



(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31st August 2024

Company Registration Number: 10499174 (England and Wales)

Reference and Administrative Details

Members		Appointed	Retired
	Dr K Hopkins	28 November 2016	
	T Libby	1 April 2019	
	D Peters, Chair	1 April 2019	
	Prof D Green	4 December 2020	
	B Spooner	12 January 2022	31 August 2024
	T Hooper	1 October 2023	
Trustees			
	P Cooper	1 September 2017	
	Dr K Hopkins, Chair	28 November 2016	
	Dr M Hawkins	28 November 2016	
	C Holden	24 June 2021	
	Dr J Godfrey	1 September 2023	31 August 2024
	S Boniface	1 April 2019	
	K Jackson	11 January 2022	
	S Tully	28 November 2016	
	D Pearce-Higgins	25 June 2020	
	P Jackson	1 October 2023	
	R Salter	1 October 2023	
Company Secretary	L Watkins		
Senior Postholders	P Cooper, CEO		
	C Brearey, Deputy CEO and Principal		
	E Senior, Principal		
	H Bembridge, Principal		
	J Morgan, Head		
	N Clear, Head		
	S Wetson, Executive Lead Secondary		
	S Griffiths, Chief Finance Officer		
	L Watkins, Director of Governance		
Company Registered Number	10499174 (England and Wales)		
Company Name	Heart of Mercia		
Principal and Registered Office	Hereford Sixth Form College, Folly Lane, Hereford. HR1 1LU		
Independent Auditors	Thorne Widgery Accountancy Limited, 2 Wyevale Business Park, Wyevale Way, King's Acre, Hereford. HR4 7BS		
Internal Auditors	TIAA Ltd, Artillery House, Fort Fareham, Newgate Lane, Fareham, PO14 1AH		

Reference and Administrative Details

Bankers

Lloyds Bank, 8 High Town, Hereford. HR1 2AE
Virgin Money, 5 Northgate Street, Gloucester. GL1 2AH
Barclays Bank PLC, 1-3 Broad St, Hereford. HR4 9BA
Nationwide Building Society, Northampton. NN3 6NW
Charities Investment Fund (COIF), One Angel Lane, London EC4R 3AB

Solicitors

Lambe Corner, 36-37 Bridge Street, Hereford. HR4 9DJ
Blake Morgan, One Central Square, Cardiff. CF10 1FS
Shakespeare Martineau LLP, No 1 Colmore Square, Birmingham. B4 6AA

Trustees' Report for the period ended 31 August 2024

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year to 31 August 2024. The annual report serves the purposes of both a Trustees' Report, and a Directors' report and a strategic report under company law.

The Heart of Mercia Multi-Academy Trust was formed on 1 April 2019. The Trust operates:

- Hereford Sixth Form College which became a Single Academy Trust on 1 March 2017.
- Worcester Sixth Form College joined the Trust on 1st April 2019.
- King Edward VI College, Stourbridge, joined the Trust on 1st February 2021.
- The Chantry and John Kyrle High School joined the Trust on 1st September 2023.

A range of other secondaries, sixth form colleges and primary schools are keen to join or work with us and the Trust has a formal association with the St Mary's Roman Catholic High School.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents. The Trustees of Heart of Mercia Multi-Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year and up to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of duty of which they may be guilty in relation to the 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 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 Directors of the Trust.

Method of Recruitment and Appointment or Election of Trustees

Eligibility to act as a Trustee of the Trust is within the Constitutional Framework and Clauses 45 – 80 of the Articles of Association. Trustees are co-opted from the local community dependent upon skill requirements. The Search Committee has an on-going policy of attracting Trustees with a range of skills and background to provide the Trust with the best possible advice and support.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Trustees are experienced in either post-16 or school governance bringing a wealth and experience. Induction and training depend on individual's experience. Potential Trustees meet with the CEO and

Trustees' Report for the period ended 31 August 2024

the Chair of Trustees or another Trustee before they are appointed onto the Trust's Board. New Trustees receive an induction pack and are provided with support from other Trustees and the Director of Governance. The Trust has adopted an in-house programme of training with specialist staff providing training sessions prior to Trustee meetings. The Trust has subscribed to the National Governance Association which provides briefings, relevant information and an e-learning link for Trustees and Governors throughout the Trust. The Director of Governance meets regularly with other college and academy Governance Professional and shares best practice. An annual skills and training audit, individual Trustee's self-evaluation and one-to-one conversations with the Chair and Director of Governance are undertaken to identify development needs and skills gaps. The Governance Procedures are reviewed on an annual basis by the Search and Governance Committee and approved by the Board of Trustees.

Organisational Structure

The Senior Postholders are listed on page 2. The Senior Postholders are supported by a Senior Management Team in each academy.

The Executive Management Team of the Trust is also the formal Risk Management Group.

The committee structure of the Board of Trustees consists of:

- Audit and Risk
- Curriculum and Quality
- Finance and Resources
- Remuneration
- Search and Governance

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Trust and are represented by the Accounting Officer (Chief Executive Officer) and holders of other senior posts whom the Trustees have selected for the purposes of the Articles of Government of the Trust. Decisions relating to such appointments and remuneration are made by the Trustees based upon the recommendation of the Remuneration Committee.

Trustees' Report for the period ended 31 August 2024

Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Trust is required to provide information required by Schedule 2 of the Regulations:

- **Relevant Union Officials**

Number of employees who were relevant union officials during the period	Full-time equivalent employee numbers
9	8.375

- **Percentage time spent on facility time**

Percentage of time	Number of employees
1% - 50%	9

- **Percentage of pay bill spent on facility time**

Total cost of facility time	£32,467
Total pay bill	£39.13mil
Percentage of pay bill spent on facility time	0.083%

- **Paid trade union activities**

Hours spent on paid facility time	610
Hours spent on paid trade union activities	0
Time spent on paid trade union activities as a % of total paid facility time hours	0%

Engagement with Staff

The Trust actively engages with staff at each academy through emails, briefings, staff meetings, video messages and training events. Throughout the year, staff, pupils and students are invited to participate in surveys. Staff are invited to join the local Governing Body in each academy. A comprehensive Trust-wide training programme operates.

Disability Statement

The Trust seeks to achieve the objectives set down in the Equality Act 2010:

a) As part of its accommodation strategy, the Trust conducts access audits and the results of these formed the basis of funding capital projects aimed at improving access.

b) There is a list of specialist equipment, such as radio aids, which each academy can make available for use by pupils and students and a range of assistive technology is available.

c) The admissions policy for all pupils and students is described in the charter at each academy. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.

d) Each academy has made a significant investment in the appointment of specialist staff to support pupils and students with learning difficulties and / or disabilities who can provide a variety of support for learning.

Trustees' Report for the period ended 31 August 2024

e) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for pupils and students who have learning difficulties and / or disabilities.

f) Specialist programmes are described in the prospectus of each academy, and achievements and destinations are recorded and published.

g) Counselling and welfare services are described in the College Student Guide at each college which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction. Schools have carefully planned support provision

Engagement with Related Parties & other Connected Organisations, including suppliers

In line with other trusts, schools, colleges and universities, the Trust has many stakeholders. These include:

- Pupils, students and their families;
- Education and Skills Funding Agency (ESFA);
- The Department for Education;
- Staff;
- Local employers (with specific links);
- Suppliers;
- Local authorities;
- Government Offices / Regional Development Agencies / Local Enterprise Partnerships;
- The local community;
- Further Education and Higher Education institutions;
- Trade unions;
- Professional bodies.

The Trust recognises the importance of these relationships and engages in regular communication with them through the websites and meetings.

Each academy also has its own ecosystem of local suppliers and partners and organisations it works with, for example, Worcester Sixth Form College has a joint working agreement with Nunnery Wood High School and Freedom Leisure for the operation of sports and leisure facilities.

The Trust also has significant partners and organisations which help to support or represent its interest.

Partner Trusts

Better Futures

New Collaborative Learning Trust

Richard Huish Trust

Queen Elizabeth Sixth Form College, Darlington

Stourvale Academy Trust

Accordia

Wigmore

Member Organisations

Confederation of School Trusts

Forum Strategy

Sixth Form Colleges' Association

Trustees' Report for the period ended 31 August 2024

The CEO chairs the Midland Sixth Form Colleges' Association forum and has also worked with the Number 10 policy unit and Department for Education on an Expert Advisory Group for Post 16 curriculum change reporting directly to the Prime Minister.

Objectives and Activities

Mission Statement

The Trust will be a highly respected educational provider for all its students. Students will have the autonomy and responsibility to grow, acquire skills and make decisions within a supportive, caring environment and will have high expectations placed upon them. They will flourish not just academically but socially and in terms of their wider skills. This will enable them to be highly successful in their personal lives, in further study and in employment.

Member organisations will retain their unique identities and links with their immediate communities, but will share a commitment to Heart of Mercia Academy Trust's Mission and Values.

The Trust will operate efficiently to maximise the resources that are devoted to teaching and learning and to creating attractive and sustainable environments for people to work and learn. This will be achieved through collaborative purchasing and working across all member organisations wherever beneficial and through consistently applying best practice in financial control.

The Trust will be a supportive employer with many opportunities for staff to share best practice through formal and informal staff development across all member organisations of the Trust.

Growth Plan

As a growing Trust, our key objectives are as follows:

- To allow for existing associate members in the special school phase, secondary phase and primary phase to join officially.
- Adding at least one strong secondary school to allow for robust collaboration in the secondary phase.
- Adding at least two primary schools to allow for collaboration with the associate primary school wishing to join the Trust.
- To develop the hub model by adding a school/small Trust in the Worcester and/or Dudley region.
- Be open to a sixth form college in an appropriate region joining the Trust.

