

Hera Primary Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019



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

Hera Primary Academy Trust

Contents

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 12
Governance Statement	13 to 16
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19 to 22
Independent Reporting Accountant's Report on Regularity	23 to 24
Statement of Financial Activities incorporating Income and Expenditure Account	25 to 26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29 to 51

Hera Primary Academy Trust

Reference and Administrative Details

Members	Mr N Taggart Mr N Taylor Mrs J Arnot Mrs J Smith-Hughes Mrs I Bailey
Trustees (Directors)	Mrs I Bailey Mr M Cummings Mrs N Nunn Mrs F Poelman (resigned 11 December 2018) Mr A Montague Mr M Golledge (appointed 26 March 2019) Mrs D Baker (CEO & Accounting Officer) Mrs S Goater Mrs K Furnell (appointed 16 July 2019) Mrs H O'Dea (appointed 16 July 2019)
Chief Executive Officer	Mrs D Baker
Senior Management Team	Mrs D Baker, CEO/Executive Headteacher Mrs S Partridge, CFO, Academy Business Manager Mrs H Luckman, Interim Headteacher (Until - 31/12/2018) Mr M Poyton, Head of School (From - 01/09/2018) Mrs K Riches, Head of School Mrs S Wilson, Deputy Head of School (From - 01/09/2018) Mr A Chambers, Deputy Head of School (From - 01/01/2019)
Principal and Registered Office	Lawford Mead Primary School Trent Road Chelmsford Essex CM1 2JH
Company Registration Number	10571943

Hera Primary Academy Trust

Reference and Administrative Details (continued)

Auditors	Edmund Carr LLP Chartered Accountants & Statutory Auditor 146 New London Road Chelmsford Essex CM2 0AW
Bankers	Lloyds Bank High Street Chelmsford 77 High Street Chelmsford Essex CM1 1DU
Solicitors	Stone King 13 Queen Street Bath BA1 2HJ

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the 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.

Both schools are 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 2018.

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.

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.

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

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 Executive 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.

Trade Union Facility Time

During the year the Trust did not have any employees who were relevant union officials.

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 Year Ended 31 August 2019 (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 Year Ended 31 August 2019 (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.

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 September 2018 to 31st August 2019 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

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

- 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 Year Ended 31 August 2019 (continued)

Strategic Report

Achievements and performance

Key financial performance indicators

The Trustees use the following key measures to assess the success of the activities of the Trust:

Statistical analysis of pupils' achievements and progress including Target Tracker, Analyse School Performance (ASP), Fischer Family Trust (FFT) and SATs results.

Reports from the CEO, Heads of School and other senior members of staff.

Reports on the financial performance and management of the school.

Feedback from all stakeholders, including parents.

The Finance & Audit Committee ensures that funding is allocated in line with School Development Plan priorities. The SRMSA was completed on 4th October and outcomes discussed at the Board of Trustees meeting on 4th December 2019.

	Lawford Mead	Kings Road
Numbers on Roll	443 (46 Nursery)	417
Number of pupils joined since September 2017	25	35
Number of pupils left since September 2017	20	26
%/Number of disadvantaged pupils (entitled to pupil premium grant)	41.3% (164)	27.9% (116)
SEND (Nat. Average - 14.19)	22.4% (89)	21.2% (88)
Statements/EHCP (Nat. Average 1.3%)	3.5% (14)	2.2% (9)
SEND Support (Nat. Average 11.9%)	19% (75)	19% (79)
Number of Ethnic Minority Children (EMA)	23.9% (95)	33.4% (139)
%/Number of Children with English as an additional Language (EAL)	10.1% (40)	16.6% (69)
%/Number of Looked After Children (LAC)	0.8% (3)	0.5% (2)
Number of fixed term exclusions	2 (2x 1 day)	1 (1 x 3.5 days)
Number of internal Trust exclusions	-	1
Number of permanent exclusions	-	-
Number of *PDIs	-	-
Number of Subject Access requests	-	-
Number of FOI requests	1	-
Attendance	95.7%	95.3%

