

REGISTERED COMPANY NUMBER: 07578861 (England and Wales)

Report of the Trustees and
Consolidated Financial Statements for the Year Ended
31 August 2020
for
Herefordshire Marches Federation of
Academies

Thorne Widgey 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 2020

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Herefordshire Marches Federation of Academies

Reference and Administrative Details for the Year Ended 31 August 2020

MEMBERS:	E Klein S K F Elwine D A Greenough L Conod R North (resigned 2.7.20)
TRUSTEES	P Box Accounting Officer * R North Chair of Directors (resigned 2.7.20) * S K F Elwine H W G Patterson M A Williams R R Woodcock (resigned 19.6.20) M Ashcroft C M Hayes Chair of Directors (appointed 30.7.20) R Williams (appointed 30.3.20)

* 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 McCoil
K E Higgins
L Conod #
P Rusher
R Rider
R North # (Chair) (resigned 17.7.20)
S Morris-Davies
S Reade # (resigned 9.12.19)
Z Beecham
A Bridgewater (appointed 22.11.19)

Sutton Primary Academy

L Orton
S Bryce (resigned 27.1.20)
Z Beecham
M Ashcroft # (Chair)
W Scott-Howes
K Lawton (appointed 20.11.19)

Kings Cople Primary Academy

A Stather-Hooper (resigned 25.5.20)
S Elwine # (Chair)
S Hook (resigned 19.11.19)
C Wardle
D Harding
J Gittins

St Weonards

M Newton
A Clarke
A Nash
J Ross (resigned 31.07.20)
S Talboys
R Williams # (Chair)

Herefordshire Marches Federation of Academies

Reference and Administrative Details for the Year Ended 31 August 2020

SENIOR MANAGEMENT TEAM	P Box - Headteacher/CEO 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 J Gittins - Head of School at Kings Cuple 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	Mr Kevin Tong FCCA, ACA
INDEPENDENT AUDITORS	Thorne Widgery Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
BANKERS	HSBC 35 High Town Hereford HR1 2AQ Santander 20/21 High Town Hereford HR1 2AB Natwest 12 Broad Street Hereford HR4 9AH

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 2020. 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 2020 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.

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.

Herefordshire Marches Federation of Academies

Report of the Trustees
for the Year Ended 31 August 2020

ACHIEVEMENT AND PERFORMANCE

Charitable activities

	<u>Kings Cople</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

All schools have taken part in shared Federation Olympics, dance and gymnastics events in previous years, but the lockdown caused suspension of these activities.

Teachers have received training in Developing Reasoning in Mathematics, Talk4Writing and Talk4Reading as well as 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 (especially that of teachers)
- Implementation of Google Classroom as the vehicle for remote learning

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 2020. We have made baseline assessments on return to school.

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

Fundraising activities

There were a wide range of charitable fundraising activities.

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 2020 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 2020 the net book value of fixed assets was £4,726,232 (2019: £3,838,736 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 2020, total expenditure of £3,217,892 (2019: £3,092,804) 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 £111,122 (2019: £22,623)

The land and buildings for Lord Scudamore School were transferred to the Academy upon conversion in June 2011. Land and buildings for Sutton & Kings Caple 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 and Kings Caple at £544,054.

The Local Authority provided a land and buildings valuation as at 31 March 2019 for St Weonards Primary School of £1,038,000.

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 adopted or reviewed during the year include the Finance Policy and the Financial Delegation Scheme 2018 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 £500,198 (2019: £422,878), all of which is free reserves. The level of general restricted reserves is £130,022 (2019: £128,332).

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 Directors regularly review long term plans to ensure the future financial stability of the Trust. There are no concerns that the Trust will face any financial difficulties over the next 3 years. The Directors have considered the potential affects of Covid19 in their assessment.

FUTURE DEVELOPMENTS

Please see HMFA Strategic plan and curriculum recovery plan

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 Hereford Marches Federation of Academies and are also the directors of the Charitable Company for the purposes of company law. 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 Directors.

Details of the Directors 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 he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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, 3 Members, 2 Member Trustees and 5 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.

Organisational structure

The Board of Trustees meets once each term.

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, Chairman 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Key management remuneration

1. Performance pay review is completed by the HMFA pay review committee, comprising 5 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

This information is published in accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 because the academy trust had a full-time equivalent number of staff of more than 49 throughout the entirety of any seven months within the accounting period.

The multi-academy trust has an SLA to cover trade union services.

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.

HMFA MAT CEO Peter Box is Executive Head Teacher at Canon Pyon CE Academy, Llangrove CE Academy and Clehonger CofE Primary School via a Service Level Agreement.

Exec Head of St Weonards Academy Maggi Newton is also Head Teacher at Marden Primary Academy & Pencombe CofE Primary School.

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 19/20 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 2018 (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 pupil numbers are declining due to demographic factors and the birth rates in 2014 and 2015. 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.

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 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 93% 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 Directors 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 August 2016, 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 Directors 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 Directors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Directors 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 Directors 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 - The Academy has appointed an Internal Auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. Internal control procedures are in place to minimise risks of fraud.

AUDITORS

In so far as the Directors are aware:

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

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

Trustees Report, incorporating a strategic report, was approved by order of the members of the Board of Directors on12/12/2020..... 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. The Board of Trustees has formally met once and also had a Zoom meeting during the year. The Spring term meeting did not take place due to Covid closure. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee		Meetings Attended	Out of a possible
Prebendary R North (member & director)	Chair (Resigned 17.7.20)	2	2
P Box	CEO/Accounting Officer	2	2
D Greenough (member)		1	2
C Hayes	Chair (Appointed 8.7.20)	1	2
S Elwine (member & director)		2	2
E Klein (member)		1	2
L Conod (member)	Vice Chair	0	2
H Patterson		2	2
M Aschcroft		2	2
R Woodcock	(Resigned 19.6.20)	0	1
M Williams		2	2
R Williams	(Appointed 30.3.20)	2	2

In addition to this, the Local Advisory Body of the individual schools meet termly. However, during 19/20, only the Autumn Term meetings took place, due to Covid Closure.

Review of Governance 2019-2020

We welcomed St Weonards Academy under the umbrella of the HMFA Trust in October 2019.

