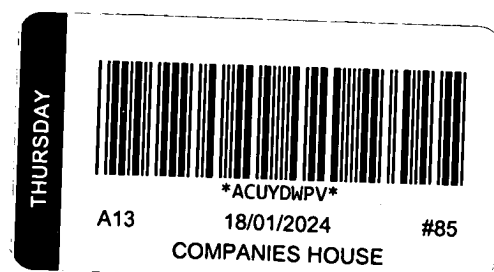


Company Registration Number: 07611347 (England & Wales)

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

---

**CONTENTS**

---

	Page
<b>Reference and Administrative Details</b>	1 - 2
<b>Trustees' Report</b>	3 - 32
<b>Governance Statement</b>	33 - 38
<b>Statement of Regularity, Propriety and Compliance</b>	39
<b>Statement of Trustees' Responsibilities</b>	40
<b>Independent Auditor's Report on the Financial Statements</b>	41 - 44
<b>Independent Reporting Accountant's Report on Regularity</b>	45 - 46
<b>Statement of Financial Activities Incorporating Income and Expenditure Account</b>	47 - 48
<b>Balance Sheet</b>	49 - 50
<b>Statement of Cash Flows</b>	51
<b>Notes to the Financial Statements</b>	52 - 90

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS**

---

**Members**

Vivian Fairbank  
Brian Powell  
John Punch  
John Vallance  
Lorraine Johnson

**Honorary Member & Sponsor Emeritus**

*Eric Payne OBE*

**Trustees**

Kevin Davis, Chair  
Rebecca Hearsey, Vice Chair  
The Revd. Beverley Boden  
Jane Bonner  
Mark Harland  
The Rt Hon Sir Gary Hickinbottom  
Paul Lee  
Dr David Oloke (resigned 11 October 2022)  
Roland Roberts  
Eddie Stride  
Jackie L'Herroux  
Robert Quayle  
Winston David Weir (appointed 11 October 2022)

**Company registered number**

07611347

**Company name**

The Mercian Trust

**Registered office**

Mercian House  
Sutton Road  
Walsall  
West Midlands  
WS1 2PG

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Company secretary**

Mrs Joanne Louise Timmis

**Chief executive officer**

Daniel Parkes

**Executive management team**

Lois Kelly, Trust, Executive Director of Education

Andrew Paulson, Chief Financial Officer

Sharlene Smith, Trust, Commercial Director (resigned 31 October 2023)

Christina Haydock, Trust, Business Operations and Project Director

**Independent auditor**

Crowe U.K. LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers**

Lloyds Bank plc  
The Bridge  
Walsall  
West Midlands  
WS1 1LU

**Principal office**

Queen Mary's Grammar School  
Sutton Road  
Walsall  
West Midlands  
WS1 2PG

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

The Trustees of The Mercian Trust ("the Trust") present their annual report together with the audited financial statements and auditor's report of the Trust for the year ended 31 August 2023. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Mercian Trust multi academy trust operates 9 academies across Walsall and Sandwell, including 6 x 11-19 academies, a 11-16 academy, a 14-19 Studio School and an 11-19 Alternative Provision Free School.

The schools in the Trust are:

- Aldridge School
- Queen Mary's Grammar School
- Queen Mary's High School
- Shire Oak Academy
- Walsall Studio School
- The Ladder School, Walsall
- Q3 Academy Great Barr Academy
- Q3 Academy Langley Academy
- Q3 Academy Tipton Academy

The Trust has a combined pupil capacity of 10,600 and had a roll of 9,689 in the school census on 6 October 2023 (including post 16).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **a. CONSTITUTION**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's articles of association are the primary governing documents of the Trust, and with the formation of the multi academy trust on 1 January 2018, new articles were adopted then, which were approved by the Secretary of State for Education. These provided for five members as follows:

- Queen Mary's Schools Foundation
- Two persons appointed by Queen Mary's Schools Foundation
- Vine Trust Walsall
- One person appointed by Vine Trust Walsall

The Trust is governed by the Trustees who are appointed as follows:

- Two trustees appointed by the members
- Three trustees appointed by the Foundation
- Two trustees appointed by Vine Trust Walsall

Trustees co-opt additional trustees with the consent of a majority of the members.

The above appointees act as trustees for the charitable activities of the Trust and are also the directors of the charitable company for the purposes of company law.

Under paragraph 27 of the Trust's articles of association the trustees appointed Eric Payne OBE as Sponsor Emeritus and Honorary Member from May 2022 when the Q3 Academies transferred into the Trust via Trust Merger.

Under the Articles of Association of the Trust, the Board of Trustees does not include employees of the Trust. The Chief Executive Officer and the Chief Finance Officer attend meetings, but they are not Trustees.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**b. MEMBERS' LIABILITY**

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

**c. TRUSTEES' INDEMNITIES**

The Trust and its schools are members of the Academies' Risk Protection Arrangement (RPA), a Government backed compensation scheme offered by the ESFA to Academies. The Trustees consider that the RPA offers sufficient compensation to cover the appropriate risks of the Trust as well as good value for money.

**d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The Board of Trustees consisted of 13 Trustees during the period. Two were appointed by the members of the company, three appointed by the Queen Mary's Schools Foundation, two by Vine Trust Walsall. Six were co-opted by trustees with the consent of members.

The Foundation is a charitable organisation with a board of trustees comprising representatives with connections to three schools (Queen Mary's Grammar School, Queen Mary's High School and Mayfield Preparatory School), although not employed by them.

The Vine Trust, Walsall is a registered charity which works in Walsall and other Black Country boroughs engaged in economic, environmental and social regeneration.

Two trustees (who had previously served on the Quaerere Academies Trust board) were co-opted onto the board following the Trust merger on 1st May 2022 where the 3x Q3 Academies transferred into The Mercian Trust.

**e. POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The Chair, Chief Executive Officer (CEO), and Trust Governance Professional are responsible for the induction of new Trustees. The Executive Team and the Trust Governance Professional provide them with induction information including details of the Trustees, minutes of previous meetings, the Trust's strategic plan, and details of how to obtain further information about governor responsibility (e.g., the National Governance Association and Gov.uk websites). New Trustees meet with other senior leaders within the Trust most appropriate to their experience and areas of responsibility.

A review of skills audits, completed annually, inform a comprehensive programme of bespoke training in-year. Training is provided online and in person. Special events are set up to meet particular needs in addition to a trust-wide annual governance conference for non-executive leaders from all tiers of governance in the trust. Specific areas of training include safeguarding and GDPR. Trustees also have the opportunity to attend formal governor training sessions held by Local Authorities, as well as access to the appropriate local Governors' Association.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**f. ORGANISATIONAL STRUCTURE**

The Board of Trustees operates with four principal sub-committees: Finance and Resources Committee (FRC), Audit and Risk Committee (ARC), the Achievement, Inclusion, Social Mobility and Safeguarding Committee (AIMS) and People and Culture (PCC). These committees provide robust oversight of the Trust's work to ensure financial probity, the highest standards of governance, educational standards and outcomes for students.

Each school within the Trust maintains a Local Governing Body (LGB). These are appointed by the trustees and are special sub-committees of the Trust. A Trust document, Rhythms of the Year, sets out the timing and agendas for each LGB meeting and LGB Chairs are supported by the Trust to hold school leaders to account for the educational standards and school improvement in each school. Communication between LGB Chairs, Trustees and the Trust Executive is maintained through Keeping in Touch (KIT) forums each term which include the sharing of best practice, alongside training and support.