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

	Kings Road		Lawford Mead		National	
EYFS (GLD)	68%		72.7%		71.8%	
Phonics Y1	85%		80%		82.0%	
Phonics Y2	95%		92%		91.0%	
Year 2 SATs (TA)	ARE	GD	ARE	GD	ARE	GD
RWM Combined	58%	15%	68%	10%	65%	12%
Reading	77%	25%	73%	22%	75%	26%
Writing	63%	18%	75%	20%	70%	16%
Maths	72%	17%	75%	23%	76%	22%
Year 6 SATs (Test)	ARE	GD	ARE	GD	ARE	GD
RWM Combined	54%	7%	54%	10%	65%	10%
Reading	63%	19%	58%	14%	73%	27%
Writing	76%	15%	80%	22%	78%	20%
GPS	69%	24%	81%	32%	78%	36%
Maths	68%	15%	85%	20%	79%	27%
Progress					National	Floor Standard
Reading	-2.9		+0.5		0	-5.0
Writing	-0.9		+3.4		0	-7.0
Maths	-1.9		+2.6		0	-5.0

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the 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 year to 31st August 2019, the Trust received £3,152,412 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.

It is worthy to note that excluding end-of-year adjustments (LGPS pension valuation adjustments and depreciation costs) that are not part of the day-to-day running of the MAT, all schools made a surplus with the overall surplus at trust level being £63,665. This underlines the sound financial management and controls in place across the MAT.

Due to the accounting rules for the Local Government Pension Scheme under FRS 102, the Trust is recognising a pension deficit of £2,323,000. 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.

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

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.

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.

In addition, the Trust has a comprehensive Risk Register; the relevant sections are reviewed termly by the following committees and overseen by the Board of Trustees:

- Finance & Audit
- HR & Pay
- Outcomes & Provision

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.

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 the pupils.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £323,478 and restricted reserves of £225,577. At 31st August 2019 the total funds comprised:

Unrestricted - £323,478

Restricted General Fund - £225,577

Fixed Asset Fund - £9,558,938

Restricted Pension Reserve - (£2,323,000)

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Fundraising

Plans for future periods

The main aims of the Trust are set out 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

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
- To investigate expansion of the Trust to ensure sustainability

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
- To ensure succession planning is in place at all levels of governance

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 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.

Hera Primary Academy Trust

Trustees' Report for the Year Ended 31 August 2019 (continued)

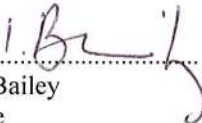
Strategic Report

Auditor

Insofar 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, was approved by order of the members of the Governing Body on ~~4.11.19~~ 1.12.19 and signed on its behalf by:


.....
Mrs I Bailey
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 0 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs I Bailey	5	5
Mrs D Baker	5	5
Mr M Cummings	4	5
Mrs H O'Dea	1	1
Mrs S Goater	4	5
Mr A Montague	5	5
Mrs N Nunn	4	5
Mrs F Poelman	1	2
Mrs K Furnell	0	1
Mr M Golledge	3	3

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to maintain effective oversight of funds, ensure compliance with statutory audit and health and safety requirements. The Chair of the committee is the Vice Chair of the Board and reports back to the full board at each Board of Trustees meeting. Attendance at meetings during the year was as follows:

Hera Primary Academy Trust

Governance Statement (continued)

Name	Meetings attended	Out of a possible
Mr M Cummings	5	5
Mrs I Bailey	1	1
Mrs D Baker	4	5
Mrs S Goater	3	5
Mrs S Dale	2	2
Mrs S Partridge	5	5
Mr A Montague	2	2
Mrs H O'Dea	0	0

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 Accounting Officer for the HERA Primary Academy Trust has delivered improved value for money during the year by:

- Adopting a process of natural wastage in relation to reducing staffing costs
- Streamlining of back office processes and procedures, reducing staffing hours
- Sharing of key staff across the Trust
- Ensuring that the Trust's Competitive Tendering Policy is adhered too
- Regularly reviewing all schools services to ensure that they continue to offer value for money
- Ensuring spending decisions are based on the school development priorities

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 year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Hera Primary Academy Trust

Governance Statement (continued)

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 year ended 31 August 2019 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, including:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

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 year in question the review has been informed by:

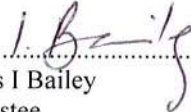
- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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.