A full review of the Induction pack, (aimed primarily at new Trustees but also as a point of reference for the full Board) was carried out over the Summer. The Pack is now available on Governor Hub.

New Trustees carried out the NGA Skills Audit to enable us to continue to track any gaps in the Board skills set.

The arrival of Covid-19 brought many changes to the way Trustees were kept up to date with information across the HMFA. Scheduled meetings were cancelled until further notice, and we made full use of the online 'Hub' to provide updates. Decisions that were normally made at meetings were instead presented to Trustees in the form of on-line resolutions, providing the usual opportunity to express concern or to ask questions and confirm approval of proposals detailed on the Hub. Members of the HMFA were included in all correspondence to ensure that they were also aware of everything that the Trustees, CEO and Leadership Team were managing across the Academies.

A virtual meeting was held at the end of the summer term to bring the Academic year to a close and to vote in the new Chair of Trustees following the resignation of Revd. Rob North.

Virtual meetings are likely to be the way forward during this pandemic. They, along with the Hub platform have allowed the HMFA Board to carry out not only their core business but also encompass all that the Covid-19 pandemic has brought with it.

Herefordshire Marches Federation of Academies

Governance Statement
for the Year Ended 31 August 2020

Finance 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.

As there is no need for a separate audit committee the terms of reference of the Finance 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 Internal Audit Scrutiny, ESFA self-evaluation results, DfE Benchmarking reports, new LGPS pension valuation, SRMA visit & report, Photocopier contracts and contributions to Central Staff Services from associate member schools. 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
Prebendary R North	Retired 17.7.20	1	1
P Box	CEO/Accounting Officer	1	1
S Elwine (Member & Trustee)		1	1
M Williams		1	1
R Woodcock	Resigned 19.6.20	1	1
N Jones	Finance Director	1	1

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
Prebendary R North		1	1
P Box	CEO/Accounting Officer	1	1
S Elwine		1	1
H Patterson		0	1
R Woodcock	(Resigned 9.6.20)	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 Directors 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:

Central Staff Services

During the course of the year HMFA Trustees reviewed the proposed contribution amounts towards Central Staff services which are provided to schools/academies via the HMFA Collaboration Agreement. The Trust needs to ensure value for money, as well as considering compliance and improving standards in its schools. The Directors evaluated financial risk to each school/academy and took into consideration that some schools/academies within the group are under more significant financial pressure than others, however there is an expectation that larger contributions will be received in future years.

Staffing Review

HMFA undertook 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.

Herefordshire Marches Federation of Academies

Governance Statement for the Year Ended 31 August 2020

Review of Value for Money

Broadband Service Review

Lord Scudamore Academy's leased line contract with BT for broadband services ended in January 2020 and a review took place to determine the school's requirements, alternative providers/services and costs. After obtaining quotes the options were presented to the Board for approval and the decision was made to continue the current service with BT which meant a total contract saving of £11,100 over the next 5-year period. Flexibility was worked into the new agreement to allow for upgrade to faster speed as technology and the school's IT requirements develop.

Photocopier Contract Review

During 2020 it was necessary to undertake a review of the photocopy contracts as three of the four schools in the MAT were approaching the end of their current contracts.

Purchasing as a group of 3 schools the Trust was in a strong position to negotiate best price, there was also the added incentive that the 4th and largest school would likely follow suit in 2021. The Trust sought a reliable and competitive supplier who would be looking to build a good working relationship with all the schools in the Trust and help streamline processes by managing this under one contract.

Trustees were presented with outcomes of the tender exercise and chose from 3 suitable suppliers. The approved contract was awarded to the company who offered best price and came highly recommended by other local schools. The overall estimated savings across the 3 schools over the 4-year contract is £15,200.

Benchmarking

HMFA regularly undertake various benchmarking exercises using DfE toolkits 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.

DfE School Efficiency Metric

Results demonstrate that our schools are effectively using its funding to improve pupil's progress compared to other similar schools.

Out of 10 rankings are as follows:

Lord Scudamore - 2, Sutton - 2, Kings Cople - 4

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 2019 to 31 August 2020 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 2019 to 31 August 2020 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.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function which was carried out using a combination of a suitably qualified non-employed trustee and a bought-in internal audit service to review the trust's internal control processes and systems.

During the course of the year visits were conducted in person and remotely which included checks such as:

- Evaluation of financial control systems and testing of transactions
- Review of financial governance and oversight, IT systems and cyber security
- Risk Management
- Review of ESFA self-evaluation
- New AFH requirements & compliance

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

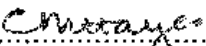
Review of Effectiveness

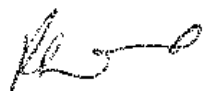
As Accounting Officer, the Headteacher/CEO has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Internal Reviewer, carried out as supplemental work by our external auditors;
- 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 Audit and 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 12/12/2020..... and signed on its behalf by:


.....
C M Hayes - Trustee


.....
Peter Box - Accounting Officer

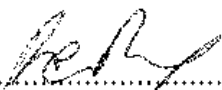
Herefordshire Marches Federation of Academies

Statement on Regularity, Propriety and Compliance for the Year Ended 31 August 2020

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 2019.

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 2019.

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: 19/12/2020.....

Herefordshire Marches Federation of Academies

Trustees Responsibility Statement
for the Year Ended 31 August 2020

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 2019 to 2020;
- 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 so far as the trustees are aware:

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

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.

Directors Report, incorporating a strategic report, was approved by order of the members of the Board of Directors on*M. J. 2020*..... and signed on the boards behalf by:

.....*C. M. Hayes*.....
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 2020 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 2019 to 2020 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 2020 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 2019 to 2020.

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 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

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

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

Other information

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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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 Responsibility Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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.

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.

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.


Mr Kevin M Tong FCCA, ACA (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: 18/12/2020

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 2019 to 2020, 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 2019 to 31 August 2020 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' funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 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 charitable company'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 purposes 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 procedures for establishing and maintaining systems of control and documentation regarding these matters

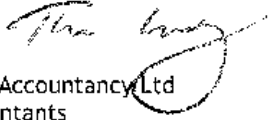
This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 23 in the attached accounts.

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

Date:18/12/2020.....

