

Report of the Trustees and
Consolidated Financial Statements
for the Year Ended 31 August 2021
for
Herefordshire Marches Federation of
Academies

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Herefordshire Marches Federation of
Academies

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for the Year Ended 31 August 2021

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Herefordshire Marches Federation of Academies

Reference and Administrative Details for the Year Ended 31 August 2021

MEMBERS:

C M Hayes (Member Trustee)
E Klein (Independent Member)
S K F Elwine (Member Trustee)
D A Greenough (Independent Member)
L Conod (Member Trustee)

TRUSTEES

P Box (Accounting Officer) *
L Conod (Vice Chair of Trustees) *
S K F Elwine *
H W G Patterson
M A Williams *
M Ashcroft
C M Hayes (Chair of Trustees) *
R Williams

* members of the finance and general purpose committee

LOCAL ADVISORY BOARD

- also Member or Trustees of the Academy

Lord Scudamore Academy

A Blackburne
J M McColl
K E Higgins
L Conod # (Chair)
P Rusher
R Rider
S Morris-Davies
Z Beecham
A Bridgewater
R Williams (appointed 23.11.20)

Sutton Primary Academy

L Orton
Z Beecham
M Ashcroft # (Chair)
W Scott-Howes
K Lawton
V Bloore (appointed 19.11.20))

Kings Cagle Primary Academy

S Elwine # (Chair)
C Wardle
D Harding
J Gittins
M Fellows (appointed 02.03.21)

St Weonards

M Newton (resigned 31.08.21)
A Clarke
A Nash (resigned 16.06.21)
S Talboys
R Williams # (Chair)
J Balderson (appointed 01.12.20)

Herefordshire Marches Federation of Academies

Reference and Administrative Details for the Year Ended 31 August 2021

SENIOR MANAGEMENT TEAM	P Box - Headteacher/CEO A Taylor - Headteacher from 01.09.2021 M Newton - Exec Head at St Weonards (resigned 31.8.21) A Colledge - Head of School at Lord Scudamore C Watkins - Director of HR J Brace - Director of IT J M McColl - Director of Safeguarding L Orton - Head of School at Sutton N J Jones - Finance Director Z Beecham - Director of SEND A White - Head of School at Lord Scudamore H Field - Head of School at Lord Scudamore (on secondment from 31.08.20, resigned 31.08.21) J Gittins - Head of School at Kings Caple A Clarke - Head of School at St Weonards S Morris-Davies - Head of School R Wargen - Head of School
COMPANY NAME	Hereford Marches Federation of Academies
COMPANY SECRETARY	C Watkins
REGISTERED OFFICE	Lord Scudamore Academy Friars Street Hereford Herefordshire HR4 0AS
REGISTERED COMPANY NUMBER	07578861 (England and Wales)
SENIOR STATUTORY AUDITOR	Mrs Lisa Weaver FCCA
INDEPENDENT AUDITORS	Thorne Widgey Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
BANKERS	MAT bank account: HSBC, 35 High Town, Hereford HR1 2AQ Lord Scudamore School Fund: Natwest, 12 Broad Street, Hereford HR4 9AH Sutton School Fund: HSBC, 35 High Town, Hereford HR1 2AQ St Weonards School Fund: Lloyds Bank, 8 High Town, Hereford HR1 2AE

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The trustees have adopted the provisions of 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) (effective 1 January 2019) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Hereford Marches Federation of Academies to provide free education and care for pupils of different abilities between the ages of 2 and 11.

The aims of the Academy during the year ended 31 August 2021 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to develop the Academy sites so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high-quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- to manage the coronavirus outbreak in terms of Health & Safety requirements, adhering to government guidelines re: School closures and provision for pupils of key workers, facilitating home learning for pupils and remote working for staff.

At HMFA we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

- To maintain Outstanding provision at Kings Cople and Sutton and St Weonards
- To strive for Outstanding at Lord Scudamore
- To ensure the progress of all groups of pupils in our care remains high.
- To continue to develop our curriculum. To provide pupils with a broad and balanced curriculum and provide opportunities beyond the National Curriculum, such as Forest School activities
- To ensure the use of technology is integrated into our curriculum.
- To develop strategies which will enable pupils to catch-up on lost teaching time disrupted by Coronavirus outbreak
- To continue to adapt School working practices to comply with Government Guidelines to ensure the safety of staff and pupils during the Coronavirus outbreak

Key priorities for the year for core curriculum areas are contained in the Strategic Development Plans which are available from each school.

OBJECTIVES AND ACTIVITIES

Public benefit

The Directors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties.

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

	<u>Kings Capse</u>	<u>Lord Scudamore</u>	<u>Sutton</u>
Pupil Achievement	Outstanding	Good	Outstanding
Quality of Teaching	Outstanding	Good	Outstanding
Behaviour and Safety	Outstanding	Good	Outstanding
Leadership and Management	Outstanding	Outstanding	Outstanding

	<u>St Weonards</u>
Pupil Achievement	Outstanding
Quality of Teaching	Outstanding
Behaviour and Safety	Outstanding
Leadership and Management	Outstanding

Joint activities between the schools were suspended during the period covered by this report.

Teachers have continued to receive training remotely in a wide variety of "responsibility specific" training. The Intent, Implementation and Impact plans are in place.

The Covid-19 pandemic has created the following priorities:

- Upgrade of ICT equipment for pupils to ensure that every child had a device
- Implementation of Google Classroom as the vehicle for remote learning
- Appropriate IT infrastructure to ensure that children in school and those at home can access learning
- Ensuring data returns ref Covid absences/tests were recorded & submitted
- Extra vigilance with regard to cleaning/hygiene and measures in place to limit spread of the virus

Senior staff have been involved in managing the performance of staff and mentoring NQTs despite the pandemic, however, many targets have been rolled forward.

There have been no progress results for 2021. We have made baseline assessments on return to school after each lockdown.

A Recovery Curriculum Action Plan remains in place which outlines strategies to re-engage pupils with their learning since the disruption caused by Covid-19.

By July 2021, 83% of pupils across the MAT had achieved age-related expectations in maths, reading and writing.

Fundraising activities

There were a wide range of charitable fundraising activities despite the restrictions of lockdown.

Key performance indicators

Key performance indicators are included throughout the report.

FINANCIAL REVIEW

Financial position

Majority of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2021 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

At 31 August 2021 the net book value of fixed assets was £4,146,930 (2020: £4,726,232) and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

During the year ended 31 August 2021, total expenditure of £3,271,691 (2020: £3,217,892) was covered by recurrent grant funding from the DfE. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £42,609 (2020: £48,122)

The land and buildings for Lord Scudamore School were transferred to the Academy upon conversion in June 2011. Land and buildings for Sutton & Kings Cuple and St Weonards Schools were transferred on a 125yr lease.

The ESFA provided a land and buildings valuation as at 31st August 2012 for the purposes of completing the WGA return. Lord Scudamore was valued at £1,926,648, Sutton at £1,513,964. More recent DfE valuations have been provided as at 31 August 2020 for St Weonards at £445,000 and Kings Cuple at £485,000.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in the notes to the financial statements.

Key financial policies are in place which reflect the requirements of the Academies Financial Handbook and include the Finance Policy and Financial Delegation Scheme which lay out the framework for financial management, including financial responsibilities of the Board, CEO, Accounting Officer, Finance staff and budget holders, as well as delegated authority for spending.

Investment policy and objectives

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Directors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £499,748 (2020: £500,198), all of which is free reserves. The level of general restricted reserves is £148,856 (2020: £130,020).

Plans for the future use of reserves is to support in-year deficit school budgets in the short term where particular circumstances such as falling pupil numbers, long-term staff absences, removal of DfE support grants and unexpected events (such as Covid-19 pandemic) have a detrimental impact. The Board of Trustees have agreed that a reasonable minimum level of reserves equates to 1 month's salary costs (£320,000 Aug21). Other plans for use of reserves include technology costs, premises improvements and potential redundancy costs.

FINANCIAL REVIEW

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.

HMFA Board of Trustees regularly review long term plans to ensure the future financial stability of the Trust. Plans have been made to mitigate the financial losses relating to reduced GAG funding as a result of falling pupil numbers, if not actioned within a reasonable timescale the Trust predicts some financial difficulty over the next 3 years, so the Trustees' are taking action to rectify the situation. Trustees have also considered the effects of Covid19 in their assessment.