Hera Primary Academy Trust

Governance Statement (continued)

Approved by order of the members of the Governing Body on 4/12/19 and signed on its behalf by:


.....
Mrs I Bailey
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 2018.

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 2018.

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


.....
Mrs D Baker
Accounting officer

Date: 04.12.2019

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:

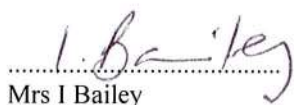
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [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 4.12.19 and signed on its behalf by:


.....
Mrs I Bailey
Trustee

Hera Primary Academy Trust

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

Opinion

We have audited the financial statements of Hera Primary Academy Trust (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2019 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

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

Hera Primary Academy Trust

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 18], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Hera Primary Academy Trust

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Hera Primary Academy Trust

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



.....
Thomas York (Senior Statutory Auditor)
For and on behalf of Edmund Carr LLP, Statutory Auditor

146 New London Road
Chelmsford
Essex
CM2 0AW

Date: 4/12/19.....

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 2018 to 2019, 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 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 year from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

Date: 4/12/19.....

Hera Primary Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
Income and endowments from:					
Donations and capital grants	2	42,212	-	116,659	158,871
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	3,889,426	-	3,889,426
Other trading activities	4	85,902	46,857	-	132,759
Investments	5	408	-	-	408
Total		128,522	3,936,283	116,659	4,181,464
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	250,678	3,975,800	259,474	4,485,952
Net expenditure		(122,156)	(39,517)	(142,815)	(304,488)
Transfers between funds		158,823	(177,485)	18,662	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	(409,000)	-	(409,000)
Net movement in funds/(deficit)		36,667	(626,002)	(124,153)	(713,488)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		286,811	(1,471,421)	9,683,091	8,498,481
Total funds/(deficit) carried forward at 31 August 2019		323,478	(2,097,423)	9,558,938	7,784,993

Hera Primary Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
Income and endowments from:					
Donations and capital grants	2	38,417	-	17,436	55,853
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	3,898,567	-	3,898,567
Other trading activities	4	77,047	3,574	-	80,621
Investments	5	363	-	-	363
Total		115,827	3,902,141	17,436	4,035,404
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	249,690	4,223,345	149,594	4,622,629
Net expenditure		(133,863)	(321,204)	(132,158)	(587,225)
Transfers between funds		53,424	(71,605)	18,181	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	22	-	683,000	-	683,000
Net movement in (deficit)/funds		(80,439)	290,191	(113,977)	95,775
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		367,250	(1,761,612)	9,797,068	8,402,706
Total funds/(deficit) carried forward at 31 August 2018		286,811	(1,471,421)	9,683,091	8,498,481

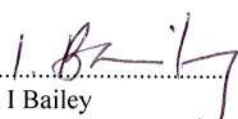
Hera Primary Academy Trust

(Registration number: 10571943)