Herefordshire Marches Federation of
Academies

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2020

					31.8.20	31.8.19
	Notes	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	-	39,805	77,545	117,350	220,172
Transfer from Local Authority on conversion	24	56,173	1,048,344	10,541	1,115,058	-
Charitable activities						
Funding for the academy's educational operations	3	-	-	4,122,589	4,122,589	3,762,420
Other trading activities	4	375,082	-	-	375,082	454,495
Total		431,255	1,088,149	4,210,675	5,730,079	4,437,087
EXPENDITURE ON						
Raising funds		261,171	-	-	261,171	225,135
Charitable activities						
Academy's educational operations	6,7	92,764	218,271	4,350,873	4,661,908	4,454,590
Transfer from Local Authority on conversion	24	-	-	63,000	63,000	-
Total		353,935	218,271	4,413,873	4,986,079	4,679,725
NET INCOME/(EXPENDITURE)		77,320	869,878	(203,198)	744,000	(242,638)
Transfers between funds	20	-	32,112	(32,112)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	(310,000)	(310,000)	(825,000)
Net movement in funds		77,320	901,990	(545,310)	434,000	(1,067,638)
RECONCILIATION OF FUNDS						
Total funds brought forward		422,878	3,824,021	(2,091,668)	2,155,231	3,222,869
TOTAL FUNDS CARRIED FORWARD		500,198	4,726,011	(2,636,978)	2,589,231	2,155,231

All of the charitable company's activities derive from acquisitions in the current year.

Herefordshire Marches Federation of
Academies (Registered number: 07578861)

Consolidated Balance Sheet
At 31 August 2020

	Notes	31.8.20 £	31.8.19 £
FIXED ASSETS			
Tangible assets	13	4,726,232	3,838,736
Investments	14	<u>-</u>	<u>-</u>
		4,726,232	3,838,736
CURRENT ASSETS			
Stock		1,614	795
Debtors	15	80,150	88,924
Cash at bank and in hand		<u>828,275</u>	<u>786,600</u>
		910,039	876,319
CREDITORS			
Amounts falling due within one year	16	(280,040)	(339,824)
		<u>629,999</u>	<u>536,495</u>
NET CURRENT ASSETS			
		629,999	536,495
TOTAL ASSETS LESS CURRENT LIABILITIES		5,356,231	4,375,231
PENSION LIABILITY	21	(2,767,000)	(2,220,000)
		<u>2,589,231</u>	<u>2,155,231</u>
NET ASSETS			
		2,589,231	2,155,231
FUNDS	20		
Unrestricted funds:			
General fund		500,198	422,878
Restricted funds:			
General Annual Grant		7,098	27,846
Other DfE/YPLA Grants		69,297	51,970
Other restricted		53,627	48,516
Restricted Pension Reserve		(2,767,000)	(2,220,000)
DfE/YPLA capital grants		130,404	156,669
Fixed Assets on Conversion		4,506,086	3,545,329
Fixed Assets funded by GAG		80,954	69,716
Fixed Assets funded by local authority		8,567	52,307
		<u>2,089,033</u>	<u>1,732,353</u>
TOTAL FUNDS		<u>2,589,231</u>	<u>2,155,231</u>

The financial statements were approved by the Board of Trustees on 12/12/2020 and were signed on its behalf by:

C. M. Hayes
C M Hayes - Trustee

Herefordshire Marches Federation of
Academies (Registered number: 07578861)

Balance Sheet
At 31 August 2020

	Notes	31.8.20 £	31.8.19 £
FIXED ASSETS			
Tangible assets	13	4,726,011	3,837,769
Investments	14	<u>1</u>	<u>1</u>
		4,726,012	3,837,770
CURRENT ASSETS			
Debtors	15	128,491	104,210
Cash at bank and in hand		<u>745,859</u>	<u>738,504</u>
		874,350	842,714
CREDITORS			
Amounts falling due within one year	16	(243,823)	(305,645)
NET CURRENT ASSETS		<u>630,527</u>	<u>537,069</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,356,539	4,374,839
PENSION LIABILITY	21	(2,767,000)	(2,220,000)
NET ASSETS		<u>2,589,539</u>	<u>2,154,839</u>
FUNDS	20		
Unrestricted funds:			
General fund		500,506	422,486
Restricted funds:			
General Annual Grant		7,098	27,846
Other DfE/YPLA Grants		69,297	51,970
Other restricted		53,627	48,516
Restricted Pension Reserve		(2,767,000)	(2,220,000)
DfE/YPLA capital grants		130,404	156,669
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Fixed Assets funded by GAG		80,954	69,716
Fixed Assets funded by local authority		8,567	52,307
		<u>2,089,033</u>	<u>1,732,353</u>
TOTAL FUNDS		<u>2,589,539</u>	<u>2,154,839</u>

The financial statements were approved by the Board of Trustees on 12/12/2020 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 2020

	Notes	31.8.20 £	31.8.19 £
Cash flows from operating activities:			
Cash generated from operations	1	(13,159)	103,745
Interest paid		<u>(1,257)</u>	<u>(952)</u>
Net cash provided by (used in) operating activities		<u>(14,416)</u>	<u>102,793</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(52,144)	(206,727)
Capital grants from DfE/ESFA		<u>39,804</u>	<u>112,336</u>
Net cash provided by (used in) investing activities		<u>(12,340)</u>	<u>(94,391)</u>
Cash transferred on conversion to an academy		<u>68,431</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		41,675	8,402
Cash and cash equivalents at the beginning of the reporting period		<u>786,600</u>	<u>778,198</u>
Cash and cash equivalents at the end of the reporting period		<u>828,275</u>	<u>786,600</u>

Herefordshire Marches Federation of Academies

Notes to the Cash Flow Statement for the Year Ended 31 August 2020

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

	31.8.20	31.8.19
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	744,000	(242,638)
Adjustments for:		
Depreciation	211,275	203,341
Capital grants from DfE/ESFA	(39,804)	(112,336)
Transfer on conversion to academy	(1,052,058)	-
Loss on disposal of fixed assets	-	1,506
Interest paid	1,257	952
Decrease/(increase) in stock	(819)	(795)
Decrease/(increase) in debtors	8,774	6,005
Increase/(decrease) in creditors	(59,784)	85,710
Difference between pension charge and cash contributions	<u>174,000</u>	<u>162,000</u>
Net cash provided by (used in) operating activities	<u>(13,159)</u>	<u>103,745</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.19	Cash flow	At 31.8.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>786,600</u>	<u>41,675</u>	<u>828,275</u>
	<u>786,600</u>	<u>41,675</u>	<u>828,275</u>
Total	786,600	41,675	828,275

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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2019 to 2020 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 2016 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.