Our Vision

While the character and autonomy of each institution is celebrated within our Trust, we share collective values.

Our Values

The Heart of Mercia Academy Trust will enable autonomous institutions to provide a range of excellent learning opportunities in a positive, friendly, tolerant and collaborative culture allowing all to fulfil their potential and meet their individual goals.

Trustees' Report for the period ended 31 August 2024

Our Commitments

Educational Excellence:

- Excellence, challenge and high expectations – aiming for the highest standards and to extend the potential of our pupils, students and staff.
- Choice - Providing programmes of study which meet the individual needs of learners in academic, vocational and extra-curricular terms.
- Inspiration – teaching pupils and students in ways that engage them, develop their skills and independence as learners, and are based on regular assessment of their individual needs.

Sustainability:

- Partnership and communication – with learners and their parents or guardians and the local community.
- Collaboration – within the Trust and with other educational providers and the local community.
- Integrity – achieving the highest standards of leadership, employment practices, openness and accountability.
- Sustainably and environmentally aware – drive towards net-zero carbon through our operational practices.
- Financial sustainability and resilience - maintaining our long-term financial viability by achieving maximum effectiveness and efficiency whilst remaining vigilant of risks to Trust operations.

Ensuring our pupils and students are Ready for the Real World:

- Development– of pupils and students as rounded individuals who are equipped for life's challenges.
- Progression – helping our pupils and students to set and achieve goals that are aspirational and appropriate.
- Diversity and inclusion – breaking down barriers to enable social mobility and to promote aspiration and success for the whole of our communities.

Enjoyable Experience:

- Wellbeing, care and support – of all our staff and students.
- Enjoyment – helping our pupils and students develop a love for learning and positive self-worth.
- Equality, Inclusivity and Diversity – making all pupils and students and staff feel welcome, safe and valued and doing everything possible to help them to succeed.
- Respect and tolerance – for each other and the communities in which we live and work.
- Value staff as the most important resource.

Trustees' Report for the period ended 31 August 2024

Strategic Objectives

The Heart of Mercia Multi-Academy Trust's strategic objectives are derived from its vision and values.

1.	<u>Governance and Management</u>
-	To support, review and renew the strategic vision of the Trust.
-	To ensure the Multi Academy Trust (MAT) Directors' structure works as efficiently and effectively as possible.
-	To pursue effective, efficient and economic management of the Trust.
-	To support and review the strategic plan and ensure high quality provision, underpinned by continuous quality improvement, in all organisations.
2.	<u>Curriculum</u>
-	Academies offer a balanced, broad curriculum in their regional context which is responsive to the needs of current and potential pupils and students and which helps all pupils and students to acquire the qualifications and skills to meet their future aspirations.
-	To offer extensive enrichment opportunities to complement each student's main programme of study and to accredit these wherever possible.
-	To continue to develop appropriate teaching, learning and assessment strategies.
-	To provide learning support to meet the needs of individual students.
-	To adapt to government initiatives promptly so that all pupils and students can benefit from any new opportunities.
3.	<u>Physical Resources</u>
-	To provide accommodation which in quantity and quality meets the needs of current and potential pupils and students including those with disabilities as far as possible
-	To operate procedures for the acquisition, maintenance and disposal of equipment and resources.
-	To give high priority to learning technology.
-	To ensure and promote excellent practice in health and safety – all our staff will contribute to a positive health and safety culture, in which we champion high standards, ensure compliance and reduce and effectively mitigate risks.
4.	<u>Human Resources</u>
-	To recruit and develop staff within schools and colleges and across the Trust to ensure the delivery of all strategic objectives and to support their individual professional development.
-	To promote the wellbeing of staff across the Trust.

Trustees' Report for the period ended 31 August 2024

5.	<u>Student Support and Guidance</u>
-	To provide guidance and support which ensure that pupils and students are on the most appropriate course and achieve their maximum potential which helps to meet their future career and/or Higher Education aspirations.
-	To ensure that appropriate systems are in place for pupil and student pastoral support and well-being and that all pupils and students are safeguarded within their environment.
-	To ensure that appropriate systems are in place to comply with and meet the Gatsby benchmarks.
6.	<u>External Links</u>
-	To enhance the links within local hubs and, where appropriate form links with other organisations, at a national or international level.
7.	<u>Marketing</u>
-	To ensure that the Trust and constituent schools and colleges market themselves effectively and that the Trust has an overview of standards and recruitment targets and patterns.
8.	<u>Quality</u>
-	To develop and implement further methods for monitoring and improving quality in all aspects of the Trust's work.
-	To promote a culture of striving to continuously improve and do better for our pupils students and staff.
9.	<u>Equality and Diversity</u>
-	To ensure equality and diversity is promoted and addressed in the delivery of all strategic objectives.
-	To encourage social mobility and breaking of glass ceilings.
10.	<u>Growth, Improvement and Sustainability</u>
-	To grow the Trust at a sustainable pace gauged by the progress of current organisations and capacity of central services and the Executive Group.
-	To respond to regional and national developments to further our footprint and mission.
-	To move towards net zero carbon throughout our operational practices.
11.	<u>Enjoyment and wellbeing</u>
-	To ensure institutions and the Trust evaluate the views and wellbeing of staff, pupils and students and promote activities, events and support which create the conditions to foster happiness and fulfillment

Trustees' Report for the period ended 31 August 2024

Implementation of Strategic Plan

The Trust Strategic Development Plan has regard to Government policy, and is updated annually. The plan includes property and financial plans. The Trust's priorities include:

1. Providing educational excellence for all pupils and students and implementing quality inspection processes to ensure this.
2. Ensuring the sustainability of the Trust through financial stability, the development of high quality resources and future growth.
3. Ensuring that pupils and students are ready for the real world in a diverse and inclusive environment.
4. Creating an enjoyable experience for all – pupils, students and staff.

The Trust monitors the plan on a continuing basis.

Public Benefit

The Trust is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Directors, who are Trustees of the charitable company, are disclosed on page 2.

In setting and reviewing the Trust's strategic objectives, the Trustees had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the Trust provides the following identifiable public benefits through the advancement of education:

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Links with employers, industry and commerce.

Strategic Report

Achievements and performance

Performance Indicators

Each college produces a Strategic Development Plan, which is reviewed each year, and an annual action plan that incorporates the outcome of the annual self-assessment.

Each school produces a School Evaluation Form (SEF) and a School Development/Improvement Plan (SDP/SIP), which are reviewed each year by the Trust Quality Team as part of the ongoing quality assurance process.

This development plan focuses on four headline targets:

- Learner number growth and achievement of funding targets
- Learner achievement – raw and value-added
- Learner retention and attendance
- Financial Health indicators

Trustees' Report for the period ended 31 August 2024

Additionally, the Trust monitors key performance measures for each Academy where appropriate:

- Success Rates
- Learner Destinations
- Satisfaction Survey – stakeholder views (learner, staff and parent)

The Trust is committed to observing the importance of the sector measures and indicators, and uses the FE Choice website which looks at measures such as success rate.

Financial Objectives

The main purpose of the Trust's Financial Strategy is to ensure that the Trust's objectives as set out in the Strategic Development Plan are achieved whilst at the same time, maintaining financial viability and sustainability.

The key objectives of the strategy are:

- To ensure financial viability and sustainability.
- To ensure the Trust achieves a "Good" financial health grade.
- To generate an operating surplus.
- To attract and retain the best staff by ensuring salaries are attractive.
- To ensure that sufficient funds are available to enable the maintenance and improvement of the accommodation and equipment.
- To maintain positive relationships with our bankers, auditors, the ESFA and the Department for Education.

A series of financial performance indicators have been agreed to monitor the financial position:

Financial Performance Indicator	Target	Actual as at 31 st August 2024
Earnings before interest, taxation, depreciation and amortization (EBITDA) as % of income	2.37%	1.78%
Staff costs as % of income	78%	77%
Adjusted current ratio	1.5	1.7
Borrowings as % of income	0	0
Reliance on ESFA income	96.6%	95.5%
ESFA financial health score	Good	Good

Trustees' Report for the period ended 31 August 2024

Student Numbers

Retention rates are:

	Starters 2023/24	Retention 2023/24	Starters 2022/23	Retention Rate 2022/23	Starters 2021/22	Retention Rate 2021/22
Hereford	2225	96.4%	2158	%95.0%	2086	94.0%
Worcester	1751	93.5%	1696	93.2%	1590	92.2%
King Edward VI	2320	97.2%	2391	94.5%	2291	95.1%

Values for 2022 and 2021 are based on the final statutory data submission (R14) for each year. Figures for 2023 are based on the penultimate submission (R13) for the year.

GCSE results were pleasing with improvement in key measures evident at John Kyrle High School. John Kyrle High School and St Mary's RC High School were the two schools to show improvements in Herefordshire. The Chantry School results were also good.

	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Attainment 8		Achieving 4+ in English and Maths		Achieving 5+ in English and Maths		Achieving Grade 4+ English		Achieving Grade 5+ English		Achieving Grade 4+ Maths		Achieving Grade 5+ Maths	
John Kyrle High School and Sixth Form Centre Academy	47.0	46.1	67.0%	64.0%	44.8%	43.0%	76.1%	73.0%	58.7%	55.0%	71.7%	69.0%	52.6%	49.0%
The Chantry School	49.3	50.6	73.8%	72.5%	52.4%	50%	85.4%	83.1%	69.5%	67.4%	75.6%	77.5%	54.3%	59.6%

Improving Value Added (VA) in vocational areas is evident at Worcester Sixth Form College and King Edward VI College has strong performance at A level.