FUTURE DEVELOPMENTS

Please see HMFA Strategic plan and curriculum recovery plan per the website

Core Purposes

- Ensure that all children are protected from harm; both physically and emotionally.
- Provide the highest quality of education so that every child achieves their full potential, both academically as well as in artistic and sporting endeavour.
- Ensure that vulnerable and disadvantaged children receive the support they need to achieve their full potential.
- Ensure that children are equipped to cope with the pressures of life including effective management of social media.
- Enable children to make the best use of technology without allowing it to take over their lives.

Key Priorities

- Ensuring high quality teaching and learning
- Ensure that all teachers are using Basic Skills English and Maths, Talk4Writing, Talk4Reading and Developing Reasoning in Maths.
- Ensure that assessment is a dialogue between teacher and child which moves learning forward.
- Provide high quality intervention in the Early Years to address speech and language issues; particularly the deficit in vocabulary for disadvantaged children.
- To provide intervention and support for older children to minimise the vocabulary gap.

Developing the creative curriculum

- Ensure that every opportunity to further enhance the already very creative curriculum is taken.
- Review the current curriculum and implement the Intent, Implementation and Impact Plans.

Strengthen leadership

- Ensure that all Senior Leaders have a good understanding of financial systems and are engaged in the setting of balanced budgets.
- Develop strategic awareness for Heads of School.
- Develop the work scrutiny cycle for Trustees and Local Advisory Body Members.
- Support the newly appointed Head Teacher at Sutton.

Ensure clear accountability and highly effective communication

- Ensure that Heads of School contribute to the Heads Report as the key accountability document for Trustees and Local Advisory Body members.
- Ensure that progress data is available each term for all groups of children.
- Ensure that Senior Leaders meet regularly and that communication is effective between the leadership team and with all stakeholders.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated on 25th March 2011 and opened as an Academy on 1st June 2011 is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Directors act as the Trustees for the charitable activities of Herefordshire Marches Federation of Academies. The Charitable Company is known as HMFA.

HMFA is a charitable company and is responsible for the strategic direction of the Academies within the HMFA MAT. It has 2 layers of governance: Members of the Trust and the Board of Trustees.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administration Details on page 1.

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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Directors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees of the Academy Trust. The limit of this indemnity is £5million.

Principal activities

The principal activity is to advance for the public benefit by maintaining, managing and developing primary schools offering a broad and balanced curriculum.

Recruitment and appointment of new trustees

The Academy's Governing Body (Board of Trustees) comprises the CEO, 2 Independent Members, 3 Member Trustees and 4 Trustees.

When appointing new Trustees, consideration is given to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills set to contribute fully to the Academy's development. The Board comprises of Trustees primarily elected by the Members.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Board of Trustees meets once each term as do the Finance, Audit & Risk Committee.

The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The HMFA Scheme of Delegation has been developed to clarify the responsibilities and powers of Members, Trustees, CEO, Chair of Trustees and Local Advisory Boards in respect of key aspects of the management of the Trust and its Academies, and to ensure compliance with legal requirements.

The Members and Board of Trustees have devolved responsibility for day-to-day management of the Academy to the CEO and Senior Leadership Team (SLT). The SLT comprises the CEO, Heads of School, Finance Director, HR Director and Company Secretary, Director of Safeguarding, Director of SEND, and Director of IT and DPO. The SLT implement the policies laid down by the Board of Trustees and report back to them on performance. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels

The Academy Trust comprises four primary schools - Lord Scudamore, Sutton, Kings Cuple and St Weonards. Each school has its own Local Advisory Body who accepts reports relating to their school, staff and pupils. Please refer to the MAT Scheme of Delegation for detail of key areas of responsibility.

CEO; Peter Box is the Accounting Officer.

The Directors of the subsidiary company; HMFA Enterprises Ltd meet once a term. They review and approve the annual budget plan, policies, pricing structure and are responsible for day-to-day management. Strategic and staffing decisions are made in accordance with HMFA Scheme of Delegation.

Induction and training of new trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include an invitation to tour the Academy and a chance to meet staff and pupils. All Trustees are provided with an induction pack which is now available on Governor Hub for reference when required. Governor Quality Assurance days are held for Trustees and Local Advisory Body members where they visit the schools and involves work scrutiny, talking to pupils, learning walks and observations

Our annual review of Governance provides an opportunity for Trustees to highlight any training requirements they feel would be of benefit to them. Trustees and Local Advisory Body members are encouraged to register with Activate Central Ltd and enrol on relevant courses to support their role.

Key management remuneration

1. Performance pay review is completed by the HMFA pay review committee, comprising 4 elected Trustees.
2. Performance Management in each school takes place on an annual cycle of review. It is undertaken by the senior leaders, Deputy Head teachers and Head teacher.
3. Targets are related to current school key areas as well as individual targets and are linked to the new teacher standards.
4. Staff underperforming are given clear agreed targets with appropriate timescale for review, and a mentor from the leadership team.

Trade union facility time

The multi academy trust has a SLA in place to cover trade union services.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

The Academy Trust has wider federation links with 5 other primary schools; Canon Pyon CE Academy, Llangrove CE Academy, Marden Primary Academy, Pencombe CofE Primary School and Clehonger CofE Primary School. Collaboration links with Canon Pyon CE Academy ended on 31st August 2021

HMFA MAT CEO Peter Box was Executive Head Teacher at Canon Pyon CE Academy, Llangrove CE Academy and Clehonger CofE Primary School via a Service Level Agreement until the 31st August 2021.

Exec Head of St Weonards Academy Maggi Newton was also Head Teacher at Marden Primary Academy & Pencombe CofE Primary School. This arrangement ended on 31st August 2021.

Through the HMFA collaboration agreement all schools benefit from the use of shared expertise, staffing, resources and group purchasing discounts.

Related Party transactions are disclosed to ESFA via DfE Sign-In portal and where applicable requests for approval are submitted. During 20/21 these regulations did not apply to income transactions.

Related Party Relationships have been recorded on a Register of Trustees Declarations of Interest and any additional declarations noted at the start of each Board of Trustees Meeting. The following companies have been identified as having a Related Party Relationship with HMFA; Canon Pyon CE Academy, Llangrove CE Academy, Marden Primary Academy, Clehonger CofE Primary School, Pencombe C of E Primary School and HMFA Enterprises Ltd.

Related Party Agreements are reviewed and approved by Trustees annually prior to commencement of the service/contract.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Directors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas through the Risk Register, reviewed July 2021 (a working document). The Directors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Lord Scudamore Academy pupil numbers are declining due to demographic factors and lower birth rates in 2014 and 2015. St Weonards Academy pupil numbers are also declining as a result of closure of the privately run pre-school and the need for extended day services, plans are in place to address this in 21/22. It is also important to remember that the real terms freeze on Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The reduction in funding will be managed by restructuring leadership across the HMFA, lower pupil numbers will result in less classes so teacher & TA roles restructure/redundancies may be necessary.

The Directors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Directors' and Finance, Audit & Risk Committee meetings.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 95.6% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Financial - HMFA Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the notes to the financial statements, represents a significant potential liability. Due to the deficit position of the LGPS valuation November 2019, the Academy faces concerns about the cost of future lump sum deficit contributions which may be imposed.

At this point in time the Academy is able to meet the set LGPS annual contributions; however, the Board are aware there will be revisions of Employer rates in the future. The Board has relevant skill set to inform Directors of policy and impact of the LGPS.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. Relevant staff receive safer recruitment training and all staff receive relevant safeguarding training, including Prevent, and are issued with relevant documents.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

The MAT follows the STPCD and local policy guidelines. Any significant government legislative changes to teachers pay and conditions will therefore have an impact.

Fraud and mismanagement of funds - HMFA opt for a bought-in internal audit service to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively, as required by the Academies Financial Handbook 2020. The function of the audit & risk committee is combined with the finance committee who direct the trust's programme of internal scrutiny, ensure risks are being addressed appropriately and report to the Board of Trustees.

Herefordshire Marches Federation of Academies

Report of the Trustees
for the Year Ended 31 August 2021

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the group and charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the group and charitable company's auditors are aware of that information.

AUDITORS

The auditors, Thorne Widgey Accountants, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Directors Report, incorporating a strategic report, was approved by order of the members of the Board of Directors on21/12/21..... and signed on the boards behalf by:


.....
C M Hayes - Trustee

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Herefordshire Marches Federation of Academies 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.