Balance Sheet as at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	9,558,938	9,681,553
Current assets			
Debtors	13	125,438	163,159
Cash at bank and in hand		<u>748,662</u>	<u>502,810</u>
		874,100	665,969
Creditors: Amounts falling due within one year	14	<u>(325,045)</u>	<u>(179,041)</u>
Net current assets		<u>549,055</u>	<u>486,928</u>
Total assets less current liabilities		<u>10,107,993</u>	<u>10,168,481</u>
Net assets excluding pension liability		10,107,993	10,168,481
Pension scheme liability	22	<u>(2,323,000)</u>	<u>(1,670,000)</u>
Net assets including pension liability		<u>7,784,993</u>	<u>8,498,481</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		225,577	198,579
Restricted fixed asset fund		9,558,938	9,683,091
Restricted pension fund		<u>(2,323,000)</u>	<u>(1,670,000)</u>
		7,461,515	8,211,670
Unrestricted funds			
Other unrestricted fund		<u>323,478</u>	<u>286,811</u>
Total funds		<u>7,784,993</u>	<u>8,498,481</u>

The financial statements on pages 25 to 51 were approved by the Trustees, and authorised for issue on 4.12.19 and signed on their behalf by:



 Mrs I Bailey
 Trustee

Hera Primary Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	161,741	73,004
Cash flows from investing activities	19	<u>84,111</u>	<u>(21,943)</u>
Change in cash and cash equivalents in the year		245,852	51,061
Cash and cash equivalents at 1 September		<u>502,810</u>	<u>451,749</u>
Cash and cash equivalents at 31 August	20	<u><u>748,662</u></u>	<u><u>502,810</u></u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

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 2018 to 2019 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.

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.

Grants

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

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

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

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

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.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

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.

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

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.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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.

Pension benefits

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.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

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 31/08/2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

2 Donations and capital grants

	Unrestricted funds £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
Educational trips and visits	25,258	-	25,258	27,277
Capital grants	-	116,659	116,659	17,436
Other donations	16,954	-	16,954	11,140
	<u>42,212</u>	<u>116,659</u>	<u>158,871</u>	<u>55,853</u>

3 Funding for the Academy Trust's educational operations

	Restricted funds £	Total 2019 £	Total 2018 £
DfE/EFA revenue grants			
General Annual Grant (GAG)	3,152,412	3,152,412	3,111,206
Other DfE/ESFA grants	<u>532,064</u>	<u>532,064</u>	<u>578,352</u>
	<u>3,684,476</u>	<u>3,684,476</u>	<u>3,689,558</u>
Other government grants			
SEN Fund	103,052	103,052	94,406
Other Local authority grants	<u>79,823</u>	<u>79,823</u>	<u>97,608</u>
	182,875	182,875	192,014
Non-government grants and other income			
Staff absences insurance reimbursement	<u>22,075</u>	<u>22,075</u>	<u>16,995</u>
Total grants	<u>3,889,426</u>	<u>3,889,426</u>	<u>3,898,567</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	10,389	-	10,389	3,780
Catering income	61,693	-	61,693	59,142
Other sales	13,820	46,857	60,677	17,699
	<u>85,902</u>	<u>46,857</u>	<u>132,759</u>	<u>80,621</u>

5 Investment income

	Unrestricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	408	408	363

6 Expenditure

	Non Pay Expenditure			2018/19 Total £	2017/18 Total £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	1,900,397	-	248,362	2,148,759	2,178,288
Allocated support costs	<u>1,440,690</u>	<u>527,043</u>	<u>369,460</u>	<u>2,337,193</u>	<u>2,444,341</u>
	<u>3,341,087</u>	<u>527,043</u>	<u>617,822</u>	<u>4,485,952</u>	<u>4,622,629</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2018/19 £	2017/18 £
Depreciation	155,571	149,594
Fees payable to auditor - audit	11,000	10,500
- other audit services	500	500

7 Charitable activities

	2018/19 £	2017/18 £
Direct costs - educational operations	2,148,759	2,178,288
Support costs - educational operations	2,337,193	2,444,341
	4,485,952	4,622,629

	Educational operations £	2018/19 Total £	2017/18 Total £
Analysis of support costs			
Support staff costs	1,440,690	1,440,690	1,674,851
Depreciation	155,571	155,571	149,594
Premises costs	371,472	371,472	243,180
Other support costs	352,078	352,078	359,319
Governance costs	17,382	17,382	17,397
Total support costs	2,337,193	2,337,193	2,444,341