	SFCA A level Value Added <i>Higher is better</i>		ALPS A level T-Score <i>Lower is better</i>	
	2024	2023	2024	2023
Hereford Sixth Form College English Students	-0.06	NA	NA	NA
King Edward VI College	0.04	-0.03	4.00	5.33
Worcester Sixth Form College	-0.01	0.03	5.00	4.00

The Trust historically has a strong value-added performance at level 3 at all institutions. This year we expect level 3 value-added to return. Retention has improved in all institutions as we have targeted improved attendance post pandemic.

Teaching and learning strategies undergo ongoing evaluation and enhancement to ensure that the curriculum in both schools and colleges addresses the needs of local students.

Trustees' Report for the period ended 31 August 2024

Curriculum Developments

Across the 3 colleges, the majority of students follow a programme of 3 or 4 subjects and an enrichment programme including Core Maths and careers education. A number of more able students will also do an extended project as part of their enrichment.

All colleges run a personal tutor system that supports students with their programme of study.

Nationally and within the West Midlands region, the Trust is renowned for its academic excellence and wide range of extracurricular opportunities. At the secondary level, the Chantry consistently delivers strong academic results, regularly ranking among the top in county performance tables. John Kyrle High School, which has benefited from substantial support from the Trust, continues to show improving performance trends.

Going Concern

After making appropriate enquires, the Board of Trustees has a reasonable expectation that the 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 adoption of the going concern basis can be found in the Statement of Accounting Policies.

The assessment is based upon:

- A strong balance sheet with net current assets of £4.6mil,
- A current ratio of 1.7,
- Zero borrowing,
- Sustained growth in student enrolments at our academies.

Financial Review

The Trust receives the majority of its funding from the ESFA in the form of recurrent grants paid on a monthly basis. The grants received during the period are shown as 'restricted funds' in the Statement of Financial Activities.

The Trust also benefits from the annual School Condition Allowance received in 2023/24 for the first time and providing £2.5mil to be invested in estates projects across the Trust.

During 2023/24, work has continued on the following estates projects that were either completed at the year-end or during the autumn term:

- Thornbury new build at Hereford and the Science block extension at Worcester,
- Numerous fire safety measure at Worcester,
- Replacement roofs, IT switches and servers at King Edward VI College,
- New canteen and extensive classroom remodelling at Hereford,
- Refurbishment of the Hive and other areas at John Kyrle High School.

The Chantry School are proposing a new mezzanine level proving additional space for student support and refurbishment in the Technology Department to accommodate larger groups. Work will take place in summer 2025.

Trustees' Report for the period ended 31 August 2024

At the year-end, the 'Earnings Before Tax, Interest, Depreciation and Amortisation' was £914k (2023 £1,439k) against a budgeted position of £1,176k.

At 31st August 2023, the net book value of fixed assets was £66m (2023 £40.6m). Movements in tangible fixed assets are shown in note 14 to the financial statements.

The closing level of unrestricted and restricted reserves (excluding fixed asset reserves and the LGPS deficit) stands at £4.7m (2023 £3.22m).

Treasury Management and Investment Policy

Treasury Management is the management of the Trust's cash flows, banking and money market transactions; the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with the associated risks. The Trust has a separate Treasury Management policy in place.

During the period, there was no short-term borrowing for temporary revenue purposes and the Trust does not have any outstanding bank loans. All borrowing requires the authorisation of the Trustees who must comply with the requirements of the Funding Agreement agreed with the ESFA.

There is an inter-company loan between the two colleges. Hereford Sixth Form College repaid a bank loan on behalf of Worcester Sixth Form College to enable it to become an academy and join the Trust. At the period end, the balance was £438k (2023 £483k).

The Trust has developed an Investment Policy that allows funds, identified as surplus to immediate requirements through cash flow monitoring, to be placed on short-term deposit with banks. The interest rate has increased significantly during the financial year. Should the reserves increase sufficiently to consider longer-term investment, the Trust would employ an agent to give advice on suitable investment opportunities.

Fundraising

The Trust is predominantly funded by the ESFA based upon the submission of student data returns on a periodic basis to the Department for Education. The Trust does not actively engage in fundraising and does not actively canvas for donations on a local, regional, national or international basis. The Trust does not contract with any external agencies to fundraise on its behalf.

Reserves Policy

Academy Trusts are expected to create reserves from their annual funding. This is becoming increasingly difficult with the cuts in funding and increasing cost pressures. The Trust has ended the year with total restricted reserves of £69.9m (2023 £43.9m) (including adjustment for the LGPS pension scheme). Our reserves will be required for future capital projects and to notionally cover any future deficit on the Local Government Pension Scheme. A deficit on the LGPS pension scheme will generally result in a cash flow effect for the Trust in the form of an increase in employers' pension contributions in future years.

Trustees' Report for the period ended 31 August 2024

The Trust wishes to continue to accumulate reserves and cash balances in order to enable future capital development. The Accommodation Strategy at each academy identifies opportunities to enhance existing facilities. The Trustees consider an ongoing bank balance at a minimum of £3m to be a reasonable level of cash for normal purposes, and to cushion the potential effects of any demographic downturn, but will continue where possible to build reserves for future capital works.

Trustees' Report for the period ended 31 August 2024

Principal Risks and Uncertainties

The system of internal control maintained by the Trust includes financial, operational and risk management which is designed to protect the assets and reputation.

A Risk Register is maintained by the Trust, which is reviewed at each meeting of the Audit and Risk Committee, and on a regular basis by the Executive Management Team. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being undertaken to reduce and mitigate the risk. Risks are prioritised using a consistent scoring system. Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

1 Government funding

The Trust has considerable reliance on continued Government funding through the ESFA. Over 90% In of the Trust's revenue is ultimately publicly funded, and this level of requirement is expected to continue. There can be no assurance that Government policy and practise will remain the same, or that public funding will continue at the same level or on the same terms.

The Trust is aware of the following issues that may impact on future funding:

- Stronger competition from other local providers.
- Changes to qualifications, such as the Advanced General Qualification (AGQ).
- Changes to income streams such as the Post16 Maths Fund.

The risk is mitigated in a number of ways:

- The Trust has a robust marketing strategy that seeks to ensure that student numbers are maintained in the face of demographic decline.
- By ensuring the Trust is rigorous in delivering high quality education and training.
- Considerable focus is placed on maintaining and managing key relationships with the Funding Body.
- Ensuring the Trust is focused on those priorities which will continue to benefit from public funding.
- Regular dialogue with the Department for Education, the Funding Body and Local Authorities.

2 External Economic Pressures

The Trust is facing considerable external economic pressures associated with rising inflation; interest rates; fuel costs; and pay award expectation.

The risk is mitigated through:

- The Trust does not have any loans so is protected from interest rate increases.
- The Trust has reserves to ensure that capital projects can be completed.
- Setting realistic budgets based upon modelling different scenarios.
- Continual scrutiny of financial information.
- Procuring supplies on a MAT basis to secure better deals.
- Reviewing procurement in relation capital projects.

Trustees' Report for the period ended 31 August 2024

3 Pension liabilities

Where appropriate, the financial statements report the share of the Local Government Pension Scheme deficit on the Trust's balance sheet in line with the requirements of FRS 102. The risk is mitigated by an agreed deficit recovery plan.

Trustees' Report for the period ended 31 August 2024

Streamlined Energy and Carbon Reporting

As a large employer, as determined by section 465 and 466 of the Companies Act 2006 and consuming in excess of 40,00KWH of energy in the reporting year, the Trust is required to report on its energy consumption.

UK Greenhouse gas emissions and energy use data for the period 1 September to 31 August		
	2024	2023
Energy consumption used to calculate emissions (kWh)	5,893,056 kWh	3,805,950 kWh
Energy consumption break down (kWh)		
gas,	2,961,974 kWh	2,176,922 kWh
electricity,	2,444,517 kWh	1,575,784 kWh
oil,	397,553 kWh	-
transport fuel	89,012 kWh	53,244 kWh
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	541.75 tCO2E	398.22 tCO2E
Oil consumption	98.10 tCO2E	-
Owned transport - mini-buses	11.0 tCO2E	6.5 tCO2e
Total scope 1	650.85tCO2e	404.72 tCO2e
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	550.87 tCO2e	326.30 tCO2e
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	10.96 tCO2e	6.64 tCO2e
Total gross emissions in metric tonnes CO2e	1,212.68 tCO2e	737.70 tCO2e
Intensity ratio		
Tonnes CO2e per student	0.14 tCO2e	0.12 tCO2e
Quantification and Reporting Methodology:-		
<ul style="list-style-type: none"> We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2024 UK Government's Conversion Factors for Company Reporting. 		
The Chantry and John Kyrle High School joined the Trust on 1 st September 2023.		
Intensity measurement		
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per student, the recommended ratio for the sector.		
Measures taken to improve energy efficiency		
We have installed solar panels; LED lighting; automated shut down of computer equipment in the evenings; and increased video conferencing technology for staff.		

Trustees' Report for the period ended 31 August 2024

Current and Future Development and Performance

Staffing

The Trust considers good communication with its staff, pupils and students to be very important, and publishes bulletins and regular newsletters. Weekly staff briefings and termly staff meetings are held. Staff and student involvement is encouraged through membership of formal committees, and electronically via email and the staff portal.

Maintenance Programme

The Trust operates a rolling programme of planned maintenance, which is reviewed each year and monitored on an ongoing basis. The costs are charged to the Statement of Financial Activities in the year in which they are incurred. Minor Capital Works that add value to the estate are capitalised at the year-end. The Trust works with a wide-range of contractors to ensure that all statutory checks of our estate are periodically undertaken in accordance with regulations. Any issues raised are assessed and prioritised by the Senior Leadership team in each academy.