1. ACCOUNTING POLICIES - continued

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.

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.

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.

1. ACCOUNTING POLICIES - continued

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.

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.

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.

1. ACCOUNTING POLICIES - continued

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.

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.

The annual valuation at 31 August 2020 has taken into account the effects of the McCloud judgement.

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

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Donations	-	2,529	2,529	19,990
Grants	-	39,804	39,804	112,336
School Trips	-	75,017	75,017	87,846
	-	<u>117,350</u>	<u>117,350</u>	<u>220,172</u>

The comparatives include unrestricted funds of £Nil, restricted fixed asset funds of £112,336 and restricted funds of £107,836 giving a total of £220,172.

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

	31.8.20 £	31.8.19 £
Capital Grants	<u>39,804</u>	<u>112,336</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	3,215,934	3,215,934	3,044,013
Other DfE/YPLA Grants	-	798,257	798,257	676,496
	-	4,014,191	4,014,191	3,720,509
Other government grant				
Other Government Grants	-	99,952	99,952	41,911
Exceptional government funding				
Coronavirus Job Retention Scheme grant	-	3,291	3,291	-
Coronavirus exceptional support	-	5,155	5,155	-
	-	8,446	8,446	-
	-	4,122,589	4,122,589	3,762,420

All amounts included in the comparative related to general restricted funds.

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under exceptional government funding.

- The funding received for coronavirus exceptional support covers £5k of cleaning and hygiene costs. These costs are included in notes 5 and 6 below as appropriate.
- The academy furloughed some of its wrap around staff under the government's CJRS. The funding received of £3k relates to staff costs in respect of support staff which are included within note 8 below as appropriate.

	Unrestricted Funds £	Restricted Funds £	31.8.20 Total Funds £	31.8.19 Total Funds £
Education	-	3,877,857	3,877,857	3,527,359
Nursery	-	244,732	244,732	235,061
	-	4,122,589	4,122,589	3,762,420

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Lettings	270	-	270	-
Recharges of staff to other organisations	72,861	-	72,861	116,566
Catering income	18,266	-	18,266	14,143
Nursery fee income	15,832	-	15,832	44,797
Other	49,015	-	49,015	85,828
HMFA Enterprises Ltd	<u>218,838</u>	-	<u>218,838</u>	<u>193,161</u>
	<u>375,082</u>	-	<u>375,082</u>	<u>454,495</u>

The comparatives include unrestricted funds of £447,460I, restricted fixed asset funds of £Nil and restricted funds of 7,035 giving a total of £454,495.

5. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The academy has a wholly owned trading subsidiary, which is incorporated in the United Kingdom. The principal activity of HMFA Enterprises is the provision of catering and outside school care and activities.

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.

	£	31.8.20 £	£	31.8.19 £
Turnover				
Sales and services - External	178,242		193,161	
Sales and services - Internal	<u>126,663</u>		<u>49,411</u>	
		304,905		242,572
Cost of Sales				
Cost of goods sold - External	(1,482)		(2,057)	
Cost of goods sold - Internal	-		-	
		<u>(1,482)</u>		<u>(2,057)</u>
Gross Profit		303,423		240,515
Administrative expenses				
Administrative expenses - External	(259,689)		(223,078)	
Administrative expenses - Internal	<u>(14,211)</u>		<u>(6,808)</u>	
		(273,900)		(229,886)
Other income				
Other income - External	<u>20,568</u>		-	
		<u>20,568</u>		-
Net profit / (loss) for the year		50,091		10,629
Transfer to Hereford Marches Federation of Academies		(50,791)		(11,119)
Retained profit in Subsidiary b/fwd.		392		882
Movement		<u>(700)</u>		<u>(490)</u>
Retained profit in Subsidiary c/fwd.		<u>(308)</u>		<u>392</u>
Net assets held in Subsidiary		<u>(307)</u>		<u>393</u>

6. EXPENDITURE

		Non-pay expenditure		31.8.20	31.8.19
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Raising Funds					
HMFA Enterprises	188,444	8,897	63,830	261,171	225,135
Charitable activities					
Academies educational operations					
Direct costs	2,930,914	82,081	585,830	3,598,825	3,412,087
Allocated support costs	<u>683,693</u>	<u>207,350</u>	<u>172,040</u>	<u>1,063,083</u>	<u>1,042,503</u>
	3,803,051	298,328	821,700	4,923,079	4,679,725
Transfer from Local Authority on conversion	-	-	63,000	63,000	-
	<u>3,803,051</u>	<u>298,328</u>	<u>884,700</u>	<u>4,986,079</u>	<u>4,679,725</u>

The comparatives include unrestricted funds of £400,893, restricted fixed asset funds of £215,597 and restricted funds of £4,063,235 giving a total of £4,679,725.

Group net income/ (expenditure) is stated after charging/ (crediting):

	31.8.20	31.8.19
	£	£
Auditors' remuneration	17,800	16,914
Auditors' remuneration - non audit	1,700	1,025
Depreciation - owned assets	211,275	203,341
Deficit on disposal of fixed asset	-	1,506
Operating leases	<u>31,371</u>	<u>28,298</u>

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

	31.8.20	31.8.19
	£	£
Auditors' remuneration	14,450	12,075
Auditors' remuneration - non audit	1,700	1,025
Depreciation - owned assets	210,529	202,191
Deficit on disposal of fixed asset	-	1,506
Operating leases	<u>31,371</u>	<u>28,298</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.19 Total funds £
Direct costs	75,839	3,522,986	3,598,825	3,412,087
Support costs	16,925	1,046,158	1,063,083	1,042,503
	<u>92,764</u>	<u>4,569,144</u>	<u>4,661,908</u>	<u>4,454,590</u>