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Trust has delegated the day-to-day responsibility to the CEO /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 HMFA and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The Trustees' consider that the Board and its Committees combined, meet adequately and regularly over the course of the year in order to discharge their responsibilities and have robust and effective management arrangements.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Trustees' Responsibilities Statement. Due to Covid restrictions termly meetings of the Board, Committee and LAB have been conducted via Microsoft Teams. Attendance during the year at the virtual meetings of the Board of Trustees was as follows:

Trustee		Meetings Attended	Out of a possible
P Box	CEO/Accounting Officer	3	3
D Greenough (member)		3	3
C Hayes (member trustee)	Chair	3	3
S Elwine (member trustee)		3	3
E Klein (member)		1	3
L Conod (member trustee)	Vice Chair	2	3
H Patterson		2	3
M Aschcroft		3	3
M Williams		3	3
R J Williams		3	3

In addition to this, the Local Advisory Body of the individual schools meet termly.

Review of Governance 2020-21

For the moment, the majority of HMFA Board and Committee Meeting have continued to be held via Teams.

The key area of governance review for the Trustees this year has been succession planning. This included the recruitment process to appoint a new CEO to take the HMFA forward into the next stage of its journey. The process was hindered somewhat by the Covid restrictions but, once restrictions eased and we were able to conduct a 'normal' interview process, then everything progressed smoothly and the successful candidate was selected in May earlier this year.

September 2020 also saw the trustees confirm the election of a new Chairperson to the helm for the first time since incorporation in 2011.

A review of the Board's succession process was conducted by external auditors, Juniper Education, in April 2021. The process was very positive and concluded that succession planning is successfully embedded across the Trust.

The induction pack available to Trustees has been scaled down slightly to make it available to new members of the Local Advisory Bodies. This is soon to be uploaded onto the appropriate areas of the Governor Hub for reference.

A review of the constitution of the Board in July highlighted the need to re-examine the balance of independent Members. The DfE stipulate that the majority of the Members should be independent of the Trustees. This was discussed at the Members AGM this year and a new Member will be joining the Board in the Autumn Term 2021.

Herefordshire Marches Federation of Academies

Governance Statement
for the Year Ended 31 August 2021

Finance, Audit & Risk Committee - meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with regulatory requirements and reporting, and examining the annual budget.

From September 2020, all academies must have an Audit & Risk Committee to maintain an oversight of the Academy Trust's financial, governance, risk management and internal control systems. HMFA have combined this with the Finance Committee under the new title of Finance, Audit and Risk Committee.

The terms of reference of the Finance Audit & Risk committee also include responsibility for; reviewing the risks to internal financial controls, reviewing the Risk Register annually, reviewing internal audit reports.

During the year the committee reviewed; the programme and outcomes of Internal Scrutiny, Ill Health Liability Insurance, VMFI benchmarking tool, KPI's, Commercial Insurance Arrangements, Energy Supply, Acquisition of Mobile Classrooms, MAT expansion, Risk Register, School Fund Bank accounts, Central Staff Services SLA. In addition to reviewing the draft annual accounts, proposed budget plans, long-term finance projections and reserves forecasts.

Attendance at meetings in the year was as follows:

Trustee		Meetings Attended	Out of a possible
P Box	CEO/Accounting Officer	3	3
L Conod	FAR Comm Chiar	3	3
S Elwine		3	3
M Williams		3	3
C Hayes		3	3
N Jones	Finance Director	3	3

Pay Review Committee - meets at least annually to perform all staff salary review, agree salary scales, awards & honorarium payments, review HMFA Pay Policy,

Attendance at meetings in the year was as follows:

Committee Member		Meetings Attended	Out of a possible
P Box	CEO/Accounting Officer	1	1
L Conod		1	1
S Elwine		1	1
C Hayes		1	1
H Patterson		1	1
C Watikins	HR Director	1	1

Review of Value for Money

As accounting officer, the CEO; Peter Box 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's resources received.

The accounting officer considers how the trust'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 available. The academy trust has delivered improved value for money during the year by:

Photocopier Contract Review - Lord Scudamore Academy

Since entering into copier contracts with a new supplier for 3 of the 4 MAT schools during 2020 it was necessary to undertake a review of the photocopiers contract at the largest school (Lord Scudamore) as the current contract was due to expire in July 2021.

A tender exercise was undertaken and the Trust reviewed 3 suitable suppliers and based their decision on cost savings, customer service and service response times. An online resolution was approved which awarded the contract to the current supplier who had established themselves as reliable and good value for money. The estimated savings over the 3-year contract is £13,700

All 4 schools in the MAT are in-line to next review their contracts in 2024 in order to secure group preferential rates.

Ill Health Liability Insurance

The Academy Trust received a report from Trustee S.Elwine who is a professional in pension fund management. The report outlined the potential financial risks in regards to additional deficit liability in the LGPS if an employee has to retire through ill-health as they would be granted enhanced benefits which could result in a material increase in HMFA's pension contributions. The potential liability for either youngest or highest paid LGPS member is estimated at £700,000 to £1 million. The Trust chose to remove this risk and opt into the IHLI scheme which was partly offset by reduced Er pension contr rates.

Central Staff Services SLA

A comprehensive Service Level Agreement was compiled detailing the central staff services provided by HMFA to its associated schools/academies. This SLA was reviewed & approved by the Board of Trustees and circulated to all parties. The Trust needs to ensure value for money, as well as considering related party compliancy and improving standards in its schools. The Trustees evaluated financial risk to each school/academy and took into consideration that some are under more significant financial pressure than others, however there is an expectation that larger contributions will be received in future years. Financial transparency between all parties is expected and communicated.

Acquisition of Mobile Classrooms at Sutton Primary Academy

Due to the success of the school over recent years and increased pupil numbers it has been necessary to hire additional classroom space for which building permission has been granted. Two units were installed; 6 Bay in 2016 and 3 Bay in 2019. In December 2020 the Trust agreed to purchase both units which were of good repair. The acquisition is of benefit not only in terms of the asset value, potential re-sale or rental income opportunity but has led to rental cost savings of £24,180 per annum.

Staffing Review

HMFA undertake an annual review of Educational Support Staff hours taking into consideration flexibility within existing staff contracts, terms of employment and pupil's needs in order to ascertain whether current staffing levels were suitable and affordable. HMFA recognise that staffing costs contribute to 80% of total expenditure so this is monitored and benchmarking exercises completed to ensure within appropriate levels. HMFA continue to cover staff absence where possible from within existing contracted hours which has led to significant savings.

Energy Provider Review

HMFA attempted to use the DfE approved framework via gov.uk Buying for Schools site, however there were limitations with regards to unrecognised meters, insufficient no of providers and no facility to combine multiple meters at one site. Therefore a comparative exercise was carried out through an independent energy consultancy firm; Inenco. FAR Committee reviewed the rates from 4 suppliers alongside it's existing supplier West Mercia Energy. It was agreed to remain with WME as they serve the public sector, cap prices for budget certainty and were at least 5.5% more competitive.

Herefordshire Marches Federation of Academies

Governance Statement
for the Year Ended 31 August 2021

Benchmarking

HMFA regularly undertake various benchmarking exercises using DfE toolkits such as VMFI and ESFA self-assessment tools in order to evaluate the financial efficiency of the trust, its use of funding, pupil's attainment and the money used to achieve it. Comparative trusts are selected to provide further context. HMFA Trust regularly consider/review opportunities to self-generate income.

Procurement

Good Practice on-going scrutiny of quotes and pricing by the Finance department, ensuring best value is obtained at all times by sourcing and suggesting alternative suppliers and alternative products where necessary, securing discounts and group purchasing reductions. Utilising consortiums where possible to secure best price.

Bulk Discount Purchasing

For consecutive years we secured discounts with our high value suppliers; Staffing/HR/Payroll SLA's and Stationary providers - we estimate this to have saved over £10,000 year on year.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company 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 Herefordshire Marches Federation of Academies for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The Board of Trustees has decided to employ Juniper Education as internal auditors to comply with with Academies Financial Handbook requirements for Internal Audit.

The internal auditor's role includes giving advise on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- Evaluation of financial control systems and testing of transactions
- Review of financial governance and oversight
- Infection Control
- Succession Planning

On an annual basis, the auditor reports to the board of trustees, through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outline the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The findings were reported to the Board of Trustees. No matters of significance were identified.

