</u>	<u>16,158</u>
Total support costs	<u>1,124,784</u>	<u>1,124,784</u>

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 8 Staff

##### Staff costs

	2017 £
<b>Staff costs during the period were:</b>	
Wages and salaries	1,174,952
Social security costs	88,929
Operating costs of defined benefit pension schemes	319,585
	<hr/> 1,583,466
Supply staff costs	28,628
	<hr/> <hr/> 1,612,094

##### Staff numbers

The average number of persons (including senior management team) employed by the Academy during the period expressed as full time equivalents was as follows:

	31 August 2017 No
<b>Charitable Activities</b>	
Teachers	33
Administration and support	54
Management	8
	<hr/> 95

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	31 August 2017 No
£60,001 - £70,000	1
£70,001 - £80,000	1
	<hr/> <hr/>

##### Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £204,199



## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **9 Central services**

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

- Administration and payroll services
- Payment of audit fees

The trust charges for these services on the following basis:

- The trust receives each academies GAG funding to pay the staff and then the remaining balance is paid to each academy based on the balance due to the specific academy.
- The trust holds the ESG income for the two academies as a charge for the central services provided.

The actual amounts charged during the year were as follows:

	<b>31 August 2017 £</b>
Lawford Mead Primary School	15,682
Kings Road Primary School	<u>15,915</u>
	<u><u>31,597</u></u>

#### **10 Related party transactions - trustees' remuneration and expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **10 Related party transactions - trustees' remuneration and expenses (continued)**

Mrs C Moston (Staff):

Remuneration: £35,000 - £40,000

Employer's pension contribution £5,000 - £10,000

Mrs A Saveall (Staff):

Remuneration: £15,000 - £20,000

Employer's pension contribution: £0 - £5,000

Mrs C Clark (Staff):

Remuneration: £10,000 - £15,000

Employer's pension contribution: £0 - £5,000

Mrs J Kendall (Staff):

Remuneration: £10,000 - £15,000

Employer's pension contribution: £0 - £5,000

Mrs D Baker (Lawford Mead Headteacher and CEO)

Remuneration: £75,000 - £80,000

Employer's pension contribution: £10,000 - £15,000

Mrs D Gayler (Kings Road Headteacher):

Remuneration: £60,000 - £65,000

Employer's pension contribution: £10,000 - £15,000

Other related party transactions involving the trustees are set out in note 23.

#### **11 Trustees' and officers' insurance**

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

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Total £
<b>Cost</b>			
Additions	-	12,362	12,362
Inherited assets	9,925,000	-	9,925,000
At 31 August 2017	9,925,000	12,362	9,937,362
<b>Depreciation</b>			
Charge for the year	143,917	2,040	145,957
At 31 August 2017	143,917	2,040	145,957
<b>Net book value</b>			
At 31 August 2017	9,781,083	10,322	9,791,405

#### 13 Debtors

	31 August 2017 £
Trade debtors	1,177
VAT recoverable	18,642
Prepayments	65,817
Accrued grant and other income	82,560
	<u>168,196</u>

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

	31 August 2017 £
Trade creditors	6,669
Accruals	27,489
Deferred income	102,486
	<u>136,644</u>



# Hera Primary Academy Trust

## Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

### 14 Creditors: amounts falling due within one year (continued)

	31 August 2017 £
<b>Deferred income</b>	
Resources deferred in the period	<u>102,486</u>

At the balance sheet date the multi academy trust was holding funds received in advance for UFSMs for 17/18, Autumn Nursery Funding, Kings Road school fund deferred income which relates to uniform, clubs and school trips and the funds held on account for The Tanglewood Partnership.

### 15 Funds

	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>				
General Annual Grant	1,548,670	(1,438,282)	-	110,388
Other DfE Grants	241,864	(206,617)	(35,247)	-
SEN funding	63,304	(63,304)	-	-
Other local authority funds	57,734	(57,734)	-	-
	<u>1,911,572</u>	<u>(1,765,937)</u>	<u>(35,247)</u>	<u>110,388</u>
<b>Restricted fixed asset funds</b>				
DfE/ESFA capital grants	18,025	(2,040)	-	15,985
Transfer from local authority on conversion	9,925,000	(143,917)	-	9,781,083
	9,943,025	(145,957)	-	9,797,068
<b>Restricted pension funds</b>				
Pension reserve	-	(120,000)	(1,752,000)	(1,872,000)
Total restricted funds	11,854,597	(2,031,894)	(1,787,247)	8,035,456
<b>Unrestricted funds</b>				
Unrestricted general funds	476,889	(144,886)	35,247	367,250
Total funds	<u>12,331,486</u>	<u>(2,176,780)</u>	<u>(1,752,000)</u>	<u>8,402,706</u>

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 15 Funds (continued)

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

The General Annual Grant (GAG), other DfE funding and local authority funds must be used for the normal running costs of the Academy.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The SEN funding represents grants received in order to provide additional teaching resources for children with special learning needs. The cost of these teaching resources has been set against income.