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff

Staff costs

	2019 £	2018 £
Staff costs during the year were:		
Wages and salaries	2,383,523	2,405,250
Social security costs	186,355	187,902
Operating costs of defined benefit pension schemes	690,697	918,641
	<u>3,260,575</u>	<u>3,511,793</u>
Supply staff costs	80,512	68,629
Staff restructuring costs	-	6,382
	<u>3,341,087</u>	<u>3,586,804</u>
		2018 £
Staff restructuring costs comprise:		
Other restructuring costs		<u>6,382</u>

Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2018/19 No	2017/18 No
Charitable Activities		
Teachers	41	40
Administration and support	96	98
Management	6	7
	<u>143</u>	<u>145</u>

Higher paid staff

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

	2019 No	2018 No
£60,001 - £70,000	2	1
£70,001 - £80,000	-	1
£80,001 - £90,000	<u>1</u>	<u>-</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff (continued)

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 £378,381 (2018: £381,873).

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 academy trust charges for these services on the following basis:

- The trust receives each academies GAG funding. MAT retains £1,250 per school per month. The remaining funding is used to pay the staff and the balance is then paid to each academy based on the balance due to the specific academy.

The actual amounts charged during the year were as follows:

	2019
	£
Lawford Mead Primary School	15,000
Kings Road Primary School	15,000
	<hr/> 30,000 <hr/>

10 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from 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:

Mrs D Baker (Lawford Mead Headteacher and CEO)

Remuneration: £85,000-£90,000 (2018: £80,000- £85,000)

Employer's pension contribution: £10,000 - £15,000 (2018: £10,000 - £15,000))

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

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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 Year Ended 31 August 2019 (continued)

12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2018	9,945,140	-	31,964	9,977,104
Additions	-	32,956	-	32,956
At 31 August 2019	9,945,140	32,956	31,964	10,010,060
Depreciation				
At 1 September 2018	288,236	-	7,315	295,551
Charge for the year	144,319	705	10,547	155,571
At 31 August 2019	432,555	705	17,862	451,122
Net book value				
At 31 August 2019	9,512,585	32,251	14,102	9,558,938
At 31 August 2018	9,656,904	-	24,649	9,681,553

13 Debtors

	2019 £	2018 £
VAT recoverable	29,816	22,272
Prepayments	35,839	44,334
Accrued grant and other income	59,783	96,553
	125,438	163,159

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	68,873	48,588
Other taxation and social security	92,347	-
Accruals	88,120	39,175
Deferred income	75,705	91,278
	<u>325,045</u>	<u>179,041</u>
		2019 £
Deferred income		
Deferred income at 1 September 2018		91,278
Resources deferred in the period		75,705
Amounts released from previous periods		<u>(91,278)</u>
Deferred income at 31 August 2019		<u>75,705</u>

At the balance sheet date the multi academy trust was holding funds received in advance for UFSMs for 19/20, Autumn Nursery Funding, school trips and capital grant.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	198,579	3,152,412	(2,947,929)	(177,485)	225,577
Other DfE/ESFA grants	-	532,064	(532,064)	-	-
SEN funding	-	103,052	(103,052)	-	-
Other local authority funds	-	101,898	(101,898)	-	-
Other restricted funds	-	46,857	(46,857)	-	-
	<u>198,579</u>	<u>3,936,283</u>	<u>(3,731,800)</u>	<u>(177,485)</u>	<u>225,577</u>
Restricted fixed asset funds					
Assets held for depreciation	9,681,553	66,263	(207,540)	18,662	9,558,938
Devolved capital formula	<u>1,538</u>	<u>50,396</u>	<u>(51,934)</u>	<u>-</u>	<u>-</u>
	9,683,091	116,659	(259,474)	18,662	9,558,938
Restricted pension funds					
Pension reserve	<u>(1,670,000)</u>	<u>-</u>	<u>(653,000)</u>	<u>-</u>	<u>(2,323,000)</u>
Total restricted funds	8,211,670	4,052,942	(4,644,274)	(158,823)	7,461,515
Unrestricted funds					
Other unrestricted funds	<u>286,811</u>	<u>128,522</u>	<u>(250,678)</u>	<u>158,823</u>	<u>323,478</u>
Total funds	<u>8,498,481</u>	<u>4,181,464</u>	<u>(4,894,952)</u>	<u>-</u>	<u>7,784,993</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