Review of Effectiveness

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

- the work of the Internal Auditor;
- 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 21st Dec 2021..... and signed on its behalf by:

C M Hayes
C M Hayes - Trustee

Peter Box
Peter Box - Accounting Officer

Herefordshire Marches Federation of Academies

Statement on Regularity, Propriety and Compliance for the Year Ended 31 August 2021

As accounting officer of Herefordshire Marches Federation of Academies I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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



.....
Peter Box - Accounting Officer

Date:21/12/21.....

Herefordshire Marches Federation of Academies

Trustees' Responsibility Statement
for the Year Ended 31 August 2021

The trustees (who act as governors of Herefordshire Marches Federation of Academies and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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.

In preparing these financial statements, the trustees are required to state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 of trustees on ^{21st} December 2021..... and signed on its behalf by:


.....
C M Hayes - Trustee

Report of the Independent Auditors to the Members of
Herefordshire Marches Federation of
Academies

Opinion

We have audited the financial statements of Herefordshire Marches Federation of Academies (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Balance Sheet, the Cash Flow Statement 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the entity's activities, funders, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed in the Trustees' Report and the Accounting Policies.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the group's and of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and of the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to both the Academy itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Department for Education, the Education and Schools Funding Agency, the Academies Financial Handbook 2020, the Academies Accounts Direction 2021, Companies Act legislation and Charities Act and FRS102 SORP legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- Making enquiries of management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- Obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Assessing the design effectiveness of the controls in place to prevent and detect fraud;
- Assessing the risk of management override including identifying and testing journal entries;
- Challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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

Report of the Independent Auditors to the Members of
Herefordshire Marches Federation of
Academies

Use of our report

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



Mrs Lisa Weaver FCCA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:23/12/21.....

Note:

The maintenance and integrity of the Herefordshire Marches Federation of Academies website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to
Herefordshire Marches Federation of
Academies
and the Education and Skills Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Herefordshire Marches Federation of Academies during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Herefordshire Marches Federation of Academies and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Herefordshire Marches Federation of Academies 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 Herefordshire Marches Federation of Academies and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Herefordshire Marches Federation of Academies accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Herefordshire Marches Federation of Academies 's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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 our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purpose intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal control procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to
Herefordshire Marches Federation of
Academies
and the Education and Skills Funding Agency

Conclusion

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

Thorne Widgey

Thorne Widgey Accountancy Ltd
Chartered Accountants
Reporting Accountant
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:23/12/21.....

Herefordshire Marches Federation of
Academies

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2021

					31.8.21	31.8.20
	Notes	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	9,220	25,966	-	35,186	42,333
Transfer from Local Authority on conversion		-	-	-	-	1,115,058
Charitable activities						
Funding for the academy's educational operations	3	30,680	-	4,355,613	4,386,293	4,215,872
Other trading activities	4	<u>352,941</u>	<u>-</u>	<u>-</u>	<u>352,941</u>	<u>356,816</u>
Total		392,841	25,966	4,355,613	4,774,420	5,730,079
EXPENDITURE ON						
Raising funds	5	235,496	-	-	235,496	261,171
Charitable activities						
Academy's educational operations	6	119,024	189,649	4,428,325	4,736,998	4,661,908
Transfer from Local Authority on conversion		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,000</u>
Total	5	354,520	189,649	4,428,325	4,972,494	4,986,079
NET INCOME/(EXPENDITURE)		38,321	(163,683)	(72,712)	(198,074)	744,000
Transfers between funds	18	<u>(38,771)</u>	<u>124,225</u>	<u>(85,454)</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets		-	(563,780)	-	(563,780)	-
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>-</u>	<u>(292,000)</u>	<u>(292,000)</u>	<u>(310,000)</u>
Net movement in funds		(450)	(603,238)	(450,166)	(1,053,854)	434,000
RECONCILIATION OF FUNDS						
Total funds brought forward		500,198	4,726,011	(2,636,978)	2,589,231	2,155,231
TOTAL FUNDS CARRIED FORWARD		<u>499,748</u>	<u>4,122,773</u>	<u>(3,087,144)</u>	<u>1,535,377</u>	<u>2,589,231</u>

The notes form part of these financial statements

Consolidated Balance Sheet
At 31 August 2021

	Notes	31.8.21 £	31.8.20 £
FIXED ASSETS			
Tangible assets	12	4,146,930	4,726,232
Investments	13	-	-
		<u>4,146,930</u>	<u>4,726,232</u>
CURRENT ASSETS			
Stock		1,719	1,614
Debtors	14	91,367	80,150
Cash at bank and in hand		<u>835,992</u>	<u>828,275</u>
		929,078	910,039
CREDITORS			
Amounts falling due within one year	15	(304,631)	(280,040)
		<u>624,447</u>	<u>629,999</u>
NET CURRENT ASSETS			
		<u>624,447</u>	<u>629,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		4,771,377	5,356,231
PENSION LIABILITY			
	19	(3,236,000)	(2,767,000)
		<u>1,535,377</u>	<u>2,589,231</u>
NET ASSETS			
		<u>1,535,377</u>	<u>2,589,231</u>
FUNDS			
Restricted funds: 18			
General Annual Grant		123,820	7,098
Other restricted		4,002	92,856
Restricted Pension Reserve		(3,236,000)	(2,767,000)
DfE/ESFA capital grants		90,412	130,404
Fixed Assets on Conversion		3,868,986	4,506,086
Fixed Assets funded by GAG/other sources		163,375	80,954
Fixed Assets funded by local authority		-	8,567
DfE/ESFA Universal infant free school meals		2,198	12,153
DfE/ESFA PE and sports		12,199	17,915
DfE/ESFA Catch-up premium		<u>6,637</u>	<u>-</u>
		<u>1,035,629</u>	<u>2,089,033</u>
Unrestricted funds:			
General fund		<u>499,748</u>	<u>500,198</u>
TOTAL FUNDS		<u>1,535,377</u>	<u>2,589,231</u>

The financial statements were approved by the Board of Trustees on 21st December 2021 and were signed on its behalf by:

...C M Hayes.....
C M Hayes - Trustee

Balance Sheet
31 August 2021

	Notes	31.8.21 £	31.8.20 £
FIXED ASSETS			
Tangible assets	12	4,130,508	4,726,011
Investments	13	<u>1</u>	<u>1</u>
		4,130,509	4,726,012
CURRENT ASSETS			
Debtors	14	115,207	128,491
Cash at bank and in hand		<u>792,927</u>	<u>745,859</u>
		908,134	874,350
CREDITORS			
Amounts falling due within one year	15	(274,741)	(243,823)
		<u>633,393</u>	<u>630,527</u>
NET CURRENT ASSETS			
		4,763,902	5,356,539
TOTAL ASSETS LESS CURRENT LIABILITIES			
PENSION LIABILITY	19	(3,236,000)	(2,767,000)
		<u>1,527,902</u>	<u>2,589,539</u>
NET ASSETS			
FUNDS	18		
Restricted funds:			
General Annual Grant		123,820	7,098
Other restricted		4,002	92,856
Restricted Pension Reserve		(3,236,000)	(2,767,000)
DfE/ESFA capital grants		90,412	130,404
Fixed Assets on Conversion		3,868,986	4,506,086
Fixed Assets funded by GAG/other sources		163,375	80,954
Fixed Assets funded by local authority		-	8,567
DfE/ESFA Universal infant free school meals		2,198	12,153
DfE/ESFA PE and sports		12,199	17,915
DfE/ESFA Catch-up premium		<u>6,637</u>	<u>-</u>
		<u>1,035,629</u>	<u>2,089,033</u>
Unrestricted funds:			
General fund		<u>492,273</u>	<u>500,506</u>
TOTAL FUNDS		<u>1,527,902</u>	<u>2,589,539</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 21st December 2021 and were signed on its behalf by:

C M Hayes
C M Hayes - Trustee

Herefordshire Marches Federation of Academies

Consolidated Cash Flow Statement
for the Year Ended 31 August 2021

	Notes	31.8.21 £	31.8.20 £
Cash flows from operating activities			
Cash generated from operations	1	<u>125,257</u>	<u>(14,416)</u>
Net cash provided by/(used in) operating activities		<u>125,257</u>	<u>(14,416)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(143,506)	(52,144)
Capital grants from DfE/EFA		<u>25,966</u>	<u>39,804</u>
Net cash used in investing activities		<u>(117,540)</u>	<u>(12,340)</u>
Cash transferred on conversion to an academy		<u>-</u>	<u>68,431</u>
Change in cash and cash equivalents in the reporting period		7,717	41,675
Cash and cash equivalents at the beginning of the reporting period		<u>828,275</u>	<u>786,600</u>
Cash and cash equivalents at the end of the reporting period		<u>835,992</u>	<u>828,275</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2021