The transfer of a loss from Unrestricted Funds of £35,247 to the Restricted General Funds is to cover the deficit on catering and school trips. Specific funding is received within the Restricted General Fund to assist the Trust with these activities.

#### Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total £</b>
Lawford Mead Primary School	377,000
Kings Road Primary School	85,232
Central services	<u>15,406</u>
Total before fixed assets and pension reserve	477,638
DfE/ESFA capital grants	9,797,068
Pension reserve	<u>(1,872,000)</u>
Total	<u><u>8,402,706</u></u>

#### Analysis of academies by cost

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

	<b>Teaching and Educational Support Staff Costs £</b>	<b>Other Support Staff Costs £</b>	<b>Educational Supplies £</b>	<b>Other Costs (excluding Depreciation) £</b>	<b>Total 2017 £</b>
Lawford Mead Primary School	441,925	373,916	41,705	145,167	1,002,713
Kings Road Primary School	478,764	317,489	26,749	188,379	1,011,381
Central services	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,729</u>	<u>16,729</u>
Academy Trust	<u><u>920,689</u></u>	<u><u>691,405</u></u>	<u><u>68,454</u></u>	<u><u>350,275</u></u>	<u><u>2,030,823</u></u>

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	9,791,405	9,791,405
Current assets	367,250	247,032	5,663	619,945
Current liabilities	-	(136,644)	-	(136,644)
Pension scheme liability	-	(1,872,000)	-	(1,872,000)
Total net assets	<u>367,250</u>	<u>(1,761,612)</u>	<u>9,797,068</u>	<u>8,402,706</u>

#### 17 Commitments under operating leases

##### *Operating leases*

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

	31 August 2017 £
Amounts due within one year	12,846
Amounts due between one and five years	<u>5,858</u>
	<u>18,704</u>

#### 18 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	31 August 2017 £
Net income	10,154,706
Depreciation	145,957
Capital grants from DfE and other capital income	(9,943,025)
Interest receivable	(95)
Defined benefit pension scheme costs	120,000
Increase in debtors	(168,196)
Increase in creditors	<u>136,644</u>
Net cash provided by Operating Activities	<u>445,991</u>

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 19 Cash flows from investing activities

	31 August 2017 £
Dividends, interest and rents from investments	95
Purchase of tangible fixed assets	(12,362)
Capital funding received from sponsors and others	18,025
Net cash provided by investing activities	<u>5,758</u>

#### 20 Analysis of cash and cash equivalents

	At 31 August 2017 £
Cash at bank and in hand	<u>451,749</u>
Total cash and cash equivalents	<u>451,749</u>

#### 21 Members' liability

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

#### 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 . Both are multi-employer defined benefit schemes.

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

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

#### Teachers' Pension Scheme

##### Introduction

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



## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **22 Pension and similar obligations (continued)**

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

##### **Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £107,824 (2017: £Nil).

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

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

##### **Local government pension schemes**

###### **Kings Road Primary School**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £57,000 (2017 - £Nil), of which employer's contributions totalled £45,000 (2017 - £Nil) and employees' contributions totalled £12,000 (2017 - £Nil). The agreed contribution rates for future years are per cent for employers and per cent for employees. The scheme is managed by Essex County Council.

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 22 Pension and similar obligations (continued)

As described in the notes the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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

#### Principal actuarial assumptions

	At 31 August 2017 %
Rate of increase in salaries	4.20
Rate of increase for pensions in payment/inflation	2.70
Discount rate for scheme liabilities	<u>2.60</u>

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1%	0.0%	- 0.1%
<b>Adjustment to discount rate</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,824,000	1,872,000	1,921,000
Projected service cost	<u>190,000</u>	<u>195,000</u>	<u>200,000</u>
<b>Adjustment to rate of inflation</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,912,000	1,872,000	1,833,000
Projected service cost	<u>200,000</u>	<u>195,000</u>	<u>190,000</u>
<b>Adjustment to rate of salary growth</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,881,000	1,872,000	1,864,000
Projected service cost	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>
<b>Adjustment to mortality age rating assumption</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of total obligation	1,932,000	1,872,000	1,814,000
Projected service cost	<u>201,000</u>	<u>195,000</u>	<u>189,000</u>

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

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 22 Pension and similar obligations (continued)

	At 31 August 2017
<b>Retiring today</b>	
Males retiring today	22.20
Females retiring today	24.70
<b>Retiring in 20 years</b>	
Males retiring in 20 years	24.30
Females retiring in 20 years	<u>27.00</u>

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

	At 31 August 2017 £
Equities	463,000
Gilts	44,000
Other bonds	28,000
Property	69,000
Cash	22,000
Other	<u>84,000</u>
Total market value of assets	710,000
Present value of scheme liabilities - funded	<u>(1,872,000)</u>
Deficit in the scheme	<u>(1,162,000)</u>

The actual return on scheme assets was £42,000 (2017 - £Nil).



## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 22 Pension and similar obligations (continued)

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

	31 August 2017 £
Current service cost (net of employee contributions)	92,000
Net interest cost	14,000
Total operating charge	<u>106,000</u>

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

	31 August 2017 £
Upon conversion	1,651,000
Current service cost	92,000
Interest cost	23,000
Employee contributions	12,000
Actuarial losses	94,000
At 31 August	<u>1,872,000</u>

##### Changes in the fair value of academy's share of scheme assets:

	31 August 2017 £
Upon conversion	611,000
Interest income	9,000
Return on plan assets (excluding net interest on the net defined pension liability)	33,000
Employer contributions	45,000
Employee contributions	12,000
At 31 August	<u>710,000</u>

#### Lawford Mead Primary School

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £60,000 (2017 - £Nil), of which employer's contributions totalled £47,000 (2017 - £Nil) and employees' contributions totalled £13,000 (2017 - £Nil). The agreed contribution rates for future years are per cent for employers and per cent for employees. The scheme is managed by Essex County Council.

As described in the notes the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.



## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 22 Pension and similar obligations (continued)

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

#### Principal actuarial assumptions

	At 31 August 2017 %
Rate of increase in salaries	4.20
Rate of increase for pensions in payment/inflation	2.70
Discount rate for scheme liabilities	2.60

#### Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.1%	0.0%	- 0.1%
	£	£	£
<b>Adjustment to discount rate</b>			
Present value of total obligation	1,047,000	1,080,000	1,114,000
Projected service cost	202,000	208,000	215,000
	+ 0.1%	0.0%	- 0.1%
	£	£	£
<b>Adjustment to rate of inflation</b>			
Present value of total obligation	1,109,000	1,080,000	1,052,000
Projected service cost	215,000	208,000	202,000
	+ 0.1%	0.0%	- 0.1%
	£	£	£
<b>Adjustment to rate of salary growth</b>			
Present value of total obligation	1,086,000	1,080,000	1,074,000
Projected service cost	208,000	208,000	208,000
	+ 1 Year	None	- 1 Year
	£	£	£
<b>Adjustment to mortality age rating assumption</b>			
Present value of total obligation	1,114,000	1,080,000	1,047,000
Projected service cost	215,000	208,000	202,000

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

	At 31 August 2017
<b>Retiring today</b>	
Males retiring today	22.20
Females retiring today	24.70
<b>Retiring in 20 years</b>	
Males retiring in 20 years	24.30
Females retiring in 20 years	270.00

## **Hera Primary Academy Trust**

### **Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)**

#### **22 Pension and similar obligations (continued)**

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

	<b>At 31 August 2017 £</b>
Equities	242,000
Gilts	23,000
Other bonds	14,000
Property	36,000
Cash	11,000
Other	<u>44,000</u>
Total market value of assets	370,000
Present value of scheme liabilities - funded	<u>(1,080,000)</u>
Deficit in the scheme	<u><u>(710,000)</u></u>

The actual return on scheme assets was £21,000 (2017 - £Nil).

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 22 Pension and similar obligations (continued)

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

	31 August 2017 £
Current service cost (net of employee contributions)	97,000
Net interest cost	9,000
Total operating charge	<u>106,000</u>

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

	31 August 2017 £
Upon conversion	893,000
Current service cost	97,000
Interest cost	13,000
Employee contributions	13,000
Actuarial losses	64,000
At 31 August	<u>1,080,000</u>

##### Changes in the fair value of academy's share of scheme assets:

	31 August 2017 £
Upon conversion	289,000
Interest income	4,000
Return on plan assets (excluding net interest on the net defined pension liability)	17,000
Employer contributions	47,000
Employee contributions	13,000
At 31 August	<u>370,000</u>

#### 23 Related party transactions

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

There were no related party transactions in the period, other than certain trustees' remuneration and expenses already disclosed in note 10.

## Hera Primary Academy Trust

### Notes to the Financial Statements for the Period from 19 January 2017 to 31 August 2017 (continued)

#### 24 Conversion to an academy trust

On 1 March 2017 the Lawford Mead Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hera Primary Academy Trust from the Essex County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	6,300,000	6,300,000
On LA funds	334,365	-	-	334,365
LGPS pension surplus/(deficit)	-	(604,000)	-	(604,000)
Net assets	<u>334,365</u>	<u>(604,000)</u>	<u>6,300,000</u>	<u>6,030,365</u>

The above net assets include £334,365 that were transferred as cash.

On 1 March 2017 the Kings Road Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hera Primary Academy Trust from the Essex County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Freehold land and buildings	-	-	3,625,000	3,625,000
On LA funds	72,281	-	-	72,281
On other school funds	14,590	-	-	14,590
LGPS pension surplus/(deficit)	-	(1,040,000)	-	(1,040,000)
Net assets	<u>86,871</u>	<u>(1,040,000)</u>	<u>3,625,000</u>	<u>2,671,871</u>

The above net assets include £86,871 that were transferred as cash.

The total unrestricted funds transferred on conversion from the above tables was £421,236.

The total land and buildings transferred on conversion from the above tables was £9,925,000.