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

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	110,388	3,111,206	(2,951,410)	(71,605)	198,579
Other DfE/ESFA grants	-	578,352	(578,352)	-	-
SEN funding	-	94,406	(94,406)	-	-
Other local authority funds	-	114,603	(114,603)	-	-
Other restricted funds	-	3,574	(3,574)	-	-
	<u>110,388</u>	<u>3,902,141</u>	<u>(3,742,345)</u>	<u>(71,605)</u>	<u>198,579</u>
Restricted fixed asset funds					
Assets held for depreciation	9,791,404	17,436	(145,468)	18,181	9,681,553
Devolved capital formula	<u>5,664</u>	<u>-</u>	<u>(4,126)</u>	<u>-</u>	<u>1,538</u>
	9,797,068	17,436	(149,594)	18,181	9,683,091
Restricted pension funds					
Pension reserve	<u>(1,872,000)</u>	<u>-</u>	<u>(481,000)</u>	<u>683,000</u>	<u>(1,670,000)</u>
Total restricted funds	8,035,456	3,919,577	(4,372,939)	629,576	8,211,670
Unrestricted funds					
Other unrestricted funds	<u>367,250</u>	<u>115,827</u>	<u>(249,690)</u>	<u>53,424</u>	<u>286,811</u>
Total funds	<u>8,402,706</u>	<u>4,035,404</u>	<u>(4,622,629)</u>	<u>683,000</u>	<u>8,498,481</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (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 2019.

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 £158,823 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.

The transfer of £18,662 from Restricted General Funds to the Restricted Fixed Asset Funds is for capital additions paid out of revenue.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019 £	2018 £
Lawford Mead Primary School	444,912	370,887
Kings Road Primary School	97,631	95,385
Central services	6,512	19,118
Total before fixed assets and pension reserve	549,055	485,390
Restricted fixed asset fund	9,558,938	9,683,091
Pension reserve	(2,323,000)	(1,670,000)
Total	7,784,993	8,498,481

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2019 £
Lawford Mead Primary School	949,617	758,897	73,068	383,573	2,165,155
Kings Road Primary School	946,999	675,025	69,750	324,683	2,016,457
Central services	3,781	6,768	-	138,219	148,769
Academy Trust	1,900,397	1,440,690	142,818	846,475	4,330,381
					Total
					2018 £
Lawford Mead Primary School					2,311,272
Kings Road Primary School					2,122,718
Central services					39,045
Academy Trust					4,473,035

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	9,558,938	9,558,938
Current assets	323,478	550,622	-	874,100
Current liabilities	-	(325,045)	-	(325,045)
Pension scheme liability	-	(2,323,000)	-	(2,323,000)
Total net assets	<u>323,478</u>	<u>(2,097,423)</u>	<u>9,558,938</u>	<u>7,784,993</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	9,681,553	9,681,553
Current assets	286,811	377,621	1,538	665,970
Current liabilities	-	(179,041)	-	(179,041)
Pension scheme liability	-	(1,670,000)	-	(1,670,000)
Total net assets	<u>286,811</u>	<u>(1,471,420)</u>	<u>9,683,091</u>	<u>8,498,482</u>

17 Commitments under operating leases

Operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	1,376	4,482
Amounts due between one and five years	-	1,376
	<u>1,376</u>	<u>5,858</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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