Panels are convened as required for dealing with matters of staffing, pupil discipline and appeals from these. A panel to deal with any complaints that could not be resolved internally is also convened when required. The Trust Governance Professional has a remit to convene these panels as and when required from eligible Trustees.

Responsibility for day-to-day leadership and management of the Trust is delegated to the CEO and his team of executive leaders, other senior leaders in the trust's central team and the headteachers of each of the trust's schools.

Strategic investments made from the Trust's reserves have facilitated an increased capacity and capability of the Trust to enable successful schools. This includes establishing and embedding Trust teams for school improvement and teacher development to provide and coordinate staff CPD and targeted school improvement activities. It also includes establishing and embedding a multi-disciplinary team of clinical professionals and therapists to identify and respond to the SEND and SEMH needs of students in all Trust schools.

During the year the MAT Executive Team (including headteachers from each school) held meetings each half term to discuss all aspects of the Trust's work, develop strategy and refine proposals to the board of Trustees. Where a course of action requires significant expenditure (capital projects, staffing, etc.) or more detailed scrutiny of educational impact, they refer decisions through the appropriate committee.

The CEO is the Accounting Officer of the Trust.

The Trust operates with a substantive Trust Governance Professional overseeing the work of clerks and governance secretaries for all tiers of governance.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF SENIOR STAFF AND MANAGEMENT**

All of the Trustees carry out their work for the Trust on a pro bono basis but they have overall responsibility for setting the Trust's pay policy and reviewing the remuneration of senior management within the Trust.

The Trustees have established a separate Pay Committee to oversee this process, which comprises a majority of Trustees. This Committee has delegated responsibility for reviewing pay proposals for staff and senior management.

Decisions in relation to the performance management and pay for teaching staff and school leaders are delegated to the relevant Local Governing Body supported by Trust executive leaders. The Trust Pay Committee receives recommendations from the CEO in respect of Headteachers and staff in the Trust central team.

The Committee also appoints an independent adviser, usually a Chief Executive from another multi academy trust, or a senior figure in the sector, to review the performance of the CEO and advise on recommendations of other key senior management where appropriate. This independent advice also includes advice on the setting of pay for the CEO.

In setting Executive Pay for senior leaders, including the CEO and headteachers, trustees considered pay across the Trust and the responsibilities of system leaders and followed guidance published by the Education and Skills Funding Agency and sector bodies as appropriate.

**h. TRADE UNION FACILITY TIME**

**Relevant union officials**

Number of employees who were relevant union officials during the year	7
Full-time equivalent employee number	8

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	8
1%-50%	-
51%-99%	-
100%	-
<b>Percentage of pay bill spent on facility time</b>	<b>£</b>
Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
---	-----



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY TRANSACTIONS**

The Trust maintains a register of Business Interests, including details of related parties, so as to identify potential conflicts of interest, if any. In the unlikely event of a potential conflict of interest, this enables the Trustees to manage the matter in the most appropriate way. In addition, all agendas for meetings (including Committee meetings) have "Declarations of Interest" as a standing item. Similar registers are maintained by each of the schools within The Trust and agendas of the meetings of the LGBs also have "Declarations of Interest" as a standing item.

Trustees receive no payment for their services but may in limited circumstances be reimbursed for out-of-pocket expenses incurred wholly and exclusively on behalf of the Trust's business.

Recruitment of staff who may be connected to Trustees is conducted in accordance with the Trust's recruitment policies and procedures and with the connected trustee having no vote or influence over such appointment.

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Financial Handbook (now Academy Trust Handbook) and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

**Queen Mary's Schools Foundation**

The Foundation is a charitable trust and holds on trust, as a perpetual endowment, funds donated and investments made over the years since the founding of the school by the letters patent of Queen Mary in 1554, and subsequently the founding of Queen Mary's High School (for girls) and Mayfield Preparatory School. The endowment is used:

- To provide the above schools with benefits including funding of any kind as may be agreed from time to time between the governing bodies of the Foundation and the schools
- To promote the education of pupils of the schools it supports who may be in need of financial assistance

The Foundation can appoint members and Trustees of the Trust, as described above. The Trust has not made any payments during the year to the Foundation.

During the year the Trust has received income in the form of donations from The Foundation relating to running the entrance tests for Queen Mary's Grammar School and Queen Mary's High School, as well as donations from parents for enrichment activities. The Foundation has also provided the services of a Clerk to the Governors of Queen Mary's Grammar School and Queen Mary's High School at no cost to the Trust.

The Foundation owns the freehold land on which both Queen Mary's school sites are based. These are let at a peppercorn rental to the Trust under a 125-year lease for the main sites and 10 year leases for their playing fields, also at a peppercorn rent.

**Farchynys Estate Management Ltd ("FEML").**

In 1965 a group of former pupils of Queen Mary's Grammar School acquired a property at Farchynys Hall, near Barmouth in Wales, to provide boys from the school with the opportunity to benefit from outward bound activities at a residential centre. This property, the Coach House, is owned by four trustees, appointed by Queen Mary's Old Boys' Club. The facility is made available to the school and other schools in The Trust. With recent expansion at Queen Mary's Grammar School, the centre became outgrown. As a result, The Foundation, and the Queen Mary's (Old Boys') Club Scholarship Fund ("OBSF"), a linked charity of the Foundation, agreed to raise funds to acquire two additional buildings on an adjacent site. Thanks to generosity of old boys these were acquired in 2015. The Barn was acquired by The Foundation and is made available for the school's use. To provide greater control over the site, the adjacent cottage was acquired by the OBSF as an investment for that charity.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

The properties are owned by these separate bodies, but to manage the estate more effectively, it was agreed to establish a separate legal entity, Farchynys Estate Management Ltd. This company manages and pays for the maintenance of the properties and manages the letting agent for the cottage.

The objective of establishing FEML is to continue to provide the Trust with a fantastic residential centre, at cost to encourage greater utilisation by pupils within the Trust. The Trust charges parents for board and lodging on the residential trips and pays these fees to FEML for the use of the Coach House and the Barn. All charges are at cost and in accordance with the Academy Trust Handbook.

Details of the financial value of transactions are included in note 31 of the notes to the financial statements. All transactions incurred by the Trust were charged at cost and in accordance with the Academies Financial Handbook.

**j. ENGAGEMENT WITH EMPLOYEES (INCLUDING DISABLED PERSONS)**

Employees share their views throughout the year. Staff have been consulted on issues of interest and concern through a series of staff surveys, interactive webinars and meetings have provided important feedback to executive leaders and trustees regarding their experiences working in Trust schools.

Staff have been kept informed of specific matters directly by leaders including through informal briefings and meeting with school and Trust executive leaders. The use of online surveys, email communication and video briefings with opportunity for 'feedback' has become embedded in the Trust's working practices and ensures trustees receive the views of staff in all schools and central teams.

Feedback received in staff surveys shows that staff in all 9 academies and Trust central teams value the Trust ethos and appreciate the Trust as a values-driven organisation.