Future Prospects

The Trust remains concerned that continuing low funding levels will continue to impact. The cuts in funding over a ten-year period have put academies under significant pressure to remain viable.

The Trust faces a number of challenges:

- Maintaining student and pupil numbers in the face of increased competition and new qualifications and apprenticeships.
- Developing the curriculum to meet the needs of students.
- Meeting the challenge of cuts in funding streams and the rate failing to match inflation.
- Maintaining the quality of outcome and experience for pupils and students despite these headwinds.
- Maintaining the current high reputation of the Trust.
- Continuing to collaborate with other schools and colleges in the best interests of students.

Resources

The Trust has various resources that it can deploy in pursuit of its strategic objectives.

- Its estate, with a net balance sheet value of **£66m** (2023: £40m)
- net current assets of **£4.6m** (2023: £3.1m)
- established staff of **869 people** (headcount) (2023: 571 people), of which **460** are teaching staff (2023: 284)
- its reputation, both locally and nationally as a Trust that achieves excellent results, together with high quality pastoral support.

Events after the end of the Reporting Period

There are no significant or material events to report after the period end.

The MAT is continuing to explore opportunities for expansion.

Trustees' Report for the period ended 31 August 2024

Equal Opportunities

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender and gender identity, parental and marital status, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination. This policy is resourced, implemented and monitored on a planned basis. The Equality, Diversity and Inclusion Policy is published on the website. The Trust publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The Trust is a 'Positive about Disabled' employer and has committed to the principles and objectives of the 'Positive about Disabled' standard. The Trust considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

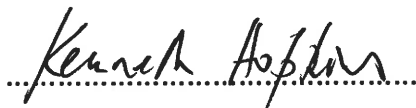
The Trust has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disclosure of information to auditors

In so far as the Trustees are aware:

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

This report incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 12th December 2024 and signed on the Board's behalf by:



Dr. K. Hopkins, Chair of Trustees

Governance Statement**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Heart of Mercia Multi-Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Trustees have delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between the Heart of Mercia Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has met five times during the period. Attendance at meetings during the year was as follows:

Trustee	Meetings Attended	Out of a Possible
Dr K Hopkins, Chair	5	5
Mr P Cooper, Chief Executive Officer	5	5
S Boniface	4	5
S Tully	5	5
Dr M Hawkins	5	5
K Jackson	3	5
D Pearce-Higgins	4	5
C Holden	4	5
Rachel Salter	5	5
Dr J Godfrey	4	5

Search and Governance Committee

The Search and Governance Committee is a committee of the main Board of Trustees established to secure a quality Board of Trustees in consultation with the Members of the Trust. It also appoints Governors to its Local Governing Bodies. The Committee oversees and safeguards the governance health of the Trust and its academies.

Finance and Resources Committee

The Finance and Resources Committee is a committee of the main Board of Trustees. Its purpose is to review the financial position of the Trust, including revenue, capital and cashflow and investments, on a half termly basis, and receives regular reports on capital schemes and other premises and resource issues. It advises the Board on all financial and resource matters.

Governance Statement

Attendance at meetings during the year was as follows:

Trustee	Meetings Attended	Out of a Possible
S Tully, Chair	4	4
P Cooper	4	4
Dr K Hopkins	4	4
S Boniface	3	4
Dr J Godfrey	4	4
P Cummings (co-opted)	2	2

Audit and Risk Committee

The Audit and Risk Committee comprises at least three Trustees (excluding the Accounting Officer (CEO) and Chair of Trustees). It operates in accordance with written terms of reference, which meet requires of the DfE Academy Trust Handbook, and are approved by the Trustees. Its purpose is to advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit and Risk Committee meets at least three times per year and provides a forum for reporting by the Trust's Internal Auditors, Reporting Accountants and Financial Statements Auditors, who have access to the Committee for independent discussion, without the presence of management. The Committee also receives and considers reports from the Funding Body if they affect the operations. The Trust's Internal Auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit and Risk Committee.

Management is responsible for the implementation of agreed audit recommendations. The Internal Auditors undertake periodic follow-up reviews to ensure that recommendations have been implemented.

The Audit and Risk Committee also advises the Trust on the appointment of Internal Auditors, Reporting Accountants and Financial Statements Auditors, and their remuneration for both audit and non-audit work as well as reporting annually to the Trustees.

Attendance at meetings during the year was as follows:

Trustee	Meetings Attended	Out of a Possible
C Holden, Chair	4	4
Dr M Hawkins	4	4
K Jackson	3	4
P Jackson	1	3
D Pearce-Higgins	4	4
Sam Wilson	3	2

Academy Trust Governance Code

The Board of Trustees adopted the Academy Trust Governance Code, a voluntary code for academy trusts in England. The Code draws upon the Charity Governance Code and applicable guidance from the Department for Education. It sets out the principles, desired outcomes, and recommended practice for effective governance. Trustees have used the Code as a tool for continuous improvement in its governance and monitored its progress to comply with the Code.

Governance Statement

The Board of Directors

The composition of the Board of Trustees is set out on page 2. It is the Board of Trustees' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Trustees are provided with regular and timely information on the overall financial performance, together with other information such as performance against targets, capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

During the year, the internal auditors completed a review of governance with an overall assessment of substantial assurance and that the trust has effective governance, risk and controls processes in place for the strategic control of the MAT, with no urgent or important recommendations identified as part of the review. ESFA commissioned a financial management and governance review in July 2024. Its focus was to ensure that the Trust has appropriate financial management, governance, and control arrangements in place, which support the effective and efficient running of the Trust, and that funds are being used for the purposes intended and operate within the ESFA accountability framework. Two areas were identified which the Trust were not fully compliant which were addressed promptly.

The Trustees conduct their business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Trustees. Full minutes of meetings, except those deemed confidential by the Trustees, are available on the website (www.heartofmercia.org.uk), or from the Director of Governance at:

**Heart of Mercia
Hereford Sixth Form College,
Folly Lane,
Hereford.
HR1 1LU.**

To monitor potential conflicts of interest, the Director of Governance maintains a register of financial and personal interests of the Trustees, which is published and available for inspection.

All Trustees are able to take independent professional advice in furtherance of their duties at the Trust's expense, and have access to the Director of Governance, who is responsible to the Board of Trustees for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Director of Governance are matters for the Board of Trustees as a whole.

Formal agendas and reports are supplied to the Trustees in a timely manner, prior to Board meetings, and ad-hoc briefings are also provided.

The Board of Trustees has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Trustees considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of the Board of Trustees and the Accounting Officer (Chief Executive Officer) are separate.

Governance Statement

Appointments to the Board of Trustees

Any new appointments to the Board of Trustees are a matter for the consideration of the Board of Trustees as a whole. The Board of Trustees has a Search and Governance Committee comprising the Accounting Officer (CEO), the Chair and two other members, which is responsible for the selection and nomination of any new potential Trustee for the Board of Trustees' consideration. The Board of Trustees is responsible for ensuring that appropriate training is provided as required. Trustees are appointed for a term not exceeding four years, upon which they may be re-elected.

Remuneration Committee

Throughout the year ended 31st August 2024, the Remuneration Committee comprised the Chair and three Trustees. The Committee's responsibilities are to make recommendations to the Board of Trustees on the remuneration and benefits of the Accounting Officer (CEO) and other senior postholders. Details of remuneration of these postholders for the year ended 31st August 2024 are set out in note 9 and 10 of the financial statements.

Curriculum and Quality Committee

The Committee assists the Trust to discharge its responsibility for the educational standards and character of the Trust. It shall monitor and advise the Board regarding the performance and standards of the Trust's Academies including performance data, student achievement and monitor the implementation of improvements. It shall oversee safeguarding arrangements to ensure that these are robust and following Keeping Children Safe in Education.

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the 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, as well as estates safety and management, achieved in return for the taxpayer resources received.

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

With regard to demonstrating value for money, the Trust has regularly achieved above national benchmark outcomes. The academies have historically had above average value-added performance. Despite reductions in funding, the Trust has maintained the quality of outcomes for pupils and students and the quality of its resources and accommodation. The Trust has robust and realistic plans for ensuring its financial viability in the face of possible further cuts and falling rolls within the counties.

Further information on our approach to maintenance is documented on page 21 and our estates projects completed during 2023/24 on page 15.

Governance Statement

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Heart of Mercia Multi-Academy Trust for the period 1st September 2023 to 31st August 2024 and up to the date of approval of the Report and Financial Statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust 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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1st September 2023 to 31st August 2024 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 management process is regularly reviewed by the Board of Trustees.

Risk and Control Framework

The Trust's system of internal 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 Board of Trustees of reports which indicate financial performance against forecasts and 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 and has decided to appoint TIAA Ltd as Internal Auditor.

The Trust has an Internal Audit service, which operates in accordance with the requirements of the latest DfE's Academy Trust Handbook. The work of the Internal Audit service is informed by an analysis of the risks to which the Trust is exposed. The annual Internal Audit plan is based on this analysis. The analysis of risks and the Internal Audit plan are endorsed by the Trustees on the recommendation of the Audit and Risk Committee. At least annually, the Head of Internal Audit (HIA) provides the

Governance Statement

Trustees with a report on Internal Audit activity.

The Internal Auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems. In particular, the reviews carried out included:

- Following up on the status of previous recommendations,
- Cyber security,
- HR management,
- Procurement,
- Governance,
- Learner numbers,
- Financial controls.

On a termly basis, the Internal Auditor reports to the Board of Trustees, through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. On an annual basis, the Internal Auditor prepares a summary report for the Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

There have been no restrictions in performing this work as planned during this financial year.