	31.8.20 Total £	31.8.19 Total £
Analysis of support costs		
Support staff costs	683,693	614,457
Depreciation	3,999	3,333
Premises costs	207,350	194,697
Other support costs	149,223	208,034
Governance costs	18,818	21,982
Total support costs	<u>1,063,083</u>	<u>1,042,503</u>

Analysis of resources expended by expenditure type

	Unrestricted Funds £	Restricted Funds £	31.8.20 Total Funds £	31.8.19 Total Funds £
Education	92,169	4,326,788	4,418,957	4,228,833
Nursery	595	242,356	242,951	225,757
	<u>92,764</u>	<u>4,569,144</u>	<u>4,661,908</u>	<u>4,454,590</u>

	Staff Costs £	Premises £	Other Costs £	31.8.20 Total Costs £	31.8.19 Total Costs £
Education	3,391,995	272,850	754,112	4,418,957	4,228,833
Nursery	222,612	16,581	3,758	242,951	225,757
	<u>3,614,607</u>	<u>289,431</u>	<u>757,870</u>	<u>4,661,908</u>	<u>4,454,590</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

The Head Teacher and staff trustees only receive remuneration in respect of services they provide undertaking their roles of Head Teacher and Staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy in respect of their role as Trustees. The value of Trustees' remuneration before deductions in the year to 31 August 2020 (or their date of resignation as trustee) was as follows:

			2020	2019
P Box	Headteacher & Trustee	Remuneration	£140,000 - £145,000	£150,000 - £155,000
		Er Pension Contributions	£25,000 - £30,000	£20,000 - £25,000

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 2020 nor for the year ended 31 August 2019.

9. STAFF COSTS

Group	31.8.20	31.8.19
	£	£
Wages and salaries	2,876,729	2,723,893
Social security costs	225,668	218,508
Operating costs of defined benefit pension schemes	<u>645,837</u>	<u>479,182</u>
	3,748,234	3,421,583
Agency staff costs	54,817	41,424
Compensation payments	-	-
	<u><u>3,803,051</u></u>	<u><u>3,463,007</u></u>

Academy	31.8.20	31.8.19
	£	£
Wages and salaries	2,690,215	2,583,343
Social security costs	224,678	217,075
Operating costs of defined benefit pension schemes	<u>644,897</u>	<u>478,727</u>
	3,559,790	3,279,145
Supply teacher costs	54,817	41,424
Compensation payments	<u>-</u>	<u>-</u>
	<u><u>3,614,607</u></u>	<u><u>3,320,569</u></u>

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

	GROUP		ACADEMY	
	31.8.20	31.8.19	31.8.20	31.8.19
Teachers	38	38	36	38
Administration and support	110	106	84	82
Management	<u>12</u>	<u>12</u>	<u>36</u>	<u>12</u>
	<u><u>160</u></u>	<u><u>156</u></u>	<u><u>156</u></u>	<u><u>132</u></u>

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

	31.8.20	31.8.19
£140,001 - £150,000	<u>1</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received key management personnel for their services to the academy trust was £909,876 (2019: £843,520).

10. 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 (2019: £5,000,000) on any one claim and the cost for the year ended 31 August 2020 are included within total insurance costs.

11. 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	-	112,336	107,836	220,172
Charitable activities				
Funding for the academy's educational operations	-	-	3,762,420	3,762,420
Other trading activities	<u>447,460</u>	<u>-</u>	<u>7,035</u>	<u>454,495</u>
Total				
EXPENDITURE ON				
Raising funds	225,135	-	-	225,135
Charitable activities				
Academy's educational operations	175,758	215,597	4,063,235	4,454,590
	<u>400,893</u>	<u>215,597</u>	<u>4,063,235</u>	<u>4,679,725</u>
NET INCOME/(EXPENDITURE)	46,567	(103,261)	(185,944)	(242,638)
Transfers between funds	<u>-</u>	<u>90,951</u>	<u>(90,951)</u>	<u>-</u>
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>-</u>	<u>(825,000)</u>	<u>(825,000)</u>
Net movement in funds	46,567	(12,310)	(1,101,895)	(1,067,638)
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>376,311</u>	<u>3,836,331</u>	<u>(989,773)</u>	<u>3,222,869</u>
TOTAL FUNDS CARRIED FORWARD	<u>422,878</u>	<u>3,824,021</u>	<u>(2,091,668)</u>	<u>2,155,231</u>

12. 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 Cagle Academy	6%
St Weonards	4%

The actual amounts charged during the year were as follows:

	31.8.20	31.8.19
	£000's	£000's
Lord Scudamore Primary Academy	26	25
Sutton Primary Academy	12	8
Kings Cagle Academy	7	4
St Weonards	7	-
	<u>52</u>	<u>37</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

13. TANGIBLE FIXED ASSETS - GROUP

	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2019	1,960,482	2,114,725	778,215
Additions	-	11,950	7,498
Transfer on conversion	-	<u>1,027,620</u>	<u>12,603</u>
At 31 August 2020	<u>1,960,482</u>	<u>3,154,295</u>	<u>798,316</u>
DEPRECIATION			
At 1 September 2019	228,037	288,684	603,829
Charge for year	<u>27,743</u>	<u>54,339</u>	<u>62,763</u>
At 31 August 2020	<u>255,780</u>	<u>343,023</u>	<u>666,592</u>
NET BOOK VALUE			
At 31 August 2020	<u>1,704,702</u>	<u>2,811,272</u>	<u>131,724</u>
At 31 August 2019	<u>1,732,445</u>	<u>1,826,014</u>	<u>174,386</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2019	70,176	271,371	5,194,969
Additions	-	32,696	52,144
Transfer on conversion	-	<u>6,404</u>	<u>1,046,627</u>
At 31 August 2020	<u>70,176</u>	<u>310,471</u>	<u>6,293,740</u>
DEPRECIATION			
At 1 September 2019	53,511	182,172	1,356,233
Charge for year	<u>3,999</u>	<u>62,431</u>	<u>211,275</u>
At 31 August 2020	<u>57,510</u>	<u>244,603</u>	<u>1,567,508</u>
NET BOOK VALUE			
At 31 August 2020	<u>12,666</u>	<u>65,868</u>	<u>4,726,232</u>
At 31 August 2019	<u>16,665</u>	<u>89,199</u>	<u>3,838,736</u>