Staff voice (including responses to anonymous surveys) has provided positive responses to trustees:

- 85% of staff feel communication between leaders and all staff is good
- 79% of staff find enjoyment in their job
- 75% of staff say most days they see the positive impact of their work

Staff voice has also provided feedback to trustees that has prompted further consideration in respect of the Trust as an employer and the recruitment and retention challenges in the sector as a whole:

- 25% of staff say the level of stress in their job is unsustainable in the long term
- 7% of staff say they are not happy to recommend working in our Trust to others (compared to 10% in previous years)

As one employer, the Trust has implemented a full suite of detailed HR policies. Throughout the year staff and trade unions were consulted regarding the development of new harmonised policies. These policies were agreed, and approved by trustees in readiness for implementation from the beginning of the 2023/24 academic year.

Trust-wide policies also include: Equal Opportunities Policy, Volunteers' Policy, Health & Safety Policy.

In accordance with the Trust's equal opportunities policy, the Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Trust's offices.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**k. ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE TRUST**

The Trust engages with suppliers and customers effectively through transparent procurement practices and ongoing dialogue with suppliers and potential vendors. The Trust has established procurement procedures and a Procurement Policy that sets out how the Trust will engage with suppliers. There has been effective engagement with suppliers during 2022/23 through:

- Numerous procurement and tender exercises using government frameworks and other tender approaches – enabling direct communication as part of the processes. Regular meetings are held with vendors to discuss services and contract performance.

The Trust also ensures that suppliers are paid in line with payment terms and that any queries are resolved as quickly as possible.

**OBJECTIVES AND ACTIVITIES**

**a. OBJECTS AND AIMS**

The Trust's mission is to increase opportunities and improve outcomes for students by providing the best education and life chances for the children and young people of Walsall, Sandwell and the surrounding areas.

The Trust brings together a diverse family of schools committed to each other; different schools serving a wide range of individual needs working as one charitable trust to offer the broadest and best education to all pupils regardless of their socio-economic, cultural or ethnic background.

The Trust leads, manages, and governs schools in a defined geographical region but in a wide range of different educational arenas including:

- Selective Grammar Schools for highly academic students (including high-achieving disadvantaged students)
- Comprehensive Schools (inclusive in admission and opportunity for all)
- Technical Vocational Specialist Education for students for whom a traditional academic curriculum and schooling has not been 'best fit'.
- Alternative Provision for students who have been excluded or are at risk of being excluded from mainstream education.

Leveraging the strengths of the participating schools, students attending schools in The Mercian Trust have access to the opportunities each school brings – in teaching, leadership, breadth of curriculum, facilities, enrichment activities and community engagement.

We exist to enable successful schools which, for us, means:

Equipping students in our schools to live life to the full in pursuit of what is good, right, and true, which we define as:

- Realise their potential
- Thrive in the world of work
- Make a positive contribution to the local, national and international community.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**OBJECTIVES AND ACTIVITIES (continued)**

Our joint commitment to social mobility and social justice unifies our diverse family of schools. Within the different contexts and arenas of education our schools operate, our Trust is committed to increasing opportunities and improving outcomes for students, and particularly for:

- Disadvantaged students
- Students with SEND
- Other vulnerable groups including students with a social worker
- Students who are more likely to face discrimination for any reason (EDIB).

The Trust's overarching commitment to social mobility and social justice means efforts in schools are prioritised to address generational failings for disadvantaged and vulnerable children including those with special educational needs and disabilities and those more likely to experience discrimination in their lives.

Building on the work we have developed in the pioneering years of our Trust (including our 'Behaviours we value' and our 'Mercian Professional Relationship Principles') we have developed our Mercian Blueprint for Leadership and Culture. This blueprint sets out the principles, values, and professional behaviours we expect our leaders to 'model' to our staff and in turn our staff to 'model' to our students.

Our blueprint has been 'codified' to create a leadership profiler that informs the 'professional behaviours' aspects of performance management appraisal as well as informing coaching, development and training.

Our principles are (1) Social Mobility, (2) Belonging and Inclusion, (3) Innovation and Improvement, and (4) Safeguarding and Wellbeing

Our values are:

- We Care – kind and compassionate but uncompromising in our pursuit of Excellence and Rigour
- We are Courageous – ambitious for all our students and staff; we are agile, flexible, and bold in our decision-making
- We are Candid – we are people of Honesty and Sincerity; we welcome Clarity Feedback and Critique
- We are Accountable – we model Leadership and Integrity; we demonstrate objectivity and openness.

Beyond our principles and values, it is our professional behaviours that set out the characteristics of Mercian leaders and staff in our work, in our relationships, in our development and in our (overall) approach.

<b>Our Professional Behaviours (Mercian Blueprint for Leadership and Culture)</b>	
In our work:	We work with accuracy and precision; we are inquisitive and professional. We demonstrate positivity, resilience, and determination.
In our relationships:	We uphold and embrace fairness, equitability, and teamwork. We collaborate respectfully and demonstrate commitment to each other.
In our development:	We engage with quality educational research. We develop ourselves and others through tailored professional learning.
In our approach:	We are outward looking with a pioneering spirit. We navigate change with a commitment to serve our local communities.

The Trust ensures each school has an ambitious, relevant, and responsive curriculum that is delivered expertly inside and outside of the classroom. The Trust provides the leadership and investment required to enable schools to embrace new opportunities for the digital transformation of teaching and facilitate students in the enjoyment of developing knowledge, understanding and skill. The Trust work in these areas has been externally

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**OBJECTIVES AND ACTIVITIES (continued)**

validated including through the Ofsted inspection of each school.

As a result of the Trust's commitment to improvement and innovation, students in Mercian schools will demonstrate the cognitive and technical skills required to exemplify digital literacy, they will be the highest academic achievers who secure places at top universities, conservatoires and specialist colleges – and our students with talents in practical and vocational skills will secure qualifications and experiences that are valued by businesses and enable progression onto apprenticeship pathways with flagship employers.

As a result of constituent schools' commitment to each other, both staff and students will be physically and mentally healthy with the resilience, adaptability and values required to make good life choices and build successful personal and professional relationships. They will be the first to welcome people new to our local community and embrace opportunities to learn from diverse cultural experiences and from people with different religious faiths and beliefs.

**b. OBJECTIVES, STRATEGIES, AND ACTIVITIES**

The Trust's strategic plan 2020-2025 is structured around 5 strategic themes:

1. Social Justice and Social Mobility (through education)
2. Systems and structures that enable successful schools
3. Digital Transformation of how we teach, learn, lead and operate
4. Employer of Choice
5. Growing our Trust in size and influence

All reporting on the development and performance of the Trust is structured around these 5 strategic themes and all briefing papers and decision papers reference them clearly.

A Trust-wide development plan that sets out clearly how the ambitions of the strategic plan will be achieved has been refined throughout the period. This plan now provides a consolidated, common report for reporting to the Trust board and each of the substantive committees.

The work of the Trust to move the strategic plan forward in this period focused on:

- Leading our schools and 'The System' in Social Mobility
- Digital Transformation (Phase 2: Infrastructure, migration, staff training)
- Sustainability, Stability and Succession Planning

Our Strategic Plan 2020-2025 sets out the first major milestones of successfully *establishing* (not just forming) our Trust. The delivery of our 3x BIG MOVES to fulfil our current strategic plan will enable us to succeed in the objectives we set out to *establish* our Trust.