	2019 £	2018 £
Net expenditure	(304,488)	(587,225)
Depreciation	155,571	149,594
Capital grants from DfE and other capital income	(116,659)	(17,436)
Interest receivable	(408)	(363)
Defined benefit pension scheme costs	244,000	481,000
Decrease in debtors	37,721	5,037
Increase in creditors	146,004	42,397
Net cash provided by Operating Activities	<u>161,741</u>	<u>73,004</u>

19 Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	408	363
Purchase of tangible fixed assets	(32,956)	(39,742)
Capital funding received from sponsors and others	<u>116,659</u>	<u>17,436</u>
Net cash provided by/(used in) investing activities	<u>84,111</u>	<u>(21,943)</u>

20 Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>748,662</u>	<u>502,810</u>
Total cash and cash equivalents	<u>748,662</u>	<u>502,810</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.

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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 year.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

22 Pension and similar obligations (continued)

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

The employer's pension costs paid to TPS in the period amounted to £221,542 (2018: £227,071).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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

Hera Primary Academy Trust

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £280,000 (2018 - £265,000), of which employer's contributions totalled £225,000 (2018 - £211,000) and employees' contributions totalled £55,000 (2018 - £54,000). The agreed contribution rates for future years are per cent for employers and per cent for employees. The scheme is managed by .

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 year. 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.70	3.80
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	<u>1.90</u>	<u>2.70</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 Year Ended 31 August 2019 (continued)

22 Pension and similar obligations (continued)

	2019	2018
Retiring today		
Males retiring today	21.30	22.30
Females retiring today	23.60	24.80
Retiring in 20 years		
Males retiring in 20 years	23.00	24.50
Females retiring in 20 years	<u>25.40</u>	<u>27.10</u>
Sensitivity analysis		
	2019	2018
	£	£
Discount rate +0.1%	3,935,000.00	2,961,000.00
Discount rate -0.1%	4,164,000.00	3,131,000.00
Mortality assumption – 1 year increase	4,200,000.00	3,142,000.00
Mortality assumption – 1 year decrease	3,902,000.00	2,951,000.00
CPI rate +0.1%	4,060,000.00	3,055,000.00
CPI rate -0.1%	<u>4,036,000.00</u>	<u>3,035,000.00</u>

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

	2019	2018
	£	£
Equities	1,086,000	874,000
Gilts	95,000	73,000
Other bonds	97,000	81,000
Property	138,000	123,000
Cash	51,000	47,000
Other	<u>258,000</u>	<u>177,000</u>
Total market value of assets	<u>1,725,000</u>	<u>1,375,000</u>

The actual return on scheme assets was £124,000 (2018 - £73,000).

Amounts recognised in the statement of financial activities

	2018/19	2017/18
	£	£
Current service cost (net of employee contributions)	<u>446,000</u>	<u>435,000</u>
Total amount recognized in the SOFA	<u>446,000</u>	<u>435,000</u>

Hera Primary Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

22 Pension and similar obligations (continued)

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

	2018/19	2017/18
	£	£
At start of period	3,045,000	2,952,000
Current service cost	379,000	432,000
Interest cost	81,000	77,000
Employee contributions	55,000	54,000
Actuarial (gain)/loss	493,000	(430,000)
Benefits paid	(49,000)	(50,000)
Past service cost	54,000	-
Effect of non-routine settlements	(10,000)	10,000
At 31 August	<u>4,048,000</u>	<u>3,045,000</u>

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

	2018/19	2017/18
	£	£
At start of period	1,375,000	1,080,000
Interest income	40,000	31,000
Actuarial gain/(loss)	84,000	42,000
Employer contributions	225,000	211,000
Employee contributions	55,000	54,000
Benefits paid	(49,000)	(50,000)
Effect of non-routine settlements	(5,000)	7,000
At 31 August	<u>1,725,000</u>	<u>1,375,000</u>

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