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.21	31.8.20
	£	£
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(198,084)	744,000
Adjustments for:		
Depreciation charges	159,028	211,275
Capital grants from DfE/ESFA	(25,966)	(39,804)
Transfer from Local Authority on conversion	-	(1,052,058)
Decrease/ (increase) in stock	(105)	(819)
Decrease/ (increase) in debtors	(11,217)	(59,784)
Increase/ (decrease) in creditors	24,591	(59,784)
Difference between pension charge and cash contributions	<u>177,000</u>	<u>174,000</u>
Net cash provided by/(used in) operations	<u>125,257</u>	<u>(14,416)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.20	Cash flow	At 31.8.21
	£	£	£
Net cash			
Cash at bank and in hand	<u>828,275</u>	<u>7,717</u>	<u>835,992</u>
	<u>828,275</u>	<u>7,717</u>	<u>835,992</u>
Total	<u>828,275</u>	<u>7,717</u>	<u>835,992</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2020 to 2021 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

Herefordshire Marches Federation of Academies meets the definition of a public benefit entity under FRS 102.

Group Financial Statements

The results of Herefordshire Marches Federation of Academies and its wholly owned subsidiary HMFA Enterprises Ltd have been consolidated and group accounts have been presented. All transactions between the Academy and its subsidiary have been eliminated on consolidation. A separate statement of financial activities and income and expenditure account for the Charity itself are not presented because the Academy has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

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 one year from the date of approval 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.

The Trustees have considered the effects of Covid 19 on their financial future and are confident there will be no significant effect on them continuing as a going concern.

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 the notes to the accounts, 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 2019 has been used by the actuary in valuing the pensions liability at the year end. 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.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received 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.

1. ACCOUNTING POLICIES - continued

Grants

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 recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the charity 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 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 measured reliably.

Other income

Other income including the hire of facilities, is recognised in the period it is receivable and to the extent the charity 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'.

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.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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 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 bases over its expected useful life, as follows:

Long Leasehold Property	-	2% Straight line
Motor Vehicles	-	20% Straight line
Fixtures and Fittings	-	20% Straight line
Computer Equipment	-	33.3% Straight line
Motor vehicles	-	20% Straight line

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

Long leasehold land and buildings are subject to a 125 year lease with the local authority. Land and buildings were valued by the ESFA on conversion to academy status. Depreciation on the buildings element is included within expenditure in the SOFA in accordance with the above policies.

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.

Stocks

Catering stocks are valued at the lower of cost or net realisable value.

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.

Investments

The academy's shareholding in the wholly owned subsidiary, HMFA Enterprises Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

1. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the accounts. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes to the accounts. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy 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 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.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Pension costs and other post-retirement 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds	Restricted funds	31.8.21 Total funds	31.8.20 Total funds
	£	£	£	£
Donations	9,220	-	9,220	2,529
Grants	-	25,966	25,966	39,804
	<u>9,220</u>	<u>25,966</u>	<u>35,186</u>	<u>42,333</u>

The comparatives include unrestricted funds of £nil, restricted fixed asset funds of £39,805 and restricted funds of £2,528 giving a total of £42,333.

Grants received, included in the above, are as follows:

	31.8.21	31.8.20
	£	£
Capital Grants	<u>25,966</u>	<u>39,804</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
DfE/ESFA grants				
General Annual Grant(GAG)	-	3,393,443	3,393,443	3,215,934
Other DfE/ESFA grant				
Universal infant free school meals	-	111,818	111,818	123,938
Pupil premium	-	174,378	174,378	183,024
Teachers' pay	-	47,529	47,529	45,794
Teachers' pension	-	134,300	134,300	129,395
PE and sports	-	71,070	71,070	61,579
Others	-	21,115	21,115	22,287
	<u>-</u>	<u>3,953,653</u>	<u>3,953,653</u>	<u>3,781,951</u>
Other Government grants				
Local authority - other	-	110,707	110,707	99,952
Local authority - Nursery education fundings	-	213,530	213,530	232,240
	<u>-</u>	<u>324,237</u>	<u>324,237</u>	<u>332,192</u>
Covid-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	2,135	2,135	3,291
Covid-19 additional funding (DfE/ESFA)s				
Other DfE/ESFA Covid-19 funding	-	11,908	11,908	5,155
Catch-up premium	-	63,680	63,680	-
	<u>-</u>	<u>401,960</u>	<u>401,960</u>	<u>340,638</u>
Other income from the academy's educational operations	<u>30,680</u>	<u>-</u>	<u>30,680</u>	<u>93,283</u>
	<u>30,680</u>	<u>4,355,613</u>	<u>4,386,293</u>	<u>4,215,872</u>

The comparatives include unrestricted funds of £18,266, restricted fixed asset funds of £nil and restricted funds of £4,197,606 giving a total of £4,215,872.

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy received £250k of funding for catch-up premium and costs incurred in respect of this funding totalled £63,680, with the remaining £6,637 to be spent in 2021/22.

The academy furloughed some of its wrap around staff under the government's CJRS. The funding received of £2,135 (2020: £3,291) relates to staff costs in respect of support staff which are included within note 8 below as appropriate.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
Lettings	-	-	-	270
Other income from facilities and services	146,352	-	146,352	124,453
Staff insurance claims	9,405	-	9,405	9,755
Other	3,113	-	3,113	3,500
HMFA Enterprises Ltd	<u>194,071</u>		<u>194,071</u>	<u>218,838</u>
	<u>352,941</u>	<u>-</u>	<u>352,941</u>	<u>356,816</u>

All amounts included in the comparative related to unrestricted fund.

5. EXPENDITURE

	Non-pay expenditure			31.8.21	31.8.20
	Staff costs £	Premises £	Other costs £	Total £	Total £
Raising funds					
HMFA Enterprises Ltd	160,394	9,478	65,624	235,496	261,171
Charitable activities					
Academy's educational operations					
Direct costs	3,013,019	70,427	487,052	3,570,498	3,582,118
Allocated support costs	<u>698,711</u>	<u>215,327</u>	<u>252,462</u>	<u>1,166,500</u>	<u>1,079,790</u>
	3,711,730	285,754	739,514	4,736,998	4,661,908
Transfer from Local Authority on conversion	-	-	-	-	<u>63,000</u>
	<u>3,872,124</u>	<u>295,232</u>	<u>805,138</u>	<u>4,972,494</u>	<u>4,986,079</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.21 £	31.8.20 £
Auditors' remuneration	19,181	17,800
Auditors' remuneration for non audit work	3,770	1,700
Depreciation - owned assets	159,028	211,275
Hire of plant and machinery	14,560	28,979
Operating leases	<u>5,970</u>	<u>9,006</u>

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
Direct costs	85,624	3,484,874	3,570,498	3,582,118
Support costs	<u>33,400</u>	<u>1,133,100</u>	<u>1,166,500</u>	<u>1,079,790</u>
	<u>119,024</u>	<u>4,617,974</u>	<u>4,736,998</u>	<u>4,661,908</u>

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31.8.21 Total £	31.8.20 Total £
Analysis of support costs		
Support staff costs	698,711	683,693
Depreciation	4,002	3,999
Technology costs	56,775	54,283
Premises costs	215,327	160,590
Legal costs - other	71,295	53,821
Other support costs	100,975	107,254
Governance costs	<u>19,415</u>	<u>16,150</u>
Total support costs	<u>1,166,500</u>	<u>1,079,790</u>

The comparatives include unrestricted funds of £92,764, restricted fixed asset funds of £218,271 and restricted funds of £4,350,873 giving a total of £4,661,908.

7. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The headteacher 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.

			2021	2020
P Box	Headteacher & Trustee	Remuneration	£120,000 - £125,000	£140,000 - £145,000
		Er Pension Contributions	£15,000 - £20,000	£25,000 - £30,000

The above stated figures only represent the periods for when acting as a trustee.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2021 nor for the year ended 31 August 2020.