Our priorities moving forward include our 3x BIG MOVES (2023-2025) to ensure the long-term future of our Trust. Their delivery and the fulfilment of our 2020-2025 strategic plan are designed to ensure the 'future proofing' our Trust. Our current BIG MOVES are summarised as:

- BIG MOVE 1 – Our Students – Inclusion and Alternative Provision
- BIG MOVE 2 – Our People and Culture – Retaining and Developing Staff, Growing Leaders
- BIG MOVE 3 – Our Trust – The Digital Transformation of how we Teach, Learn, Lead and Operate

Our strategic and development planning sets our Trust work in each of the five arenas of influence and accountability:

- School improvement and Innovation
- Developing People, Culture and Talent

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**OBJECTIVES AND ACTIVITIES (continued)**

- The Business of Education (Sustainability and Growth)
- Governance, Risk and Compliance
- Strategic Relationships and Partnerships

It also demonstrates our Trust work and its impact in each of the 'High Quality Trust' descriptors published by the DFE during this period.

**c. PUBLIC BENEFIT**

The Trust is mindful of the guidance on public benefit issued by the Charity Commission, and the requirements to comply with current legislation. The Trustees are committed to ensuring access to Trust schools of all candidates of whatever background. The Trust's schools will continue to provide education to children and young people that:

- Provides a broad and balanced curriculum that is expertly developed and delivered
- Provides the spiritual, moral, cultural, mental and physical development of all students
- Prepares students for the opportunities, responsibilities and experiences of later life
- Promotes, sustains, and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise
- Works in partnership with others in order to share enthusiasm, experience and expertise as widely as possible in the Borough and beyond, not least to promote social mobility among those who are disadvantaged, vulnerable or more likely to experience discrimination.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report**

**Achievements and performance**

There are 9,689 students in Trust schools.

Building on the significant growth via trust merger in the previous year, the most significant achievements in this period have been consolidating the work of the Trust to enable successful schools. This has included the provision of school improvement support, teacher development and staff continuous professional development and the Trust's multi-disciplinary team of clinicians and therapists to support vulnerable students and students with SEND.

- 3 of our schools were inspected during this period.
  - o Q3 Academy Tipton was judged Good in 3 of 5 judgements and rated Requires Improvement overall. This is an important milestone for the school that builds on the work of Q3 Academies Trust who sponsored the school in November 2018. Its predecessor schools had been judged inadequate by Ofsted for more than a decade.
  - o Queen Mary's Grammar School was judged to be Outstanding in all judgements in its first inspection for more than a decade.
  - o The Ladder School was judged to be Good in all judgements in its first inspection since opening in 2019 (scheduling of the inspection was delayed as a result of the pandemic).
- Our commitment to Staff Development and CPD has been recognised by the DFE and celebrated by sector bodies (including becoming an official partner of the Chartered College for Teaching).
  - o >100 NPQs completed (since 2021)
  - o >1000 engagements with Trust CPD in 2022-2023
  - o >150+ live and on demand sessions developed for delivery to staff in 2023-2024
  - o > 70+ engagements of senior leaders with personalised leadership development opportunities
  - o >180+ engagements of senior leaders with collaborative development opportunities such as quality assurance or school improvement
- Our Multi Disciplinary team has been established beyond the original pilot to include a wide range of clinical specialists. The impact of this team is being showcased and modelled for Trusts throughout the region and further afield. The team includes:
  - o Clinical Lead
  - o Occupational Therapists
  - o Speech and Language Therapists
  - o Music Therapist
  - o New Occupational Therapist Assistant / Speech and Language Assistant roles
  - o Clinical therapist university students

The impact of the team is clear in that 235 student referrals from our schools were made to our MDT in 2022-23, with an average 'wait time' <2 Weeks compared to more than 12 months with similar external services. Furthermore, emergency referrals made for students were always prioritised within 24 hours.

Ofsted reports published for our schools inspected during this period state:

**Q3 Academy Tipton (inspected December 2022)**

Leaders have high expectations for pupils at Q3 Academy Tipton. They want all pupils to 'live life to the full in pursuit of what is good, right, and true'. Pupils understand these expectations and appreciate the positive environment. Teachers treat pupils as individuals, and pupils welcome this. Pupils feel confident to 'be themselves' in this inclusive community. Pupils say that behaviour has 'significantly improved', and they feel safe in school.

Adding:

The school has undergone a significant period of development... The headteacher, and other school leaders,

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

**Strategic report (continued)**

**Achievements and performance (continued)**

have worked quickly to improve the curriculum and other key areas of the school's work.

**Queen Mary's Grammar School (inspected March 2023)**

Leaders are determined that all pupils will do very well indeed. Pupils achieve exceptional standards. A very large majority go on to study at university, especially in mathematics and the sciences. Progress is very strong for all groups of pupils, including those facing specific barriers and challenges. The school addresses trust-wide priorities of transformation, social mobility and social justice extremely well.

Adding:

Behaviour of pupils is exemplary around school. Pupils show a high degree of respect for each other. Older students can develop their leadership skills in the sixth form, for example leading in the cadet force or teaching lessons in primary schools on personal, social, health and economic education (PSHE). The school's 'change your mind' course promotes pupils' mental health and well-being and has received international recognition.

**The Ladder School (inspected July 2023)**

Pupils join The Ladder School after a tricky and difficult educational journey. Many have lost faith in school, struggle to manage their behaviour and see little point in attending. Staff address this head-on. They work alongside each pupil with kindness, consideration and determination. Over time, this helps pupils to attend well, reconnect with their learning and prepares them for life beyond school.

Adding:

Leaders lead with integrity and determination. They are ambitious for all pupils. They do not use pupils' chequered experience of education to excuse low standards. Instead, they demand the best from pupils.

All our schools have now been inspected by Ofsted. The table below shows all inspection judgements:

	Overall Effectiveness	Quality of Education	Behaviour and Attitudes	Personal Development	Leadership & Management	Sixth Form
ALD	Good	Good	Good	Good	Good	Good
GRB	Good	Good	Good	Good	Good	Good
LAN	Good	[ Old Framework ]		Outstanding	Outstanding	N/A
QHS	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding
QMG	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding	Outstanding
SOA	R.I.	Good	R.I.	Good	Good	Good
TLS	Good	Good	Good	Good	Good	Good
TPN	R.I.	R.I.	R.I.	Good	Good	Good
WSS	Good	Good	Good	Good	Good	Good



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

**Achievements and performance (continued)**

Student outcomes for those reaching the end of key Stage 5 and Key Stage 4 in 2022/2023 are set out below. It is important to note that the DFE message appended to the published school performance tables is as follows:

**School and college performance data for the 2022/2023 academic year should be used with caution:**

- In 2022/23, qualifications returned to pre-pandemic standards. Performance measures that are based on qualification results will reflect this, and cannot be directly compared to measures from 2021/2022.
- There are ongoing impacts of the COVID-19 pandemic, which affected individual schools, colleges and pupils differently.
- In 2022/23 there was a return to pre-pandemic standards for GCSEs, AS and A levels, with protection built into the grading process to recognise the disruption that students have faced. For VTQs that are taken alongside, or instead, of GCSEs and A levels, there was also a return to pre-pandemic standards in 2022/23. For many students, results from 2021/22 adapted assessments were used towards qualifications in 2022/23.