Governance Statement

Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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 Auditors
- The work of the External Auditors
- The financial management and governance self-assessment process
- The work of the executive managers within the 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 Risk Committee, which oversees the work of the Internal Auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the systems in place.

The Senior Management Team in each academy receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team in each academy and the Audit and Risk Committee also receive regular reports from Internal Audit that include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Directors' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Executive Team and the Audit and Risk Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Conclusion

Based on the advice of the Audit and Risk Committee and the Accounting Officer, the Board of Trustees is of the opinion that the Trust has an adequate and effective framework for governance, risk management and control.

Approved by order of the members of the Board of Trustees on 12th December 2024 and signed on its behalf by:

Signed.......... **Mr. P. Cooper**
Accounting Officer (Chief Executive Officer)

Signed.......... **Dr. K. Hopkins**
Chair of Trustees

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Heart of Mercia Multi-Academy Trust, I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the Funding Agreement in place between the Trust and the Secretary of State for Education. As part of my consideration, I have due regard to the requirements of the Academy Trust Handbook 2023, including responsibilities for estates safety and management.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's Funding Agreement and the Academy Trust Handbook 2023.

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 the ESFA.



Mr. P. Cooper

Accounting Officer (Chief Executive Officer)

12th December 2024

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2023 to 2024
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA / DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 12th December 2024 and signed on its behalf by:

Dr. K. Hopkins
Chair of Trustees

A handwritten signature in black ink that reads "Kenneth Hopkins". The signature is written in a cursive style and is positioned above a horizontal line.

Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

Opinion

We have audited the financial statements of Heart of Mercia Multi-Academy Trust (the 'charitable company') for the year ended 31 August 2024 which comprise the Statement of Financial Activities, 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 Academies Accounts Direction 2023 to 2024 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 charitable company's affairs as at 31 August 2024 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 2023 to 2024.

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

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

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

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

Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

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.

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.

Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

We obtained an understanding of the legal and regulatory framework applicable to both the Academy itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Department for Education, the Education and Schools Funding Agency, the Academy Trust Handbook 2023, the Academies Accounts Direction 2024, Companies Act legislation and Charities Act and FRS102 SORP legislation.

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

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

Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

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

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

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 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: 13/12/24.....

Note:

The maintenance and integrity of the Heart of Mercia Multi- Academy Trust 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 Heart of Mercia Multi-Academy Trust 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 2023 to 2024, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heart of Mercia Multi-Academy Trust during the period 1 September 2023 to 31 August 2024 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 Heart of Mercia Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heart of Mercia Multi-Academy Trust 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 Heart of Mercia Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Heart of Mercia Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Heart of Mercia Multi-Academy Trust's funding agreement with the Secretary of State for Education and the Academy Trust Handbook, extant from 1 September 2023, 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 2023 to 2024. 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 2023 to 31 August 2024 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 2023 to 2024 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.

**Independent Reporting Accountant's Assurance Report on Regularity to
Heart of Mercia Multi-Academy Trust and the Education and Skills Funding
Agency**

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.

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 2023 to 31 August 2024 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


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

Date: 13/12/24.....

Heart of Mercia Multi-Academy Trust

31 August 2024 (company number 10499174)

Statement of Financial Activities for the period ended 31st August 2024 (including Income and Expenditure Account)

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2024 £'000	Total 2023 £'000
Income & Endowments from:						
Donations & capital grants	3	-	30	1,671	1,701	4,627
Transfer on conversion	33	476	(818)	26,192	25,850	-
Charitable Activities						
Funding for the Trust's educational operations	4	1,583	51,079	-	52,662	33,803
Other trading activities	5	200	-	-	200	131
Investment income	6	203	-	-	203	57
Total Income		2,462	50,291	27,863	80,616	38,618
Expenditure on:						
Charitable Activities						
Trust's educational operations	7/8	1,559	49,579	2,972	54,110	34,938
Total Expenditure		1,559	49,579	2,972	54,110	34,938
Net Income / (Expenditure) before Transfers		903	712	24,891	26,506	3,680
Transfers between Funds	19	-	(567)	567	-	-
Net Income / (Expenditure) before other recognised gains and losses		903	145	25,458	26,506	3,680
Actuarial (loss)/gain on defined benefit pension schemes	19, 29	-	439	-	439	2,621
NET MOVEMENT IN FUNDS		903	584	25,458	26,945	6,301
RECONCILIATION OF FUNDS:						
Total funds brought forward		(130)	3,349	40,483	43,702	37,401
TOTAL FUNDS CARRIED FORWARD		773	3,933	65,941	70,647	43,702

Heart of Mercia Multi-Academy Trust

31 August 2024 (company number 10499174)

Balance Sheet as at 31st August 2024

	<u>Notes</u>	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Fixed assets					
Intangible assets	13	11		18	
Tangible assets	14	65,930		40,465	
Investments	15	107		98	
			66,048		40,581
Current assets					
Stocks	16	26		15	
Debtors	17	1,292		1,161	
Cash at bank and in hand	26	9,306		5,770	
		10,624		6,946	
Liabilities					
Creditors: Amounts falling due within one year	18	(6,025)		(3,825)	
Net current assets			4,599		3,121
Net assets excluding pension asset / (liability)			70,647		43,702
Defined benefit pension scheme asset / (liability)	29		-		-
Total Net Assets			70,647		43,702
Funds of the Trust					
Restricted funds					
• Fixed asset fund	19	65,941		40,483	
• Restricted income fund	19	3,933		3,349	
• Pension reserve	19	-		-	
Total Restricted Funds			69,874		43,832
Unrestricted income fund	19		773		(130)
Total funds			70,647		43,702

The financial statements on pages 38 to 72 were approved and authorised by the Board of Directors on 12th December 2024 and were signed on its behalf on that date by:

Dr. K. Hopkins..... *Kenneth Hopkins*
 Chair of Trustees
 Mr. P. Cooper *P Cooper*
 Accounting Officer (Principal)

Statement of Cash flows for the period ended 31st August 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	23	2,304	1,378
Cash flows from financing activities	24	-	-
Cash flows from investing activities	25	1,232	(2,146)
Change in cash & cash equivalents in the reporting period		<u>3,536</u>	<u>(768)</u>
		2024 £'000	2023 £'000
Cash and cash equivalents at 1 st September 2023		<u>5,770</u>	<u>6,538</u>
Cash and cash equivalents at 31 st August 2024	26	<u>9,306</u>	<u>5,770</u>

Notes to the Financial Statements for the period ended 31st August 2024

1. Statement of Accounting Policies

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

1.1 Basis of Preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2023 to 2024 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. At the year-end, the Trust had cash and bank balances of £9.3m (2023: £5.8m) and reserves (excluding fixed assets and pension liabilities) of £4.71m (2023: £3.22m).

The Trustees have considered the effects of current inflationary pressures in their assessment.

1.3 Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

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

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

Notes to the Financial Statements for the period ended 31st August 2024

1. Statement of accounting policies (continued)

Capital grants are recognised in full when there is unconditional entitlement to the grant. Unspent amounts of capital grant 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 Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities. Upon sale, the value of the stock is charged against 'Income from other trading activities and the proceeds are recognised as 'Income from other trading activities. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities.

- **Donated fixed assets (excluding Transfers on conversion/into the Trust)**

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

1.4 Expenditure

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

Notes to the Financial Statements for the period ended 31st August 2024**1. Statement of accounting policies (continued)**

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.

Expenditure on raising funds includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

1.5 Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- | | |
|-----------------------|--------------------------|
| • Freehold buildings | 2% per year |
| • 3G Pitch (Hereford) | 5% per year |
| • Computers | 25% per year |
| • Motor Vehicles | 10 – 25% per year |
| • Other equipment | 10 – 20% per year |
| • Fixtures & fittings | 10% per year |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

Although the policy for vehicle depreciation is currently 14% (7 years), depreciation is considered on a vehicle by vehicle basis for example. Second-hand vehicles may be depreciated at 25% (4 years). Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Notes to the Financial Statements for the period ended 31st August 2024

1. Statement of accounting policies (continued)

1.6 Intangible fixed assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software **4 years straight line**

1.7 Interest Receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition. It is Trust policy to invest surplus funds in at least three different recognised financial institutions, the maximum fixed investment being £500k capital (excluding accrued interest) in institutions outside the current account holding bank. In the period, funds were spread across five financial institutions in order to spread the risk to reserves following the recent economic crisis.

1.10 Stocks

The only stocks held at the end of the period were stocks of curriculum materials. Stocks are stated at the lower of their cost and net realisable value.

1.11 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 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.

1.12 Provisions

Provisions are recognised when the 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.

Notes to the Financial Statements for the period ended 31st August 2024

1. Statement of accounting policies (continued)

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.

A contingent liability arises from a past event that gives the Trust a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Trust. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements. The Trust currently has no provisions except for the obligations with regard to the Local Government Pension Scheme and no contingent liabilities.

1.13 Leased Assets

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

1.14 Foreign Currency Transactions

Foreign currency transactions relate to field courses. They are recorded using the rate of exchange ruling at the date of the transaction. During the period, foreign currency transactions amounting to a total of £50k (2023: £11k) took place. There were no outstanding foreign currency transactions at the period end.

1.15 Taxation

The Trust is considered to pass the tests set out in paragraph 1 schedule 6 Finance Act 2010, and therefore meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.16 Pension Benefits

Retirement benefits to employees of the 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 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 Trust in separate administered funds. Pension scheme assets are measured at fair value and liabilities

Notes to the Financial Statements for the period ended 31st August 2024

1. Statement of accounting policies (continued)

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

1.17 Short Term Employment Benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the period in which the employees render service to the Trust. Any unused benefits are accrued and measured as the additional amount the Trust expects to pay as a result of the unused entitlement.