8. STAFF COSTS

Group	31.8.21 £	31.8.20 £
Wages and salaries	2,902,532	2,876,729
Social security costs	233,959	225,668
Operating costs of defined benefit pension schemes	<u>670,005</u>	<u>645,837</u>
	3,806,496	3,748,234
Supply teacher costs	<u>65,628</u>	<u>54,817</u>
	3,872,124	3,803,051
Academy		
	31.8.21 £	31.8.20 £
Wages and salaries	2,718,884	2,690,215
Social security costs	233,523	224,678
Operating costs of defined benefit pension schemes	<u>669,391</u>	<u>644,897</u>
	3,621,798	3,559,790
Supply teacher costs	<u>65,628</u>	<u>54,817</u>
	<u>3,687,426</u>	<u>3,614,607</u>

8. STAFF COSTS - continued

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.21	31.8.20
Teachers	40	36
Administration and support	84	84
Management	<u>13</u>	<u>12</u>
Academy	<u>137</u>	<u>132</u>
Trading company	<u>26</u>	<u>28</u>
Consolidated	<u>163</u>	<u>160</u>

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

	31.8.21	31.8.20
£60,001 - £70,000	1	-
£120,001 - £130,000	1	-
£140,001 - £150,000	<u>-</u>	<u>1</u>
	<u>2</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £918,820 (2020: £953,463).

M Newton, Executive headteacher at St Weonards until 31/08/2021, who's shown as a member of the senior management team within the administrative details, is remunerated through Marden Primary Academy. Marden Primary Academy is a member of the soft federation, were M Newton was headteacher and accounting officer until 31/08/2021. There is a SLA agreement in place between HMFA and Marden Primary Academy for the Executive Headship agreement, the costs included within the financial statement for the year was £25,000 (2020: £22,918).

9. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 (2020: £5,000,000) on any one claim and the cost for the year ended 31 August 2021 are included within total insurance costs.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	39,805	2,528	42,333
Transfer from Local Authority on conversion	56,173	1,048,344	10,541	1,115,058
Charitable activities				
Funding for the academy's educational operations	18,266	-	4,197,606	4,215,872
Other trading activities	<u>356,816</u>	<u>-</u>	<u>-</u>	<u>356,816</u>
Total	431,255	1,088,149	4,210,675	5,730,079

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	General Fund	Restricted Fixed Assets Fund	Restricted General Fund	Total funds
	£	£	£	£
EXPENDITURE ON				
Raising funds	261,171	-	-	261,171
Charitable activities				
Academy's educational operations	92,764	218,271	4,350,873	4,661,908
Transfer from Local Authority on conversion	-	-	63,000	63,000
Total	353,935	218,271	4,413,873	4,986,079
NET INCOME/(EXPENDITURE)	77,320	869,878	(203,198)	744,000
Transfers between funds	-	32,112	(32,112)	-
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	-	-	(310,000)	(310,000)
Net movement in funds	77,320	901,990	(545,310)	434,000
RECONCILIATION OF FUNDS				
Total funds brought forward	422,878	3,824,021	(2,091,668)	2,155,231
TOTAL FUNDS CARRIED FORWARD	500,198	4,726,011	(2,636,978)	2,589,231

11. CENTRAL SERVICES

The academy trust has provided the following central services to its academies during the year:

- Property Management
- Legal and Professional Services
- Marketing
- Administration

The trust charges for these services on a individual basis per expenses.

Most are split based on the following:

Lord Scudamore Primary Academy	70%
Sutton Primary Academy	20%
Kings Caple Academy	6%
St Weonards	4%

The actual amounts charged during the year were as follows:

	31.8.21 £000's	31.8.20 £000's
Lord Scudamore Primary Academy	31	26
Sutton Primary Academy	14	12
Kings Caple Academy	8	7
St Weonards	8	7
	<u>61</u>	<u>52</u>

12. TANGIBLE FIXED ASSETS

ACADEMY	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2020	1,960,482	3,154,295	796,114
Additions	82,985	-	-
Impairments	-	(582,620)	-
At 31 August 2021	<u>2,043,467</u>	<u>2,571,675</u>	<u>796,114</u>
DEPRECIATION			
At 1 September 2020	255,780	343,023	664,390
Charge for year	28,989	41,439	36,999
Impairments	-	(18,840)	-
At 31 August 2021	<u>284,769</u>	<u>365,622</u>	<u>701,389</u>
NET BOOK VALUE			
At 31 August 2021	<u>1,758,698</u>	<u>2,206,053</u>	<u>94,725</u>
At 31 August 2020	<u>1,704,702</u>	<u>2,811,272</u>	<u>131,724</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2020	70,176	304,811	6,285,878
Additions	-	42,626	125,611
Impairments	-	-	(582,620)
At 31 August 2021	<u>70,176</u>	<u>347,437</u>	<u>5,828,869</u>
DEPRECIATION			
At 1 September 2020	57,510	239,164	1,559,867
Charge for year	4,002	45,905	157,334
Impairments	-	-	(18,840)
At 31 August 2021	<u>61,512</u>	<u>285,069</u>	<u>1,698,361</u>
NET BOOK VALUE			
At 31 August 2021	<u>8,664</u>	<u>62,368</u>	<u>4,130,508</u>
At 31 August 2020	<u>12,666</u>	<u>65,647</u>	<u>4,726,011</u>

Included in cost or valuation of freehold and leasehold land and buildings if land of £1,073,057 (2020: £923,057) which is not depreciated.

During the year the formal ESFA land and buildings valuation became available for the land and buildings of St Weonards. The value in the accounts have been adjusted to reflect the ESFA valuation on conversion, see impairments within the above note.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

12. TANGIBLE FIXED ASSETS - continued

GROUP	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2020	1,960,482	3,154,295	798,316
Additions	82,985	-	-
Impairments	-	(582,620)	-
At 31 August 2021	<u>2,043,467</u>	<u>2,571,675</u>	<u>798,316</u>
DEPRECIATION			
At 1 September 2020	255,780	343,023	666,592
Charge for year	28,989	41,439	36,999
Impairments	-	(18,840)	-
At 31 August 2021	<u>284,769</u>	<u>365,622</u>	<u>703,591</u>
NET BOOK VALUE			
At 31 August 2021	<u>1,758,698</u>	<u>2,206,053</u>	<u>94,725</u>
At 31 August 2020	<u>1,704,702</u>	<u>2,811,272</u>	<u>131,724</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2020	70,176	310,471	6,293,740
Additions	17,895	42,626	143,506
Impairments	-	-	(582,620)
At 31 August 2021	<u>88,071</u>	<u>353,097</u>	<u>5,854,626</u>
DEPRECIATION			
At 1 September 2020	57,510	244,603	1,567,508
Charge for year	5,493	46,108	159,028
Impairments	-	-	(18,840)
At 31 August 2021	<u>63,003</u>	<u>290,711</u>	<u>1,707,696</u>
NET BOOK VALUE			
At 31 August 2021	<u>25,068</u>	<u>62,386</u>	<u>4,146,930</u>
At 31 August 2020	<u>12,666</u>	<u>65,868</u>	<u>4,726,232</u>

Included in cost or valuation of freehold and leasehold land and buildings if land of £1,073,057 (2020: £923,057) which is not depreciated.

During the year the formal ESFA land and buildings valuation became available for the land and buildings of St Weonards. The value in the accounts have been adjusted to reflect the ESFA valuation on conversion, see impairments within the above note.

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 September 2020 and 31 August 2021	<u>1</u>
NET BOOK VALUE	
At 31 August 2020 and 31 August 2021	<u><u>1</u></u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

HMFA Enterprises Limited

Registered office:

Nature of business: Provision of catering and extended school services

Class of share:	%		
Ordinary	holding		
	100	31.8.21	31.8.20
		£	£
Aggregate capital and reserves		7,476	(307)
Profit for the year		<u>7,783</u>	<u>50,091</u>

The Academy's shareholding in the wholly owned subsidiary, HMFA Enterprises Limited (company number 09242303) is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

The company covenants its taxable profits to Herefordshire Marches Federation of Academies (HMFA). A summary of trading results is shown below. Audited accounts are filed with the Registrar of Companies. This summary includes transactions with HMFA which have been eliminated on consolidation.