**End of Key Stage 5**

	Average Point Score expressed as an average grade.				Subject Entries
	A Level	Academic	General Applied	Tech Level	High Grades A*-B
ALD – Aldridge School	C	C	Merit	Distinction	32.0%
GRB – Q3 Academy Great Barr	C	C	Distinction	-	37.6%
QHS – Queen Mary's High School	B	B	-	-	66.3%
QMG – Queen Mary's Grammar	B	B	-	-	64.1%
SOA – Shire Oak Academy	C-	C-	Distinction -	-	34.1%
TPN – Q3 Academy Tipton	D+	D+	Merit	Distinction -	33.8%
WSS – Walsall Studio School	D	D+	Distinction	Distinction	32.7%

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

**Achievements and performance (continued)**

**End of Key Stage 4**

	Overall Performance at the end of KS4			
	P8 BAND	A8	Grade 5 En & Ma	Ebacc Entries
ALD – Aldridge School	AVERAGE (-0.12)	45.5	42%	75%
GRB – Q3 Academy Great Barr	AVERAGE (-0.14)	45.4	48%	38%
LAN – Q3 Academy Langley	WELL ABOVE AVERAGE (0.82)	55.0	60%	86%
QHS – Queen Mary's High School	WELL ABOVE AVERAGE (0.74)	74.0	99%	74%
QMG – Queen Mary's Grammar	WELL ABOVE AVERAGE (0.52)	74.2	98%	74%
SOA – Shire Oak Academy	WELL BELOW AVERAGE (-0.80)	38.7	35%	4%
TPN – Q3 Academy Tipton	WELL BELOW AVERAGE (-0.75)	32.6	11%	5%
WSS – Walsall Studio School	NA	35.5	17%	NA

While the P8 banding is 'well above average' in 3 of our schools, the P8 score for disadvantaged students is above +0.5 in only one of our schools: Q3 Academy Langley. The P8 score for students eligible for the Pupil Premium Grant at Q3 Academy Langley is +0.71 (+0.82 for all pupils) which means it is one of the very top performing schools in the country for disadvantaged students in this measure. The Trust has commissioned a research project (being undertaken by Trust leaders and university partners) into the success of the school in this regard with the intention of formally documenting the reasons for this significant success and sharing 'lessons learned' with both Trust schools and schools outside of the Trust.

There is no P8 banding for Walsall Studio School as the DFE acknowledge it is 'not the most appropriate measure' for university technical colleges and studio schools. Outcomes for students at The Ladder School are not published in the DFE school performance tables because it is an Alternative Provision Free School.

Student outcomes at The Ladder School continue to be strong, particularly in the context of Alternative Provision. In 2022/23 80% of students gained 5 or more qualifications with 90% achieving at least a level 1 qualification in English and mathematics.

**a. Key performance indicators**

The Trustees set rigorous performance indicators for academic progress, which are reflected in performance management objectives and success measures for each individual headteacher in the Trust.

The Trust aims to provide a broad education not just academic results, encouraging extra-curricular activities such as performing arts, sports, clubs, UK/overseas trips, work experience, enterprise, community, and family-based activities. These are part of a curriculum that transforms lives. The Trust takes pride in the fact that it is more than just a collection of schools and that each school is increasing opportunities for learning outside the classroom and increasing participation – including for students who are disadvantaged, vulnerable or more likely to experience discrimination in their lives.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

**Achievements and performance (continued)**

Trustees monitor a number of key performance indicators (KPI's) which affect performance, including:

- Student progress and outcomes (Attainment and Progress)
- School Self-Assessment and Trust External Reviews and moderation activities
- Government funding streams and other income levels
- Student numbers – both for 11-16 and 16-19 (Sixth Form)
- Staff numbers and curriculum provision through an Integrated Curriculum Financial Planning ICFP tool
- Revenue surpluses
- Capital projects income and spend

The board of trustees also monitor carefully the progress made on the Trust Strategic Plan through the annual Development Plan reporting and through reports prepared for the board by executive leaders.

**Highlights from 2022-23 include:**

- **Leading our schools and 'The System' in Social Mobility**
  - o The successful first Ofsted Inspection of our Alternative Provision Free School
  - o The SEND, Pupil Premium and Inclusion 'strengths' identified by Ofsted in each of our school inspections and other Trust and external quality assurance events.
  - o Trust contribution to the Priority Education Investment Areas of Walsall and Sandwell through membership on DFE Local Partnership Boards.
- **Digital Transformation (Phase 2: Infrastructure, migration, staff training)**
  - o Ensuring the required capital investment to carry out significant upgrades to digital infrastructure in all 9 schools and central team(s).
  - o Ensuring all schools are migrated onto our common digital tenancy and 'ecosystem'.
  - o Recruiting Digital Champions (teaching and associate staff) in each school and central team to lead and accelerate the ongoing digital transformation of how we teach, learn, lead and operate as a Trust.
- **Sustainability, Stability and Succession Planning**
  - o Building a Trust team for Teacher Development and recruiting a new Executive Leader for Trust Development focusing on People, Leadership and Culture.
  - o Enhancing the work of School Business Partners with headteachers to strengthen the financial and business planning support within the context of financial challenge in the sector.
  - o Devising BIG MOVES that best ensure the future stability and sustainability of our schools (educationally, financially and through future leadership succession).

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

**Achievements and performance (continued)**

**b. Going concern**

After making appropriate enquiries, the Trustees have 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 the adoption of the going concern basis can be found in the Statement of Accounting Policies.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

**Achievements and performance (continued)**

**c. Promoting the success of the company**

The Trustees have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Trust / Company for the benefit of its members, stakeholders and the matters set out in section 172(1) of the Companies Act 2006. The Charities Commission has issued guidance which explains that charitable companies should take "promoting the success of the company" to mean "promoting the success of the charity to achieve its charitable purposes." The Mercian Trust is governed by its charitable objects. These charitable objects set out the purpose of the charity. The consequences of all decisions and activities of the charity are assessed by how they drive us towards achieving that long-term strategy and goals, including by reference to the charity's strategy, vision and values. As an educational charity, we are accountable not only to our funders and direct beneficiaries (our pupils) but also our parents and wider community. These stakeholders support us, engage with us, and challenge us. They ensure that the decisions we make are for their benefit. We are a values driven organisation and our values mean that we are informed, shaped and powered by our determination to uphold our vision and values. Well-established involvement and consultation mechanisms, both direct (through parent and staff surveys) and indirect (through the involvement of parents and local people on our Local Governing Bodies and Trust Board) ensure that decisions made by the Trustees are informed by the needs of the organisation's stakeholders. Specifically:

- o Trustees consider the consequences of any strategic decision in the long-term as part of their assessment. The Trust has a financial strategy that supports the delivery of its strategic goals and priorities. We aim to ensure that as an organisation we balance our income and expenditure to ensure that our organisation remains sustainable in the long term. This is balanced against the needs of our pupils, staff and other stakeholders, and the community, to ensure we are spending the funding we receive from the government in the most effective way to support our aims, and with integrity. This has included, for example, decisions relating to the long-term impact of the growth of the Trust through the expansions of QMGS and QMHS and through due diligence with potential growth partners. We have invested in school improvement and wellbeing services to support students and staff. We have also invested in digital technology to positively impact teaching and learning (in and outside the classroom) and to enable efficient and new ways of working for the whole Trust.