1.18 Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA and the Department for Education.

1.19 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 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.

Notes to the Financial Statements for the period ended 31st August 2024

1. Statement of accounting policies (continued)

The Trust has to determine whether leases entered into either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

The Trust has to determine whether there are indicators of impairment of the tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

The present value of the LGPS defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2024. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact upon the carrying amount of the pension liability.

Both LGP schemes are in surplus and as we are unable to realise the balances, the surplus has been presented as a zero balance on the balance sheet.

2. General Annual Grant (GAG)

The Trust was not subject to a GAG carry forward restriction.

3. Income from Donations and Capital Grants

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Restricted Fixed Asset Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Capital Grant	-	-	1,571	1,571	4,399
Other Donations	-	30	100	130	228
	-	30	1,671	1,701	4,627
2023	-	180	4,447	4,627	

Notes to the Financial Statements for the period ended 31st August 2024

4. Funding for the Trust's Educational Operations

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
DfE / ESFA Grants				
General Annual Grant (GAG)	-	45,729	45,729	29,998
Pension funding	-	1,720	1,720	1,174
Other DfE / ESFA Grants	-	1,139	1,139	320
	-	48,588	48,588	31,492
Other Government Grants				
Other government grants	-	-	-	-
Local Authority grants	-	492	492	203
	-	492	492	203
Other Funding				
Other grants	-	48	48	75
Other income from educational operations	1,583	1,951	3,534	2,033
	1,583	1,999	3,582	2,108
	1,583	51,079	52,662	33,803
2023	735	33,068	33,803	

Notes to the Financial Statements for the period ended 31st August 2024

5. Other Trading Activities

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
Catering income	55	-	55	58
Hire of facilities	120	-	120	57
Income from other activities	25	-	25	16
	200	-	200	131
2023				
	131	-	131	

6. Investment Income

	Unrestricted Funds 2024 £'000	Restricted Funds 2024 £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
COIF investments	9	-	9	-
Short term deposits	194	-	194	57
	203	-	203	57
2023				
	57	-	57	

Notes to the Financial Statements for the period ended 31st August 2024

7. Expenditure

	Non Pay Expenditure			Total 2024 £'000	Total 2023 £'000
	Staff Costs £'000	Premises £'000	Other £'000		
Trust's educational operation:					
• Direct Costs	27,650	-	6,068	33,718	20,405
• Allocated Support Costs	11,668	5,875	2,849	20,392	14,533
	39,318	5,875	8,917	54,110	34,938
2023	25,312	3,559	6,067	34,938	

Included in the Academy's 'educational direct costs – other' is £1,559k (2023: £718k) of expenditure spent from unrestricted funds.

Included in the Academy's 'educational allocated support costs – Premises' is £2,972k (2023: £1,457k) of expenditure spent from Restricted Fixed Asset Funds.

The remaining expenditure of £49,579k (2023: £32,763k) is spent from Restricted Funds.

Net Incoming Resources / (Resources Expended) for the period includes:

	2024 £'000	2023 £'000
Operating lease rental	224	136
Amortisation	7	11
Depreciation	2,723	1,446
Loss on disposal of fixed assets	242	-
FRS 102 net interest (income) / cost	(170)	82
Auditor's remuneration – Internal Audit	15	12
Auditor's remuneration – Financial statement and regularity	36	26

Notes to the Financial Statements for the period ended 31st August 2024

8. Charitable Activities

	Total 2024 £'000	Total 2023 £'000
Direct costs – educational operations	33,718	20,405
Support costs – educational operations (below)	20,392	14,533
	54,110	34,938

Analysis of support costs:

	Total 2024 £'000	Total 2023 £'000
Support staff costs	11,668	8,688
Amortisation	7	11
Depreciation	2,723	1,446
Loss on disposal of tangible fixed assets	242	-
Technology costs	1,240	855
Premises costs	2,903	2,101
Other support costs	1,572	1,340
Governance costs	37	92
Total Support costs	20,392	14,533

Notes to the Financial Statements for the period ended 31st August 2024

9. Staff Costs

A. Staff Costs and Employee Benefits

Staff costs during the period were:

	Total 2024 £'000	Total 2023 £'000
Wages & salaries	29,697	18,829
Social security costs	2,894	1,820
Operating costs of defined benefit pension schemes	6,763	4,053
Additional LGPS deficit lump sum contribution	108	17
Short term employee benefits	-	(1)
Apprenticeship Levy	132	79
FRS 102 Pension charge	(420)	284
	39,174	25,081
External employees	43	45
	39,217	25,126
Staff restructuring costs	101	186
Total staff costs	39,318	25,312
Staff restructuring costs comprise:		
• Contractual - redundancy payments	101	186

B. Severance Payments

The Trust paid nine severance payments in the year, disclosed in the following bands:

0 - £25,000	9
£25,001 - £50,000	-
£50,001 - £100,000	-
£100,001 – £150,000	-
£150,000 +	-

C. Staff Numbers

The average number of persons employed by the Trust during the period, were as follows:-

	2024 Headcount	2023 Headcount
Teachers	460	284
Administration and support	401	270
Management	8	17
	869	571

Notes to the Financial Statements for the period ended 31st August 2024**D. Higher Paid Staff**

The number of employees whose employee benefits (excluding employer pension costs and employer National Insurance) exceeded £60,000 in a twelve-month period was:

<i>In the band of:</i>	Key management personnel		Other Staff	
	2024	2023	2024	2023
£60,001 - £70,000	-	-	18	5
£70,001 - £80,000	-	-	5	3
£80,001 - £90,000	1	1	2	1
£90,001 - £100,000	1	2	1	-
£100,001 - £110,000	3	1	-	-
£110,001 - £120,000	1	-	-	-
£140,001 - £150,000	-	1	-	-
£150,001 - £160,000	1	-	-	-
	<u>7</u>	<u>5</u>	<u>26</u>	<u>9</u>

E. Key Management Personnel

The key management personnel of the Trust comprise the Trustees and the Senior Postholders as listed on page 2.

Key management personnel compensation for the period was made up as follows:

	2024 £'000	2023 £'000
Salaries – including restructuring costs	828	521
Employers National Insurance	104	66
Benefit in kind	-	-
	<u>932</u>	<u>587</u>
Pension contributions	205	119
	<u>1,137</u>	<u>706</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

F. Accounting Officer (Executive Principal)

The above compensation includes amounts payable during the period to the Accounting Officer (Executive Principal) (who was also the highest paid officer) of:

	2024 £'000	2023 £'000
Salaries	160	148
Employers National Insurance	21	20
Benefit in kind	-	-
	<u>181</u>	<u>168</u>
Pension contributions	41	34
	<u>222</u>	<u>202</u>

Notes to the Financial Statements for the period ended 31st August 2024

10. Trustees' Remuneration and Expenses

One or more Trustees have been paid remuneration or has received other benefits from an employment with the Trust. The Principal only receives remuneration in respect of services he provides in undertaking the role of Principal under his contract of employment.

The value of Trustees' remuneration and other benefits for the year to 31st August 2024:

Mr Peter Cooper (Principal and Trustee):

Remuneration £155,001 - £160,000 (2023: £145,001 - £150,000)

Employer's pension contributions paid £40,001 - £45,000 (2023: £30,001 - £35,000)

During the year ended 31 August 2024, travel and subsistence expenses totaling £3,029 (2023: £2,689) were reimbursed or paid directly to a Trustee. This was in relation to the work undertaken as employees of the Trust, not in relation to their roles as Trustees.

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Trust 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 £2,000,000 on any one claim and the cost for the year ended 31st August 2024 was £1,000 (2023: £1,000). The cost of this insurance is included in the total insurance costs.

12. Central Services

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

- Central staffing
- Audit and legal fees
- Central ICT licences
- Insurance

The Trust charges for these services on the basis of 5% of total ESFA funding.

The actual amounts charged during the year were as follows:

	2024	2023
	£'000	£'000
Hereford Sixth Form College	558	531
Worcester Sixth Form College	440	402
King Edward VI College, Stourbridge	635	531
The Chantry School	48	-
John Kyrle High School	78	-
	1,759	1,464

Notes to the Financial Statements for the period ended 31st August 2024

13. Intangible Fixed Assets

	Software £'000	Total £'000
Costs or valuation		
At 1st September 2023	62	62
Additions	-	-
At 31st August 2024	62	62
Amortisation		
At 1st September 2023	44	44
Charge	7	7
At 31st August 2024	51	51
Carrying value at 31st August 2024	11	11
Carrying value at 31st August 2023	18	18

Notes to the Financial Statements for the period ended 31st August 2024

14. Tangible Fixed Assets	Freehold Land & Buildings		Leasehold Land & Buildings		Assets Under Construction	Plant & Machinery	Furniture & Equipment	Computer Hardware	Motor Vehicles	Total
	£'000	£'000	£'000	£'000						
Cost or valuation										
At 1st September 2023	32,131	4,639	-	6,707	491	718	1,502	68	46,256	
Additions	856	-	57	648	59	440	178	-	2,238	
Transfers AUC	7,315	-	-	(7,315)	-	-	-	-	-	
Transfer in on conversion	6,578	18,389	792	-	14	262	156	1	26,192	
Disposals	(242)	-	-	-	-	-	-	-	(242)	
At 31st August 2024	46,638	23,028	849	40	564	1,420	1,836	69	74,444	
Depreciation										
At 1st September 2023	4,185	311	-	-	117	328	798	52	5,791	
Depreciation charge	1,792	121	240	-	49	179	334	8	2,723	
Elimination – disposals	-	-	-	-	-	-	-	-	-	
At 31st August 2024	5,977	432	240	-	166	507	1,132	60	8,514	
NBV at 31st August 2024	40,661	22,596	609	40	398	913	704	9	65,930	
NBV at 31st August 2023	27,946	4,328	-	6,707	374	390	704	16	40,465	

Notes to the Financial Statements for the period ended 31st August 2024

14. Tangible Fixed Assets (continued)

The academy trust's transactions relating to land and buildings included:

- The disposal of the Gatehouse at King Edward VI College at a value of £242k.
- Within buildings additions above, is £648k (2023: £5,543k) expenditure relating to assets under construction in year ended 31st August 2024.