Included in cost or valuation of land and buildings is freehold land of £923,057 (2019 - £923,057) which is not depreciated.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

13. TANGIBLE FIXED ASSETS - ACADEMY

	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2019	1,960,482	2,114,725	776,013
Additions	-	11,950	7,498
Transfer on conversion	-	1,027,620	12,603
At 31 August 2020	<u>1,960,482</u>	<u>3,154,295</u>	<u>796,114</u>
DEPRECIATION			
At 1 September 2019	228,037	288,684	601,883
Charge for year	<u>27,743</u>	<u>54,339</u>	<u>62,507</u>
At 31 August 2020	<u>255,780</u>	<u>343,023</u>	<u>664,390</u>
NET BOOK VALUE			
At 31 August 2020	<u>1,704,702</u>	<u>2,811,272</u>	<u>131,724</u>
At 31 August 2019	<u>1,732,445</u>	<u>1,826,041</u>	<u>174,130</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2019	70,176	265,711	5,187,107
Additions	-	32,696	52,144
Transfer on conversion	-	6,404	1,046,627
At 31 August 2020	<u>70,176</u>	<u>304,811</u>	<u>6,285,878</u>
DEPRECIATION			
At 1 September 2019	53,511	177,223	1,349,338
Charge for year	<u>3,999</u>	<u>61,941</u>	<u>210,529</u>
At 31 August 2020	<u>57,510</u>	<u>239,164</u>	<u>1,559,867</u>
NET BOOK VALUE			
At 31 August 2020	<u>12,666</u>	<u>65,647</u>	<u>4,726,011</u>
At 31 August 2019	<u>16,665</u>	<u>88,488</u>	<u>3,837,769</u>

Included in cost or valuation of land and buildings is freehold land of £923,057 (2019 - £923,057) which is not depreciated.

14. FIXED ASSET INVESTMENTS - ACADEMY

	Shares in group undertakings £
MARKET VALUE	
At 1 September 2019 and 31 August 2020	<u>1</u>
NET BOOK VALUE	
At 31 August 2020	<u>1</u>
At 31 August 2019	<u>1</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

Nature of business: Provision of catering and extended school services

	%		
Class of share:	holding		
Ordinary	100		
		31.8.20	31.8.19
		£	£
Aggregate capital and reserves		(307)	393
Profit for the year		<u>50,091</u>	<u>10,629</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.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Academy	
	31.8.20	31.8.19	31.8.20	31.8.19
	£	£	£	£
Trade debtors	16,716	10,651	9,242	10,363
Amounts owed by group undertakings	-	-	50,790	11,119
VAT	19,629	37,608	25,122	43,495
Prepayments and accrued income	<u>43,805</u>	<u>40,665</u>	<u>43,337</u>	<u>39,233</u>
	<u>80,150</u>	<u>88,924</u>	<u>128,491</u>	<u>104,210</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Academy	
	31.8.20	31.8.19	31.8.20	31.8.19
	£	£	£	£
Trade creditors	14,653	98,953	13,832	100,116
Social Security and other taxes	56,777	55,132	54,078	53,434
Other creditors	71,567	56,903	71,567	56,903
Deferred income	97,724	101,507	75,567	83,783
Accrued expenses	39,319	27,329	28,779	11,409
	<u>280,040</u>	<u>339,824</u>	<u>243,823</u>	<u>305,645</u>

DEFERRED INCOME

	31.8.20	31.8.19
	£	£
Academy		
Deferred Income at 1 September	83,783	88,649
Resources deferred in the year	75,567	83,783
Amounts released from previous years	<u>(83,783)</u>	<u>(88,649)</u>
Deferred Income at 31 August	<u>75,567</u>	<u>83,783</u>

	31.8.20	31.8.19
	£	£
Group		
Deferred Income at 1 September	101,507	105,970
Resources deferred in the year	97,724	101,507
Amounts released from previous years	<u>(101,507)</u>	<u>(105,970)</u>
Deferred Income at 31 August	<u>97,724</u>	<u>101,507</u>

Deferred income is made up of the following balances:

31.8.20	31.8.19	
£74,176	£75,584	Universal Infant Free School Meals Revenue Income
-	£6,362	Rates Relief Funding Income
£1,386	£1,254	Inclusion grant
£5	£583	School meal
£75,567	£83,783	
Group		
£22,157	£17,724	Children's Club income
£97,724	£101,507	

17. LEASING AGREEMENTS

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

	31.8.20	31.8.19
	£	£
Within one year	15,889	7,581
Between one and five years	<u>8,442</u>	<u>4,123</u>
	<u>24,331</u>	<u>11,704</u>

18. MEMBERS' LIABILITY

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				31.8.20
	General Fund	Restricted Fixed Assets Fund	Restricted General Fund	Total funds
	£	£	£	£
Fixed assets	221	4,726,011	-	4,726,232
Investments	-	-	-	-
Current assets	499,977	-	410,062	910,039
Current liabilities	-	-	(280,040)	(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>

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

				31.8.19
	General Fund	Restricted Fixed Assets Fund	Restricted General Fund	Total funds
	£	£	£	£
Fixed assets	967	3,837,769	-	3,838,736
Investments	-	-	-	-
Current assets	464,669	(13,748)	425,398	876,319
Current liabilities	(42,758)	-	(297,066)	(339,824)
Pension liability	-	-	(2,220,000)	(2,220,000)
	<u>422,878</u>	<u>3,824,021</u>	<u>(2,091,668)</u>	<u>2,155,231</u>

20. MOVEMENT IN FUNDS

	At 1.9.19	Net movement in funds	Transfers between funds	At 31.8.20
	£	£	£	£
Unrestricted funds				
General fund	422,878	77,320	-	500,198
Restricted funds				
General Annual Grant	27,846	(1,961)	(18,787)	7,098
Other DfE/YPLA Grants	51,970	30,652	(13,325)	69,297
Other restricted	48,516	5,111	-	53,627
Restricted Pension Reserve	(2,220,000)	(547,000)	-	(2,767,000)
DfE/YPLA 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	69,716	(20,874)	32,112	80,954
Fixed Assets funded by local authority	52,307	(43,740)	-	8,567
	<u>1,732,353</u>	<u>356,680</u>	<u>-</u>	<u>2,089,033</u>
TOTAL FUNDS	<u>2,155,231</u>	<u>434,000</u>	<u>-</u>	<u>2,589,231</u>