- o Details of how the Trustees give consideration to the interests of the organisation's employees can be found in the section Engagement with employees within this report.

- o The Trust fosters business relationships with suppliers, customers and others through effective engagement and transparent working practices. The Trust engages with suppliers, providing opportunities to be part of preferred supplier lists or as part of formal tender processes. Feedback is provided to successful and unsuccessful vendors.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

**Achievements and performance (continued)**

o Details of how the Trustees give consideration to the impact on the community can be found in the sections entitled:

- Engagement with suppliers, customers and others in a business relationship with the Trust.
- Public Benefit.
  
- An example of how the Trust has engaged with and received feedback from the local community has been through the stakeholder consultation regarding the Trust merger with Quaerere Academies Trust. The use of a professional communications company enabled The Trust to consider the feedback from the local community and to benchmark responses to those provided to other Trusts in other parts of the country.
- The Trust are committed to establishing and maintaining professional relationships with integrity (a full statement of this is set out in our Trust strategic plan). The Trustees have approved a number of policies that help to ensure the charity maintains high standards of business conduct; these include the Investment Policy, Anti-Fraud and Whistleblowing Policy, and Gifts and Hospitality Policy.
  
- All schools are treated fairly and with equity, with the same access to information, the ability to directly contact trustees or the Executive, and being invited to participate in training or strategic development events; for example, all schools participate in and contribute to Executive meetings and the development of Trust development plans. Staff from all trust schools attend the annual staff conference and CPD workshops.

All matters reserved for decision by the Trustees are presented at Board or Committee meetings as appropriate. Trustees are briefed on any identified potential impacts and risks for our stakeholders and how they are to be managed. The Trustees take these factors into account before making a final decision which together they believe is in the best interests of the Trust and its stakeholders.

**Financial review**

The Trust received annual GAG of £57,163,451 in 2022/23 (£37,997,637 2021/22). Unallocated reserves are £7,891,923 (2021/22: £7,963,648) and net balance sheet assets are £129,077,040 (2021/22: £119,486,896).

During 2022-23 there has been significant planned investment in the Trust's strategic priority of digital transformation. There has been significant investment in the network infrastructure. This investment is funded from the planned use of free reserves. 7 of the Trust's schools have been migrated up to 31 August 2023, with the remaining 2 schools planned for completion by end of November 2023. This investment will provide the tools to enable the transformation of teaching, learning, leading and operating across the Trust, delivering efficiencies and innovative ways of working. Included within the Fixed Assets at the year end is £1,882,865 of capital assets relating to the Digital development and held in Designated funds is £817,135 which is designated for the remainder of the project.

Most of the Trust's income comprises the General Annual Grant (GAG) from the DfE, which is restricted in use in furthering the objects of the Trust. GAG and the associated expenditure are therefore shown as restricted general funds in the Statement of Financial Activities.

The Trust received its annual allocation of School Condition Allocation (SCA) £1,820,287 (2021/22: £1,070,716) and Devolved Formula Capital grant £623,674 (2021/22: £197,828) which includes £378,558 towards Energy Efficiency Projects.

The premises of Q3 Academy Tipton are run under a PFI contract. Core contract costs in 2022/23 totaled £1,570,793 (2022/22: 5 months costs £621,065). The PFI charges are linked to the CPI, resulting in a 13% increase ) the annual equivalent of an £198,000 cost increase.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

The Trust has received a capital grant from the Selective Schools Expansion for Queen Mary's High School. This expansion project at QMHS was initially planned for 2020 but has been delayed due to a combination of Covid-19 related issues, changes to the allocated Local Authority planning officers and site constraints (including limitations arising from English Heritage and the potential presence of bats). This delayed start incurred additional costs relating to temporary accommodation and increased design and build costs. After going to market with a tender process to undertake the work, pricing has increased significantly due to inflationary and other global economic pressures on materials and labour costs; as a consequence alternative options were considered to deliver the required capacity expansion that would be within the existing approved funding envelope for the project. A solution has been chosen, and approved by the ESFA, that is within the funding envelope and this work will be undertaken in 2024. Additional temporary accommodation costs remain as a consequence.

The Ladder School (TLS - Alternative Provision Free School) produced an in-year operating deficit of (£307,649) (2021/22 £62,725). This deficit is being underwritten by Trustees from reserves as part of a 3-year plan that will deliver a sustainable operating model by 2024. TLS was in temporary accommodation for 3 years whilst a new permanent building was built (funded via the DfE free schools capital team). The new building was completed in July 2022 (opened in September 2022) and this provides the opportunity and facilities to start to grow the number of commissioned places and Alternative Provision services from 2023/24 onwards – building on a good across the board Ofsted inspection in 2023.

A strategic priority for the Trust is to increase pupil numbers to drive economies of scale and reduce and effectively manage costs. Pupil numbers across the Trust have increased internally year on year from October 2022 (9,549) to October 2023 (9,689), growing in total by 140 students. The Trust has continued to promote a cross-school approach to sixth form recruitment and curriculum and is sharing teaching in selected subjects in a "MAT block". As a result of Integrated Curriculum Planning, all of the Trust's schools have reviewed the provision of education in ages 11 to 16 to improve efficiency without affecting quality of teaching and other schools have increased sharing of resources. To support education priorities additional classroom teaching is allocated where this is affordable from the in-year delegated budget.

The Trust commissions an external independent procurement partner to support procurement activities across the Trust. During 2022/23 several successful trust wide tenders for contracted services have been undertaken, including grounds maintenance, project management services, capital works, payroll and HR system, waste management and education supplies benefiting from pooling resources and increased buying power. These have secured best value for the Trust.

The final result for the year (including £973,408 spend on digital migration) was an overall operating surplus of £1,465,846 (2021/22: £1,041,132, with an additional £1,537,571 (2021/22 £212,010) being spent on project investments throughout the trust. Details of the reserves movements during the year are set out in the table below:

<b>Reserves analysis</b>	<b>Revenue Reserves</b>	<b>Pension reserve</b>	<b>Fixed Asset Reserve</b>	<b>Total Reserves</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Brought Forward Reserves</b>	£7,963,648	-£8,184,000	£119,707,247	£119,486,895
<b>Net income / expenditure before other recognised losses</b>	-£71,725	£8,738,000	£923,869	£9,590,144
<b>Carry Forward Reserves</b>	£7,891,923	£554,000	£120,631,116	£129,077,039

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Strategic report (continued)**

Depreciation / amortisation charges of £3,246,501 were included in the Statement of Financial Activities (2022: £1,771,360).

A review of the valuation of the LGPS (Local Government Pensions Scheme) pension plans has been carried out by actuaries, Barnett Waddingham at 31 AUGUST 2023. Following a large increase in the discount rate (based on financial market conditions at 31st August 2023) the pension liability has been turned to an asset for £554,000 as at 31st August 2023 (2021/22: Deficit £8,184,000).

**a. Reserves policy**

Trustees consider ongoing spending plans as part of annual and medium-term financial planning and the need to closely match plans to projected funding is always observed. Trustees also recognise there are risks and uncertainties which may lead to unexpected costs and of the need to accelerate projects and strategic priorities or fund future capital needs that are not covered from capital grants received.