The Trustees have considered the need for a full impairment review during the year and have concluded that they feel the assets are held at an appropriate valuation considering their current and future use in education.

15. Investments

	COIF £'000	Total £'000
Valuation		
At 1st September 2023	98	98
Additions	9	9
Revaluation	-	-
Valuation at 31st August 2024	107	107

16. Stocks

	2024 £'000	2023 £'000
Stock	26	15
	26	15

17. Debtors

	2024 £'000	2023 £'000
Trade debtors	104	63
VAT recoverable	175	191
Other debtors	73	55
Prepayments and accrued income – under one year	940	852
	1,292	1,161

Notes to the Financial Statements for the period ended 31st August 2024**18. Creditors: amounts falling due within one year**

	2024	2023
	£'000	£'000
Trade creditors	(5)	(10)
Other taxation, social security and pensions	1,475	893
Accruals and other creditors	2,170	2,287
Accruals – employee annual leave	43	43
Amounts owed to the ESFA	2,342	612
	6,025	3,825

Deferred Income

	2024	2023
	£'000	£'000
Deferred income as at 1 st September 2023	612	591
Resources deferred during the year	2,342	612
Amounts released from previous years	(612)	(591)
Deferred Income as 31st August 2024	2,342	612

Income has been deferred based upon the period to which it relates. At the balance sheet date, the Trust was holding the following funds received in advance:

	2024	2023
	£'000	£'000
ESFA funding creditor – revenue	737	612
EFSA funding creditor – capital	1,605	-
	2,342	612

The revenue creditor includes unspent bursary, free school meals and T Level grants that have been deferred to 2024/25 in line with funding regulations.

The capital creditor relates to unspent School Condition Allowance which can be deferred for one financial year as long as the Trust has clear expenditure plans.

Notes to the Financial Statements for the period ended 31st August 2024

19. Statement of Funds

	Brought Forward 1/9/2023 £'000	Income £'000	Expenditure £'000	Transfers In/Out £'000	Gains / (Losses) £'000	Carried Forward 31/8/2024 £'000
Total Unrestricted Funds	(130)	2,462	(1,559)	-	-	773
Restricted Funds						
Transfer on conversion	997	211	-	-	-	1,208
Pension Reserve	-	(1,029)	590	-	439	-
General Annual Grant	2,352	45,729	(44,789)	(567)	-	2,725
Pay & pension funding	-	1,720	(1,720)	-	-	-
Local Authority Grant	-	492	(492)	-	-	-
Other DfE / EFSA Grants	-	1,139	(1,139)	-	-	-
Other restricted funds	-	1,999	(1,999)	-	-	-
Donations	-	30	(30)	-	-	-
	3,349	50,291	(49,579)	(567)	439	3,933
Restricted fixed asset funds						
Transfer on conversion	30,714	26,192	(2,972)	-	-	53,934
DFE / ESFA capital grant	5,797	1,571	-	-	-	7,368
Donations	98	100	-	-	-	198
Capital exp. from GAG	3,874	-	-	567	-	4,441
	40,483	27,863	(2,972)	567	-	65,941
Total Restricted Funds	43,832	78,154	(52,551)	-	439	69,874
Total of Funds	43,702	80,616	(54,110)	-	439	70,647

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

- The Restricted General Fund includes GAG and other grants received from the ESFA and the Local Authority towards educational activities.
- The Restricted Fixed Asset Fund includes amounts received from the ESFA in respect of tangible fixed assets held for academy use. Transfers between the GAG Fund and Restricted Fixed Asset Fund relate to purchases from this fund.
- The Pension Reserve relates to the Trust's share of the Local Government Pension Scheme.
- Under the Funding Agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2024.

Notes to the Financial Statements for the period ended 31st August 2024

Transfers between funds

During the year, a transfer between funds has been made for fixed assets purchased out of general restricted funds.

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

	Brought Forward 01/09/2022 restated £'000	Income £'000	Expenditure £'000	Transfers In/Out £'000	Gains / (Losses) £'000	Carried Forward 31/08/2023 £'000
Total Unrestricted Funds	(335)	923	(718)	-	-	(130)
Restricted Funds						
Transfer on conversion	997	-	-	-	-	997
Pension Reserve	(2,255)	-	(366)	-	2,621	-
General Annual Grant	3,704	29,998	(29,147)	(2,203)	-	2,352
Pay & pension funding	-	1,174	(1,174)	-	-	-
Local Authority Grant	-	203	(203)	-	-	-
Other DfE / EFSA Grants	-	320	(320)	-	-	-
Other restricted funds	-	1,373	(1,373)	-	-	-
Donations	-	180	(180)	-	-	-
	2,446	33,248	(32,763)	(2,203)	2,621	3,349
Restricted fixed asset funds						
Transfer on conversion	32,171	-	(1,457)	-	-	30,714
DFE / ESFA capital grant	1,398	4,399	-	-	-	5,797
Donations	50	48	-	-	-	98
Capital exp. from GAG	1,671	-	-	2,203	-	3,874
	35,290	4,447	(1,457)	2,203	-	40,483
Total Restricted Funds	37,736	37,695	(34,220)	-	2,621	43,832
Total of Funds	37,401	38,618	(34,938)	-	2,621	43,702

Notes to the Financial Statements for the period ended 31st August 2024

19. Statement of Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2024 were allocated as follows:

	2024	2023
	£'000	£'000
Hereford Sixth Form College	3,328	3,233
Worcester Sixth Form College	145	(440)
King Edward VI College, Stourbridge	203	(246)
The Chantry School	571	-
John Kyrle High School	(239)	-
Central services	698	673
Total before fixed assets and pension reserve	4,706	3,220
Restricted fixed asset funds	65,941	40,482
Pension reserve	-	-
Total	70,647	43,702

John Kyrle High School is carrying a net deficit of £239k (2023: not part of MAT) on these funds. The School is working towards managing costs.

Total cost analysis by academy

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

	Teacher and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	2024	2023
	£'000	£'000	£'000	£'000	£'000	£'000
Hereford Sixth Form College	6,161	3,253	1,507	1,210	12,131	11,483
Worcester Sixth Form College	4,937	2,352	684	1,467	9,440	8,361
King Edward VI College	6,305	2,965	1,059	2,058	12,387	11,693
The Chantry School	3,515	1,389	258	903	6,065	-
John Kyrle High School	5,934	1,703	804	1,467	9,908	-
Central services	577	184	23	423	1,207	1,944
Trust	27,429	11,846	4,335	7,528	51,138	33,481

The FRS 102 pension charges of the Worcestershire Pension Fund have been allocated against Central Services as the split between the MAT's sites cannot be identified. The FRS 102 pension charges of the West Midlands Pension Fund have been allocated against Central Services, in order for consistent treatment across the MAT.

Notes to the Financial Statements for the period ended 31st August 2024

20. Analysis of Net Assets between Funds

Fund balances at 31 August 2024 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible Fixed Assets	-	-	11	11
Tangible Fixed Assets	-	-	65,930	65,930
Investments	9	98	-	107
Currents Assets	764	9,860	-	10,624
Current Liabilities	-	(6,025)	-	(6,025)
Pension Scheme asset	-	-	-	-
Total Net Assets	773	3,933	65,941	70,647

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

	Unrestricted Funds restated £'000	Restricted General Funds restated £'000	Restricted Fixed Asset Funds restated £'000	Total Funds restated £'000
Intangible Fixed Assets	-	-	18	18
Tangible Fixed Assets	-	-	40,465	40,465
Investments	-	98	-	98
Currents Assets	36	6,910	-	6,946
Current Liabilities	(166)	(3,659)	-	(3,825)
Pension Scheme asset	-	-	-	-
Total Net Assets	(130)	3,349	40,483	43,702

21. Capital Commitments

	2024 £'000	2023 £'000
Contracted for, but not provided in the financial statements	999	1,002
	999	1,002

Notes to the Financial Statements for the period ended 31st August 2024

22. Commitments under Operating Leases

At 31st August, the Trust had minimum lease payments under non-cancellable operating leases as follows:

	2024 £'000	2023 £'000
Land and building		
- Amounts due within one year	53	37
- Amounts due between one and five years	213	183
- Amounts due after five years	374	255
	640	475
Other		
- Amounts due within one year	105	69
- Amounts due between one and five years	248	122
- Amounts due after five years	-	-
	353	191

23. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2024 £000	2023 £000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	26,506	3,680
<i>Adjusted for:</i>		
Transfer from local authority on conversion [note 33]	(25,850)	-
Cash received on conversion	1,130	-
Net debtors / creditors received on conversion	(443)	-
Amortisation [note 13]	7	11
Depreciation [note 14]	2,723	1,446
Loss on disposal of fixed assets [note 14]	242	-
Capital grants from DfE and other capital income [note 3]	(1,671)	(4,447)
Interest receivable [note 6]	(194)	(57)
Defined benefit pension scheme cost less contributions payable [note 29]	(420)	284
Defined benefit pension scheme finance cost [note 29]	(170)	82
(Increase) in investments [note 15]	(9)	-
(Increase) / Decrease in stocks [note 16]	(11)	(7)
(Increase) in debtors [note 17]	(131)	(375)
Increase in creditors less than 1 year (excl. ESFA creditor – capital) [note 18]	595	761
Net cash provided by / (used in) Operating Activities	2,304	1,378

Notes to the Financial Statements for the period ended 31st August 2024

24. Cash flows from financing activities

	2024	2023
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

25. Cash flows from investing activities

	2024	2023
	£000	£000
Dividends, interest and rents from investments	194	57
Purchase of intangible fixed assets	-	(10)
Purchase of tangible fixed assets	(2,238)	(6,640)
Capital grants from DfE/ESFA	1,571	4,399
Capital donation	100	48
Increase in creditors less than 1 year (ESFA creditor – capital)	1,605	-
Net cash provided by / (used in) investing activities	1,232	(2,146)

26. Analysis of cash and cash equivalents

	2024	2023
	£000	£000
Cash in hand and at bank	9,306	5,770
Total cash and cash equivalents	9,306	5,770

27. Contingent liabilities

The Trust is not aware of any issues that could give rise to a contingent liability.