Herefordshire Marches Federation of
Academies

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	31.8.20 Movement in funds £
Unrestricted funds				
General fund	431,255	(353,935)	-	77,320
Restricted funds				
General Annual Grant	3,215,931	(3,217,892)	-	(1,961)
Other DfE/YPLA Grants	806,371	(775,719)	-	30,652
Other restricted	188,373	(183,262)	-	5,111
DfE/YPLA capital grants	39,804	(66,069)	-	(26,265)
Fixed Assets funded by GAG	-	(20,874)	-	(20,874)
Restricted Pension Reserve	-	(237,000)	(310,000)	(547,000)
Fixed Assets on Conversion	1,048,345	(87,588)	-	960,757
Fixed Assets funded by local authority	-	(43,740)	-	(43,740)
	5,298,824	(4,632,144)	(310,000)	356,680
TOTAL FUNDS	<u>5,730,079</u>	<u>(4,986,079)</u>	<u>(310,000)</u>	<u>434,000</u>

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
General fund	376,311	46,567	-	422,878
Restricted funds				
General Annual Grant	167,586	(48,789)	(90,951)	27,846
Other DfE/YPLA Grants	22,069	29,901	-	51,970
Other restricted	53,572	(5,056)	-	48,516
Restricted Pension Reserve	(1,233,000)	(987,000)	-	(2,220,000)
DfE/YPLA capital grants	113,992	29,294	13,383	156,669
Fixed Assets on Conversion	3,608,092	(62,763)	-	3,545,329
Fixed Assets funded by GAG	15,050	(23,890)	78,556	69,716
Fixed Assets funded by local authority	99,197	(45,902)	(988)	52,307
	2,846,558	(1,114,205)	-	1,732,353
TOTAL FUNDS	<u>3,222,869</u>	<u>(1,067,638)</u>	<u>-</u>	<u>2,155,231</u>

20. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	31.8.19 Movement in funds £
Unrestricted funds				
General fund	447,460	(400,893)	-	46,567
Restricted funds				
General Annual Grant	3,044,015	(3,092,804)	-	(48,789)
Other DfE/YPLA Grants	676,496	(646,595)	-	29,901
Other restricted	156,780	(161,836)	-	(5,056)
DfE/YPLA capital grants	112,336	(83,042)	-	29,294
Fixed Assets funded by GAG	-	(23,890)	-	(23,890)
Restricted Pension Reserve	-	(162,000)	(825,000)	(987,000)
Fixed Assets on Conversion	-	(62,763)	-	(62,763)
Fixed Assets funded by local authority	-	(45,902)	-	(45,902)
	<u>3,989,627</u>	<u>(4,278,832)</u>	<u>(825,000)</u>	<u>(1,114,205)</u>
TOTAL FUNDS	4,437,087	(4,679,725)	(825,000)	(1,067,638)

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
Unrestricted funds				
General fund	376,311	123,887	-	500,198
Restricted funds				
General Annual Grant	167,586	(50,750)	(109,738)	7,098
Other DfE/YPLA Grants	22,069	60,553	(13,325)	69,297
Other restricted	53,572	55	-	53,627
Restricted Pension Reserve	(1,233,000)	(1,534,000)	-	(2,767,000)
DfE/YPLA capital grants	113,992	3,029	13,383	130,404
Fixed Assets on Conversion	3,608,092	897,994	-	4,506,086
Fixed Assets funded by GAG	15,050	(44,764)	110,668	80,954
Fixed Assets funded by local authority	99,197	(89,642)	(988)	8,567
	<u>2,846,558</u>	<u>(757,525)</u>	<u>-</u>	<u>2,089,033</u>
TOTAL FUNDS	3,222,869	(633,638)	-	2,589,231

20. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	878,715	(754,828)	-	123,887
Restricted funds				
General Annual Grant	6,259,946	(6,310,696)	-	(50,750)
Other DfE/YPLA Grants	1,482,867	(1,422,314)	-	60,553
Other restricted	345,153	(345,098)	-	55
DfE/YPLA capital grants	152,140	(149,111)	-	3,029
Fixed Assets on Conversion	1,048,345	(150,351)	-	897,994
Fixed Assets funded by local authority	-	(89,642)	-	(89,642)
Restricted Pension Reserve	-	(399,000)	(1,135,000)	(1,534,000)
Fixed Assets funded by GAG	-	(44,764)	-	(44,764)
	<u>9,288,451</u>	<u>(8,910,976)</u>	<u>(1,135,000)</u>	<u>(757,525)</u>
TOTAL FUNDS	<u>10,167,166</u>	<u>(9,665,804)</u>	<u>(1,135,000)</u>	<u>(633,638)</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 2020.

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

Other Restricted - This fund includes income for Academy trips etc.

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/YPLA 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

Unrestricted funds consist of the reserves of the subsidiary and income and expenditure allocated for general use in the Academy.

	31.8.20 £	31.8.19 £
Unrestricted fund of HMFA	500,506	422,486
Reserves of HMFA Enterprises Ltd	(308)	392
	<u>500,198</u>	<u>422,878</u>

20. MOVEMENT IN FUNDS - continued

Total funds analysed by academy:	31.8.20	31.8.19
	£	£
Fund balances at 31 August 2020 were allocated as follows:		
Lord Scudamore Academy	710,783	638,006
Sutton Primary Academy	(69,789)	(40,309)
Kings Caple Academy	(59,828)	(46,879)
St Weonards Academy	49,360	-
Total before fixed assets and pension reserve	630,526	550,818
Restricted Fixed Asset Fund	4,726,013	3,824,021
Pension reserve	(2,767,000)	(2,220,000)
Total	2,589,539	2,154,839
Reserves of subsidiary	(308)	392
Total	2,589,231	2,155,231

Sutton Primary Academy is carrying a net deficit of £69,789 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 £59,828 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 £	31.8.20 Total £	31.8.19 Total £
Lord Scudamore Academy	1,989,080	499,133	136,238	344,201	2,968,652	3,195,144
Sutton Primary Academy	580,239	97,836	44,061	221,022	943,158	804,313
Kings Caple Academy	204,286	54,040	15,868	71,716	345,910	300,847
St Weonards Academy	157,309	32,684	16,630	86,890	293,513	-
	2,930,914	683,693	212,797	723,829	4,551,233	4,300,304

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.

21. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire County 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 31 March 2016.

Contributions amounting to £71,383 were payable to the schemes at 31 August 2020 (2019: £56,843) and are included within other creditors.

Teachers' pension scheme

Introduction

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

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

Valuation of the teachers' pension scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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 £399,724 (2019: £266,930).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

21. PENSION AND SIMILAR OBLIGATIONS
- continued

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 2020 was £302,305 (2019: £266,851), of which employer's contributions totalled £244,988 (2019: £210,700) and employees' contributions totalled £57,317 (2019: £56,151). The agreed contribution rates for future years are 18.2 per cent for employers and between 5.5 and 12.5 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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The annual valuation at 31 August 2020 has taken into account the effects of the McCloud judgement.

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

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 7 years.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Present value of funded obligations	(5,450,000)	(4,517,000)
Fair value of plan assets	<u>2,683,000</u>	<u>2,297,000</u>
	<u>(2,767,000)</u>	<u>(2,220,000)</u>
Deficit	<u>(2,767,000)</u>	<u>(2,220,000)</u>
Liability	<u>(2,767,000)</u>	<u>(2,220,000)</u>

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Current service cost	376,000	285,000
Net interest from net defined benefit asset/liability	39,000	32,000
Past service cost	-	52,000
Administration expenses	<u>4,000</u>	<u>4,000</u>
	<u>419,000</u>	<u>373,000</u>
Actual return on plan assets	<u>53,000</u>	<u>88,000</u>

21. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Opening defined benefit obligation	4,517,000	3,070,000
Current service cost	376,000	285,000
Past service cost	-	52,000
Contributions by scheme participants	57,000	56,000
Interest cost	83,000	89,000
Actuarial losses/(gains)	319,000	856,000
Benefits paid	35,000	109,000
Business combinations	63,000	-
	<u>5,450,000</u>	<u>4,517,000</u>

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Opening fair value of scheme assets	2,297,000	1,837,000
Contributions by employer	245,000	211,000
Contributions by scheme participants	57,000	56,000
Expected return	44,000	57,000
Actuarial gains/(losses)	9,000	31,000
Benefits paid	35,000	109,000
Administration expenses	(4,000)	(4,000)
	<u>2,683,000</u>	<u>2,297,000</u>

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Actuarial gains/(losses)	(310,000)	(825,000)
	<u>(310,000)</u>	<u>(825,000)</u>

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

	Defined benefit pension plans	
	31.8.20	31.8.19
Equities	65.90%	70.90%
Government bonds	6.70%	7.50%
Other Bonds	5.30%	5.00%
Cash/liquidity	4.20%	2.90%
Other	12.50%	7.70%
Property	5.40%	6.00%
	<u>100.00%</u>	<u>100.00%</u>

21. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	31.8.20	31.8.19
Discount rate	1.80%	1.80%
Future salary increases	3.80%	3.50%
Future pension increases	2.40%	2.10%
Inflation assumption (CPI)	2.30%	2.00%

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

	31.8.20	31.8.19
Retiring today		
Males	22.6	22.8
Females	25	25.8
Retiring in 20 years		
Males	24.2	25.1
Females	27	28.2

Sensitivity Analysis

	31.8.20	31.8.19
	£'000	£'000
Central	2,767	2,220
Sensitivity 1 (discount rate +0.1%)	2,645	2,114
Sensitivity 2 (inflation +0.1%)	2,893	2,328
Sensitivity 3 (pay growth +0.1%)	2,786	2,240
Sensitivity 4 (1 year increase in life expectancy)	2,922	2,301

The Academy expects to contribute £274,000 (2019/20: £212,000) to its Defined benefit pension scheme in 2020/21.

22. CONTINGENT LIABILITIES

There were no contingent liabilities at the year end.

23. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. 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 £106,635 (2019: £49,411) for supply of catering services and £20,028 (2019: £14,248) for the recharge of staff costs. Income was received from HMFA Enterprises Ltd of £4,000 (2019: £4,000) for rental of premises and £10,221(2019: £4,602) in relation to recharged costs.

At the year end £120 (2019: £1,305 due to) 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 £50,791 (2019: £11,119) of its profits to HMFA, all of which was due to the academy at the year end.

23. RELATED PARTY DISCLOSURES (CONTINUED)

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	£38,160 (2019: £41,576)	£9,904 (2019: £3,173)	£317 (2019: £Nil)
Llangrove CE Academy	£31,538 (2019: £28,787)	£Nil (2019: £Nil)	£187 (2019: £1,405)
Marden Primary Academy	£13,044 (2019: £8,798)	£22,919 (2019: £Nil)	£784 (2019: £2,069)
St Weonards Primary School	£N/A (2019: £30,100)	£N/A (2019: £Nil)	£N/A (2019: £673)
Pencombe C of E Primary School	£11,555 (2019: £8,455)	£Nil (2019: £Nil)	£533 (2019: £774)
Clelonger C of E Primary School	£31,531 (2019: £26,324)	£Nil (2019: £Nil)	£4,287 (2019: £548)

During the year the academy has not complied with the related party reporting as set out in the Academies Financial Handbook.

24. CONVERSION TO AN ACADEMY

On 1 October 2020 St Weonards Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Herefordshire Marches Federation of Academies from the Herefordshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
- Leasehold land and buildings	-	-	1,027,620	1,027,620
- Other tangible fixed assets	-	-	19,007	19,007
Budget surplus / (deficit) on LA funds	56,173	10,541	1,717	68,431
LGPS pension surplus / (deficit)	-	(63,000)	-	(63,000)
Net assets / (liabilities)	<u>56,173</u>	<u>(52,459)</u>	<u>1,048,344</u>	<u>1,052,058</u>