	31.8.21	31.8.20
	£	£
Turnover	258,991	304,905
Costs of sales	(2,516)	(1,482)
Gross Profit	<u>256,475</u>	<u>303,423</u>
Administrative expenses	(261,284)	(273,900)
Other income	12,592	20,568
Net profit / (loss) for the year	<u>7,783</u>	<u>50,091</u>
Profits transferred to academy	-	(50,791)

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Academy	
	31.8.21	31.8.20	31.8.21	31.8.20
	£	£	£	£
Trade debtors	6,591	16,716	6,591	9,242
Amounts owed by group undertakings	-	-	25,647	50,790
VAT	25,875	19,629	26,123	25,122
Prepayments and accrued income	58,901	43,805	56,846	43,337
	<u>91,367</u>	<u>80,150</u>	<u>115,207</u>	<u>128,491</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Academy	
	31.8.21	31.8.20	31.8.21	31.8.20
	£	£	£	£
Trade creditors	57,664	14,653	54,598	13,832
Social Security and other taxes	56,216	56,777	54,328	54,078
Other creditors	72,780	71,567	72,780	71,567
Deferred income	85,029	97,724	72,497	75,567
Accrued expenses	32,942	39,319	20,538	28,779
	<u>304,631</u>	<u>280,040</u>	<u>274,741</u>	<u>243,823</u>

DEFERRED INCOME

	31.8.21	31.8.20
Academy	£	£
Deferred Income at 1 September	75,567	83,783
Resources deferred in the year	72,497	75,567
Amounts released from previous years	<u>(75,567)</u>	<u>(83,783)</u>
Deferred Income at 31 August	<u>72,497</u>	<u>75,567</u>
	31.8.21	31.8.20
Group	£	£
Deferred Income at 1 September	97,724	101,507
Resources deferred in the year	85,029	97,724
Amounts released from previous years	<u>(97,724)</u>	<u>(101,507)</u>
Deferred Income at 31 August	<u>85,029</u>	<u>97,724</u>

Deferred income is made up of the following balances:

	31.8.21	31.8.20	
Academy			
	£65,228	£74,176	Universal Infant Free School Meals Revenue Income
	£6,673	-	LA authority grant
	-	£1,386	Inclusion grant
	£596	£5	School meal
	£72,497	£75,567	
Group			
	£12,532	£22,157	Children's club income
	£85,029	£97,724	

16. 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	31.8.21 Total funds £
Fixed assets	16,422	4,130,508	-	4,146,930
Investments	-	-	-	-
Current assets	513,812	25,865	389,401	929,078
Current liabilities	(30,486)	(33,600)	(240,545)	(304,631)
Pension liability	-	-	(3,236,000)	(3,236,000)
	<u>499,748</u>	<u>4,122,773</u>	<u>(3,087,144)</u>	<u>1,535,377</u>

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

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	31.8.20 Total funds £
Fixed assets	221	4,726,011	-	4,726,232
Investments	-	-	-	-
Current assets	536,194	-	373,845	910,039
Current liabilities	(36,217)	-	(243,823)	(280,040)
Pension liability	-	-	(2,767,000)	(2,767,000)
	<u>500,198</u>	<u>4,726,011</u>	<u>(2,636,978)</u>	<u>2,589,231</u>

18. MOVEMENT IN FUNDS

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Restricted general funds				
General Annual Grant	7,098	121,751	(5,029)	123,820
Other restricted	92,856	(44,640)	(44,214)	4,002
Restricted Pension Reserve	(2,767,000)	(469,000)	-	(3,236,000)
DfE/ESFA capital grants	130,404	(45,021)	5,029	90,412
Fixed Assets on Conversion	4,506,086	(637,100)	-	3,868,986
Fixed Assets funded by GAG/other sources	80,954	(36,775)	119,196	163,375
Fixed Assets funded by local authority	8,567	(8,567)	-	-
DfE/ESFA Universal infant free school meals	12,153	(9,955)	-	2,198
DfE/ESFA PE and sports	17,915	(5,716)	-	12,199
DfE/ESFA Catch-up premium	-	42,848	(36,211)	6,637
	<u>2,089,033</u>	<u>(1,092,175)</u>	<u>38,771</u>	<u>1,035,629</u>
Unrestricted fund				
General fund	500,198	38,321	(38,771)	499,748
	<u>2,589,231</u>	<u>(1,053,854)</u>	<u>-</u>	<u>1,535,377</u>

18. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant	3,393,442	(3,271,691)	-	121,751
Other DfE/ESFA Grants	21,115	(21,115)	-	-
Other restricted	324,239	(368,879)	-	(44,640)
Restricted Pension Reserve	-	(177,000)	(292,000)	(469,000)
DfE/ESFA capital grants	25,966	(70,987)	-	(45,021)
Fixed Assets on Conversion	-	(73,320)	(563,780)	(637,100)
Fixed Assets funded by GAG/other sources	-	(36,775)	-	(36,775)
Fixed Assets funded by local authority	-	(8,567)	-	(8,567)
DfE/ESFA Universal infant free school meals	111,818	(121,773)	-	(9,955)
DfE/ESFA Pupil premium	174,378	(174,378)	-	-
DfE/ESFA Teachers' pay	47,529	(47,529)	-	-
DfE/ESFA Teachers' pension	134,300	(134,300)	-	-
DfE/ESFA PE and sports	71,070	(76,786)	-	(5,716)
DfE/ESFA Other covid-19 funding	11,908	(11,908)	-	-
Coronavirus job retention scheme grant	2,135	(2,135)	-	-
DfE/ESFA Catch-up premium	63,679	(20,831)	-	42,848
	<u>4,381,579</u>	<u>(4,617,974)</u>	<u>(855,780)</u>	<u>(1,092,175)</u>
Unrestricted fund				
General fund	392,841	(354,520)	-	38,321
	<u>4,774,420</u>	<u>(4,972,494)</u>	<u>(855,780)</u>	<u>(1,053,854)</u>

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

Restricted General Funds

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Other DfE/ESFA Grants - Other grant income from the ESFA, which are used for the purposes intended.

Other Restricted - This fund includes income from local authority grants and any other sources of restricted income.

Restricted Pension Fund

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

Restricted Fixed Asset Funds

DfE/ESFA Capital Grants - These funds were received for direct expenditure on fixed asset projects. The balance at the year-end represents the NBV of assets and any unspent grant amounts.

Fixed Assets on Conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion to an Academy.

Fixed Assets funded by GAG - This represents capital expenditure that has been paid out of General Grant Income.

Unrestricted Funds

Are all those income and expenses for general use in the Academy.

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
Restricted general funds				
General Annual Grant	27,846	(1,961)	(18,787)	7,098
Other DfE/ESFA Grants	15,118	(1,793)	(13,325)	-
Other restricted	85,368	7,488	-	92,856
Restricted Pension Reserve	(2,220,000)	(547,000)	-	(2,767,000)
DfE/ESFA capital grants	156,669	(26,265)	-	130,404
Fixed Assets on Conversion	3,545,329	960,757	-	4,506,086
Fixed Assets funded by GAG/other sources	69,716	(20,874)	32,112	80,954
Fixed Assets funded by local authority	52,307	(43,740)	-	8,567
DfE/ESFA Universal infant free school meals	-	12,153	-	12,153
DfE/ESFA PE and sports	-	17,915	-	17,915
	<u>1,732,353</u>	<u>356,680</u>	<u>-</u>	<u>2,089,033</u>
Unrestricted fund				
General fund	422,878	77,320	-	500,198
	<u>422,878</u>	<u>77,320</u>	<u>-</u>	<u>500,198</u>
TOTAL FUNDS	<u>2,155,231</u>	<u>434,000</u>	<u>-</u>	<u>2,589,231</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant	3,215,934	(3,217,895)	-	(1,961)
Other DfE/ESFA Grants	22,287	(24,080)	-	(1,793)
Other restricted	412,165	(404,677)	-	7,488
Restricted Pension Reserve	-	(237,000)	(310,000)	(547,000)
DfE/ESFA capital grants	39,804	(66,069)	-	(26,265)
Fixed Assets on Conversion	1,048,345	(87,588)	-	960,757
Fixed Assets funded by GAG/other sources	-	(20,874)	-	(20,874)
Fixed Assets funded by local authority	-	(43,740)	-	(43,740)
DfE/ESFA Universal infant free school meals	123,938	(111,785)	-	12,153
DfE/ESFA Pupil premium	183,024	(183,024)	-	-
DfE/ESFA Teachers' pay	45,794	(45,794)	-	-
DfE/ESFA Teachers' pension	129,395	(129,395)	-	-
DfE/ESFA PE and sports	69,692	(51,777)	-	17,915
DfE/ESFA Other covid-19 funding	5,155	(5,155)	-	-
Coronavirus job retention scheme grant	3,291	(3,291)	-	-
	<u>5,298,824</u>	<u>(4,632,144)</u>	<u>(310,000)</u>	<u>356,680</u>
Unrestricted fund				
General fund	431,255	(353,935)	-	77,320
	<u>431,255</u>	<u>(353,935)</u>	<u>-</u>	<u>77,320</u>
TOTAL FUNDS	<u>5,730,079</u>	<u>(4,986,079)</u>	<u>(310,000)</u>	<u>434,000</u>