28. 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 £1 for the debts and liabilities contracted before he/she ceases to be a member.

Notes to the Financial Statements for the period ended 31st August 2024

29. Pension Obligations

The Trust's employees belong to two principal pension schemes, the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which are managed by Worcestershire County Council (WCC) and Dudley Metropolitan Borough Council (DMBC). Both are multi-employer defined-benefit plans.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £822k were payable to the schemes at 31 August 2024 (2023: £470k) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies 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 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE (Superannuation Contributions Adjusted for Past Experience) rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation outcome are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% employer administration charge). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million giving a notional past service deficit of £39,800 million

The results of this valuation were implemented from 1 April 2024. The next valuation result is due to be implemented by 1 April 2028.

Notes to the Financial Statements for the period ended 31st August 2024

29. Pension Obligations (continued)

The employer’s pension costs paid to TPS in the period amounted to £4,996k (2023: £2,818k).

A copy of the valuation report and supporting documentation is on the Teachers’ Pension website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension plan. The Trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Trust has taken advantage of the exemption in FRS 102 and 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.

Local Government Pension Scheme

The LGPS are funded defined-benefit pension schemes, with the assets held in separate Trustee-administered funds. King Edward VI College, Stourbridge uses the West Midlands Pension Fund (WMPF) and the rest of the Trust uses the Worcestershire Pension Fund (WPF). The total contribution made for the period ended were:

	2024	2023
	£’000	£’000
Employer’s	1,872	1,212
Employee’s	544	374
	2,416	1,586

The agreed contribution rates for future years are 19.6% (WPF) and 21.8% (WMPF) for employers and 5.5% to 9.9% for employees, depending on salary. Due to a past deficit in the scheme, the Trust has made additional contributions in the period amounting to £108k (2023: £nil) to WPF and £nil (2023: £nil) to WMPF.

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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

The assumptions used by the actuaries in the year end LGPS pension valuation does not take account of the current inflation rates. Although this would adjust the valuation, the Trustees feel this is an arbitrary exercise which would add unnecessary additional cost in these already financially challenging times. A full triennial valuation will be performed in 2025, the results of which will come into effect from 1 April 2026.

Notes to the Financial Statements for the period ended 31st August 2024

29. Pension Obligations (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2022, updated by a qualified independent actuary:

	31 August 2024 %	31 August 2024 %	31 August 2023 %	31 August 2023 %
	WPF	WMPF	WPF	WMPF
Rate of increase in salaries	4.15	3.65	4.3	4
Rate of increase for pensions in payment / inflation	2.65	2.65	2.9	3
Discount rate for Scheme Liabilities	5	5	5.4	5.2
Inflation assumption (CPI)	2.65	2.65	2.8	3
Commutation of pensions to lump sums (max)	75	50	50	50

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

	31 August 2024 WPF	31 August 2024 WMPF	31 August 2023 WPF	31 August 2023 WMPF
Retiring Today				
Males	21.2	20.6	21.5	20.7
Females	23.6	24.2	23.8	24.2
Retiring in 20 Years				
Males	22.5	21.7	22.8	21.8
Females	25.4	25.4	25.6	25.4

Sensitivity Analysis	31 August 2024 £'000	31 August 2023 £'000
Discount rate -0.1%	3,770	3,096
Mortality assumption 1 year increase	3,017	2,837
CPI rate +0.1%	3,781	3,092
Pay growth +0.1%	4,469	3,478

Notes to the Financial Statements for the period ended 31st August 2024

29. Pension Obligations (continued)

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

	31 August 2024 £'000	31 August 2023 £'000
Equities	26,252	20,289
Bonds	6,085	2,342
Cash	1,030	535
Property	8,110	2,217
Other	-	2,975
Total market value of assets	41,477	28,358
Actual return on scheme assets	4,404	759

Amounts included in the balance sheet in respect of the defined benefit pension plan:

	31 August 2024 £'000	31 August 2023 £'000
Fair value of plan assets	41,477	28,358
Present value of plan obligations	(41,477)	(28,358)
Net pensions asset / (liability)	-	-

Amounts recognised in the Statement of Financial Activities (incorporating the income and expenditure account):

	31 August 2024 £'000	31 August 2023 £'000
Current service cost	(1,421)	(1,481)
Past service cost	(31)	-
Net interest income / (costs)	170	(82)
Transfer in on conversion	(1,029)	-
Remeasurement of assets	439	2,621
Administration fee	-	(15)
Total amount recognised in the SOFA	(1,872)	1,043

Notes to the Financial Statements for the period ended 31st August 2024

29. Pension Obligations (continued)

Movement in net defined benefit asset / (liability) during the period:

	31 August 2024 £'000	31 August 2023 £'000
Brought forward at 1 September 2023	-	(2,255)
<i>Movement in period:</i>		
Current service cost	(1,421)	(1,481)
Past service cost	(31)	-
Employer contributions	1,872	1,212
Net interest on defined liability	170	(82)
Administration fee	-	(15)
Transfer in on conversion	(1,029)	-
Actuarial gain	439	2,621
Net defined benefit asset / (liability) in scheme at 31 August 2024	-	-

Asset and Liability Reconciliation:

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

	31 August 2024 £'000	31 August 2023 £'000
Brought forward at 1 September 2023	28,358	28,667
Current service cost	1,421	1,481
Past service cost	31	-
Interest costs	1,774	1,232
Employee contributions	544	374
Transfer in on conversion	8,266	-
Actuarial (gain)	1,931	(2,702)
Estimated benefits paid	(848)	(694)
Defined benefit obligations at 31 August 2024	41,477	28,358

Notes to the Financial Statements for the period ended 31st August 2024

29. Pension Obligations (continued)

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

	31 August 2024	31 August 2023
	£'000	£'000
Brought forward at 1 September 2023	28,358	26,412
Interest income	1,944	1,150
Actuarial gain / (loss)	2,370	(81)
Employer contributions	1,872	1,212
Employee contributions	544	374
Administration fee	-	(15)
Transfer in on conversion	7,237	-
Estimated benefits paid	(848)	(694)
Fair value of scheme assets at 31 August 2024	41,477	28,358

Both LGP schemes are in surplus and as we are unable to realise the balances, the surplus has been presented as a zero balance on the balance sheet.

30. Related Party Transactions

Owing to the nature of the Trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook (ATH), including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's Financial Regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period:

The total expenses paid to or on behalf of the Trustees during the period were less than £1k (2023: £1k).

No Trustee has received any remuneration or waived payments from the Trust during the period.

Worcester Sixth Form College – Mr Edward Senior

The wife of the Principal was employed by the College during the period and received remuneration of £45k (2023: £52k). The post was paid within the normal pay section for her role and this individual received no special treatment as a result of the relationship.

John Kyrle High School – Mr Julian Morgan

The wife of the Headteacher was employed by the School during the period and received remuneration of £47k (2023: not part of MAT). The post was paid within the normal pay section for her role and this individual received no special treatment as a result of the relationship.

31. Events after the end of the reporting period

There have been no events since the balance sheet date that would materially affect the results for the period.

Notes to the Financial Statements for the period ended 31st August 2024**32. Agency Arrangements**

The Trust distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2024, the Trust received £1.643m (2023: £1.546m) and disbursed £971k (2023: £955k) from the funds. As a result, an amount of £672k (2023: £591k) is included in creditors relating to the undistributed funds.

33. Conversion to an Academy Trust

On 1st September 2023, The Chantry School and John Kyrle High School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Heart to Mercia Trust from the former The Chantry School and John Kyrle High School 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 "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 £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total £'000
The Chantry School				
Tangible fixed assets				
Freehold land and buildings	-	-	6,578	6,578
Other tangible fixed assets	-	-	326	326
Current assets	352	518	-	870
Current liabilities	-	(342)	-	(342)
Pension liability	-	(241)	-	(241)
Net assets/liabilities	352	(65)	6,904	7,191

Notes to the Financial Statements for the period ended 31st August 2024

33. Conversion to an Academy Trust (continued)

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total £'000
John Kyrle High School				
Tangible fixed assets				
Leasehold land and buildings	-	-	18,389	18,389
Other tangible fixed assets	-	-	899	899
Current assets	124	551	-	675
Current liabilities	-	(516)	-	(516)
Pension liability	-	(788)	-	(788)
Net assets/liabilities	124	(753)	19,288	18,659
Transfer in on conversion	476	(818)	26,192	25,850