Trustees consider it good practice to maintain an appropriate level of reserves to cater for such items, while balancing this with a need not to hold onto reserves for an excessive period.

Consequently, Trustees operated a reserves policy during 2022/23 that recognises ongoing spending plans and the need to closely match funding. They recognise there are risks and uncertainties, which may lead to unexpected costs and there may be a need to fund capital projects. The Trustees consider it good practice to maintain a minimum level of 5% of GAG as reserves to cater for such items, while balancing this with a need not to hold onto excessive reserves. This reserves level has to date been maintained, but is projected to be under short-term threat as a result of the unplanned inflationary pressures on staffing, energy, services and commodities that has arisen due to global and domestic economic factors beyond the control of the Trust. Medium term spending plans will be reset and aligned to future projected funding levels.

The Mercian Trust amalgamates any surpluses realised at the end of each financial year as pooled reserves. This is done to ensure funding provided to constituent schools is directed where it is most needed and to ensure strategic priorities can be accelerated for the benefit of all constituent schools. Reserves will not be used to fund ongoing expenditure within constituent schools or central teams indefinitely.

**Revenue Reserves**

At 31 August 2023, total revenue reserves were £7,891,923 (2021/22: £7,963,648). Included in restricted revenue reserves is a sports restricted reserve of £182,478 (2022 £198,308) which is to be reinvested in sports projects following the sale of playing fields at Aldridge School during 2018. Also included in restricted reserves are donations restricted to QMGs sports Fundraising project of £154,737 (2022 £87,951).

During the year Trustees invested £2,510,979 of free reserves on planned Trust priorities across projects that included digital transformation, the development of school improvement and wellbeing services and capital projects to support growth.

Additionally, £3,085,135 of Trust reserves have been designated to fund specific strategic priority projects. These designated reserves are detailed below and reduce the actual unallocated free reserves to £4,806,788.

	£
Free reserves	4,806,788
Capital investments	1,768,000
School Improvement and Staff Wellbeing	500,000
Digital Investments	817,135
	<b>7,891,923</b>



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

In addition to amounts reserved for specific capital or other projects the Trustees believe it is appropriate to maintain a level of free revenue reserves of at least 5% of recurring grant income to cater for risks and uncertainties, unexpected costs or shortfalls in income; working capital needs and the potential need for further capital investment. Excluding designated reserves earmarked for strategic priority investments, such reserves were £4,806,788 at 31 August 2023 or approximately 8% of GAG.

**Pension Reserve**

The defined benefit scheme reserve has a surplus balance, this is due to the actuarial valuation as at 31st August. This has no direct impact on free revenue reserves.

**Fixed Asset Reserve**

The fixed asset reserve fund reflects funding received for assets of a capital nature, less accumulated depreciation. Capital funding is received from the ESFA from time to time but may not be sufficient to cover all capital needs and the Trust may therefore be required to fund expenditure out of its free revenue reserves. In the unlikely event of a disposal of a specific academy's land & buildings (subject to approval by the Secretary of State for Education), the Trustees have agreed that proceeds would be reinvested in the academy to which these assets relate (unless otherwise directed by the Secretary of State).

**b. Investment policy**

The Board of Trustees is responsible for setting investment policy. The day-to-day responsibility for managing this function is delegated to the Trust's CFO in consultation with the individual schools and taking into account the returns from interest rates compared to cash requirements.

The Trust has a treasury management and investment policy, with the current status of most funds being held in the current account or in deposit accounts.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**c. Principal risks and uncertainties**

**Risk Management**

The Trust has a duty to identify and review significant risks and to ensure that there are adequate controls over these risks to provide reasonable assurance to the Trustees that risks are being managed and mitigated.

The Trustees have instigated a risk assurance framework approach that assesses the main areas of risk for the Trust and identifies the sources of assurance and ownership of the risks. The Trust has an established approach to risk management which ensures seamless connectivity between (1) risk management, (2) development planning and reporting (including financial investment), (3) the Trust strategic plan and (4) appropriate indicators for Trust regulators (ESFA and Ofsted).

The risk assurance process includes:

- Strategic risk management being aligned to the Trust's 5 strategic themes:
  1. Social Justice and Social Mobility (through education)
  2. Systems and structures
  3. Digital Transformation
  4. Employer of Choice
  5. Growing our Trust in size and influence
- The identified risks assigned to these strategic themes are assessed in risk categories including: Educational Standards, Reputation, Compliance, Finance, Infrastructure/Systems, Health & Safety, HR and Safeguarding.
- The likelihood and impact of each risk is assessed separately, along with the residual risk (after appropriate control measures to reduce the likelihood of a risk or to mitigate its impact). Sources of assurance are identified and documented so that executive and non-executive leaders have a 'blanket of assurance' in respect of the risks to achieving our strategic goals. Working in this way enables the review of risks to be considered 'in the round' giving due consideration to how they are each intrinsically linked (rather than being considered separately in isolation).
- The Audit & Risk Committee oversee this work and commission appropriate scrutiny of this work by internal auditors. Risks are explicitly referenced in the Trust's Development Plan and supporting documentation prepared for trustees by executive leaders. Such reports include executive risk owners and non-executive risk oversight responsibilities.

Risks considerations to note (in relation to the Trust's strategic themes) include:

**Social Justice and Social Mobility**

Trustees, Local Governors and staff are keenly aware of their responsibilities to ensure that Trust schools provide a safe and inclusive place in which to study and work. Robust health & safety procedures and services have been adopted throughout the Trust with regular assurances through commissioned external expertise and independent audits. Headteachers are responsible for Health and Safety in each school. Each school has a nominated local governor for Health and Safety. Support is provided by a nominated lead within the Trust Central Team and this input has been highly valued throughout the pandemic and post-pandemic challenges of this period.

Ensuring we increase opportunities and improve outcomes for disadvantaged students and all vulnerable groups is central to our mission and is particularly challenging given that it is disadvantaged and vulnerable students that are likely to have been impacted more by the pandemic than others.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

There is a nominated trustee for disadvantaged students/social mobility.

The success of the Trust's Studio and Alternative Provision schools are fundamental to promoting social justice. Student recruitment at Walsall Studio School does not yet meet business plan targets (as a direct or indirect result of COVID disruption). To address this risk and other strategic risks identified throughout the year, trustees have established processes to ensure:

- Close monitoring of student numbers and recruitment / commissioning activities throughout the year by executive and non-executive leaders.
- Increased investment in marketing, communication, and PR
- Business planning support for school leaders from the CFO and other professionals

**Structures, Systems and Processes to enable Successful Schools**

Capacity

A key risk is that the capacity required to ensure the successful integration and harmonisation of schools within our Trust is greater than our organisational capacity to 'enable successful schools'

School inspection results and other external monitoring of Trust work has demonstrated how this risk has been effectively managed by the Trust.

To address this risk as the Trust considers future growth and development plans trustees have established processes to ensure:

- There is a clear strategic plan with criteria for growth and appropriate resources are in place
- The Trust central team provides robust processes and reporting to monitor educational standards and financial health of each school within the trust.
- Good communication, including regular meetings for headteachers with each of the executive leaders of the Trust.
- Experience and Expertise from Trustees, a professional central Trust team and capable senior leaders in the schools within the Trust work effectively.