18. MOVEMENT IN FUNDS - continued

Total funds analysed by academy:

	31.8.21 £	31.8.20 £
Fund balances at 31 August 2021 were allocated as follows:		
Lord Scudamore Academy	695,396	710,783
Sutton Primary Academy	(75,177)	(69,789)
Kings Caple Academy	(58,809)	(59,828)
St Weonards Academy	79,719	49,361
Total before fixed assets and pension reserve	<u>641,129</u>	<u>630,527</u>
Restricted Fixed Asset Fund	4,122,773	4,726,011
Pension reserve	(3,236,000)	(2,767,000)
Academy	<u>1,527,902</u>	<u>2,589,538</u>
Reserves of the subsidiary	7,475	(307)
Consolidated	<u>1,535,377</u>	<u>2,589,231</u>

Sutton Primary Academy is carrying a net deficit of £75,177 on these funds. The trust is taking the following action to return the academy to surplus:

- Careful budget monitoring and review of ongoing salary and other costs for the future.

Kings Caple Academy is carrying a net deficit of £58,809 on these funds. The trust is taking the following action to return the academy to surplus:

- Careful budget monitoring and review of ongoing costs and other costs for the future.

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) £	31.8.21 Total £	31.8.20 Total £
Lord Scudamore Academy	2,006,630	481,590	38,173	469,815	2,996,208	2,968,652
Sutton Primary Academy	611,983	99,694	7,615	226,776	946,068	943,158
Kings Caple Academy	223,476	56,348	1,794	85,007	366,625	345,910
St Weonards Academy	170,930	36,775	1,738	97,818	307,261	293,513
	<u>3,013,019</u>	<u>674,407</u>	<u>49,320</u>	<u>879,416</u>	<u>4,616,162</u>	<u>4,551,233</u>
2020	2,946,861	667,745	48,222	888,405	4,551,233	

Transfers between funds

A transfer between general restricted and restricted fixed asset funds has been made during the year for fixed assets which have been funded by revenue funds.

19. PENSION AND SIMILAR OBLIGATIONS

The charity'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 Worcestershire Country Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Contributions amounting to £72,691 were payable to the schemes at 31 August 2021 (2020 - £71,383) and are included within creditors.

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 teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the teachers' pension scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £384,398 (2020 - £399,724).

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 charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £344,890 (2020 - £302,305), of which employer's contributions totalled £284,975 (2020 - £244,988). and employees' contributions totalled £59,915 (2020 - £57,317). The agreed contribution rates for future years are 18.20 per cent for employers and 12.50 per cent for employees.

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.

As the scheme is in deficit, the academy has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

19. PENSION AND SIMILAR OBLIGATIONS - continued

The rates payable over a three-year period will be the Future Service Rate of 18.2% of payroll plus phased lump sum deficit contributions starting at £99,500 for the year 2020/21 increasing by approximately 4% per annum. The rate payable from 1 April 2023 will be further revised following the valuation of the Pension Fund which will take place on 31 March 2022.

The current estimated recovery period is 6 years.

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Present value of funded obligations	(6,771,000)	(5,450,000)
Fair value of plan assets	<u>3,535,000</u>	<u>2,683,000</u>
	(3,236,000)	(2,767,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(3,236,000)</u>	<u>(2,767,000)</u>
Net liability	<u>(3,236,000)</u>	<u>(2,767,000)</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Current service cost	411,000	376,000
Net interest from net defined benefit asset/liability	47,000	39,000
Past service cost	-	-
Administration expenses	<u>4,000</u>	<u>4,000</u>
	<u>462,000</u>	<u>419,000</u>
Actual return on plan assets	<u>523,000</u>	<u>53,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Opening defined benefit obligation	5,450,000	4,517,000
Current service cost	411,000	376,000
Contributions by scheme participants	60,000	57,000
Interest cost	98,000	83,000
Actuarial losses/(gains)	764,000	319,000
Benefits paid	(12,000)	35,000
Business combinations	-	63,000
	<u>6,771,000</u>	<u>5,450,000</u>

19. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Opening fair value of scheme assets	2,683,000	2,297,000
Contributions by employer	285,000	245,000
Contributions by scheme participants	60,000	57,000
Expected return	51,000	44,000
Actuarial gains/(losses)	472,000	9,000
Benefits paid	(12,000)	35,000
Administration expenses	(4,000)	(4,000)
	<u>3,535,000</u>	<u>2,683,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Actuarial gains/(losses)	(292,000)	(310,000)
	<u>(292,000)</u>	<u>(310,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
Equities	83.20%	65.90%
Government bonds	-	6.70%
Other Bonds	0.10%	5.30%
Cash/liquidity	2.50%	4.20%
Other	9.80%	12.50%
Property	4.40%	5.40%
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	31.8.21	31.8.20
Discount rate	1.70%	1.80%
Future salary increases	4.30%	3.80%
Future pension increases	2.90%	2.40%
Inflation assumption (CPI)	2.80%	2.30%

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19. PENSION AND SIMILAR OBLIGATIONS - continued

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

	31.8.21	31.8.20
Retiring today		
Males	22.7	22.6
Females	25.1	25
Retiring in 20 years		
Males	24.4	24.2
Females	27.1	27
Sensitivity analysis		
	31.8.21	31.8.20
	£	£
Discount rate +0.1%	(152)	(122)
Discount rate -0.1%	155	125
Mortality assumption - 1 year increase	212	155
Mortality assumption - 1 year decrease	(206)	(151)
CPI rate +0.1%	155	126
CPI rate -0.1%	(152)	(123)

The Academy expects to contribute £287,000 (2020/21: £274,000) to its Defined benefit pension scheme in 2021/22.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at the year end.

21. CAPITAL COMMITMENTS

	31.8.21	31.8.20
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

22. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.21	31.8.20
	£	£
Within one year	5,903	15,889
Between one and five years	<u>11,995</u>	<u>8,442</u>
	<u>17,898</u>	<u>24,331</u>

23. RELATED PARTY DISCLOSURES

Owing to the nature of the charitable company 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. The following related party transactions took place in the financial period.

HMFA Enterprises Ltd - wholly owned subsidiary of Hereford Marches Federation of Academies(HMFA)

During the year HMFA made payments to HMFA Enterprises of £66,427 (2020: £106,635) for supply of catering services and £11,301 (2020: £20,028) for the recharge of costs. Income was received from HMFA Enterprises Ltd of £4,000 (2020: £4,000) for rental of premises and £24,849 (2020: £10,221) in relation to recharged costs.

At the year end £25,647 (2020: £120 due from) was due from HMFA Enterprises Ltd.

The catering SLA with HMFA Enterprises Ltd commenced on 1 March 2019 and therefore was not required to be disclosed to the ESFA under the Academies Financial Handbook regulations for 2018/19.

HMFA Enterprises Ltd covenanted £Nil (2020: £50,791) of its profits to HMFA, all of which was due to the academy at the year end.

Transactions with wider federation academies/schools

During the year transactions have been made between Herefordshire Marches Federation of Academies and academies/school included within its wider federation. All these transactions related to recharge of expenditure across the federation.

	Income	Expenditure	Balance outstanding at year end
Canon Pyon CE Academy	£27,608 (2020: £38,160)	£Nil (2020: £9,904)	£500 (2020: £317)
Llangrove CE Academy	£31,167 (2020: £31,538)	£Nil (2020: £Nil)	£2,005 (2020: £187)
Marden Primary Academy	9,399 (2020: £13,044)	£25,002 (2020: £22,919)	£792 (2020: £784)
Pencombe C of E Primary School	£10,087 (2020: £11,555)	£Nil (2020: £Nil)	£856 (2020: £533)
Clehonger C of E Primary School	£28,434 (2020: £31,531)	£Nil (2020: £Nil)	£433 (2020: £4,287)

All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the charitable company's financial regulations and normal procurement procedures relating to connected and related party transactions.

24. ULTIMATE CONTROLLING PARTY

Due to the nature of entity, there is no overall controlling party.