Safeguarding

Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

The Trust's Executive Director of Education is the Trust's lead for safeguarding and is now supported by a Trust Director of Safeguarding in the central education team. Regular quality assurance activities exist to provide assurance of each school's safeguarding culture and practice.

The Trust Director of Safeguarding, works closely with each school's Designated Safeguarding Lead (DSL) who are responsible for:

- Ensuring there are adequate systems in place for identifying and reporting on pupil welfare and safety
- Liaising with authorities to ensure that schools fulfil their obligations for dealing with serious incidents
- Planning, coordinating and organising training for staff and pupils on safeguarding matters
- Ensuring that parents are fully informed of arrangements (and of their own responsibilities) through the individual schools' home school agreements

There is a nominated Trustee for safeguarding.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**Fraud, misuse of funds, safekeeping of assets and value for money**

The Trust employs a qualified and experienced CFO, supported by a suitably qualified finance team which is responsible for managing finances. The Trust is robust in setting internal controls, are diligent in setting the Trust's budget and monitoring performance closely. The Trustees utilise a bought in and independent internal audit service and agreed a programme of internal audit work with them to review internal controls and processes as required by the Academies' Financial Handbook. Reports are prepared for the Audit & Risk Committee who ensure that required actions are taken to address any identified issues. Details of the 2022/23 internal audit programme of work is included in the Governance Statement.

The Trustees also ensure that the Trust maintains insurance cover, including using the RPA scheme and are advised by an independent broker and covering the main aspects of the Trust's operations and assets.

There is a focus on driving value for money and managing costs to achieve savings where possible without impacting on the effectiveness of provision of education. Where necessary the Trustees continue to approve investment to do this – current examples include invest for enabling digital transformation, trust wide central services and expertise and improving site capabilities (including outdoor learning spaces).

Costs efficiencies have been achieved through economies of scale through Trust wide procurement activity and procurement expertise provided through partners and the central finance function. Spend is rigorously monitored against budgets to ensure adequate control of costs. There is also a work programme rolling out LED lighting and other energy efficiency measures across each school site

The Trust continues to embed and evolve its use of Integrated Financial Planning, which is an integral part of the Trust's business planning approach, as is reviewing its activities against other trusts and the sector to identify efficiency opportunities. Additional efficiencies are also driven through increased collaborative working and economies of scale across the Trust.

**Digital Transformation**

Digital transformation is at the heart of the Trust's development of an ambitious, relevant, and responsive curriculum that is delivered expertly inside and outside of the classroom. A Trust Digital Transformation partner was procured during 2021/22 to establish a Trust-wide platform and digital infrastructure for staff and students and to support the delivery of effective change management and transformation in the ways that students and staff utilise digital. The migration to the new Trust-wide digital platform has been completed in all 9 schools and Digital Champions have been appointed in each school and Trust central team to accelerate the digital transformation of how we teach, learn, lead and operate.

Trustee's maintain a detailed oversight of the Digital Transformation through a special oversight group/committee.

**Becoming an Employer of Choice**

The success of the Trust is reliant on the quality of its staff and so Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. The Trustees oversee the management of a Trust-wide performance management system which assesses staff performance and is linked to pay. Trustees appoint an independent advisor to review performance and pay of the CEO. Executive leaders advise LGBs on decisions on pay progression of school and moderate recommendations in relation to staff across the Trust.

The Chairs of the LGBs, and the Headteachers in individual schools are responsible for managing change and communication / dissemination of information to staff. Senior staff, governors and Trustees involved in staff recruitment are trained in the safer recruitment.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

As part of the post-merger harmonisation plan common HR policies and procedures were developed in consultation with staff and trade unions in 2022/23 and were adopted for the start of the 2023/24 academic year. At the same time a comprehensive employee assistance and staff benefits offer has been developed.

**Growing Our Trust in Size and Influence**

Finance

A financial strategy supported by short and medium term financial plans have been developed to underpin the achievement of the overall strategic objectives as set out in the Trustees' strategic plan. The business planning process used by the Trust ensures that strategic and school improvement priorities drive the financial strategy and investment plans of the Trust over the short, medium and long term.

**FUNDRAISING ACTIVITIES/ INCOME GENERATION**

The schools within the Trust seek to increase revenues where possible. This includes the letting of sports and building facilities to third parties. These arrangements are subject to checks on the third party including for safeguarding, insurance and risk assessment activities.

When supplying trips, materials or other activities to pupils, all schools consider whether charges can be made in line with the charging and remissions policy. This includes whether to request voluntary contributions from parents to help fund activities. Such requests are clearly identified as voluntary contributions.

Queen Mary's Grammar School and Queen Mary's High School both request voluntary donations towards wider enrichment activities carried out by staff in these schools. Without these, it would be difficult to finance some of the extra-curricular activities which take place outside of core education. Requests are made termly and are clearly marked as voluntary. The Trust is very grateful for the generosity of parents who support the schools in this way. The Trust operates a sensitive approach to fundraising from parents and there have been no complaints. An external professional fundraising organisations has been commissioned to research the feasibility of raising funds to secure improvements to sporting facilities at the QMGS. Several schools within the Trust also have active parents' associations, who support activities and raise funds.

**STREAMLINED ENERGY AND CARBON REPORTING**

**UK energy use and associated greenhouse gas emissions**

Annual energy usage and associated annual greenhouse gas ("GHG") emissions are reported pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

**Organisational boundary**

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those assets owned or operated within the UK only as defined by the operational control boundary. This includes all 9 schools and minibuses along with the mandatory inclusion of scope 3 business travel in employee-owned or hire vehicles (grey fleet).

**Reporting period**

The annual reporting period is 1 September to 31 August each year and the energy and carbon emissions are aligned to this period.

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

**STREAMLINED ENERGY AND CARBON REPORTING (continued)**

**Quantification and reporting methodology**

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2023 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Briar Consulting Engineers Limited.

The electricity, gas and minibus diesel consumption were compiled from invoice records. Mileage claims were used to calculate energy use and emissions associated with grey fleet. Generally gross calorific values were used except for grey fleet mileage energy calculations as per Government GHG Conversion Factors.

The associated emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of Trust activities but occur from sources not owned or controlled by the organisation (scope 3).

<b>Breakdown of energy consumption used to calculate emissions (kWh):</b>	<b>2021/22</b>	<b>2022/23</b>
Gas	8,454,706	7,111,185
Purchased electricity from the grid	4,046,676	4,127,252
Transport fuel	52,452	34,985
<b>Total gross energy consumed</b>	<b>12,553,834</b>	<b>11,273,422</b>

**Note:** Figures may not sum to total due to rounding.

<b>Breakdown of emissions associated with the reported energy use (tCO<sub>2</sub>e)</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Scope 1</b>		
Natural gas	1,543.3	1,300.8
Transport - Company owned vehicles (mini-buses)	10.7	8.8
<b>Scope 2</b>		
Purchased electricity (location-based)	782.5	854.6
<b>Scope 3</b>		
Transport - Business travel in employee-owned vehicles	2.3	0
<b>Total gross emissions (mandatory)</b>	<b>2,338.8</b>	<b>2,164.2</b>

**Intensity ratios (mandatory emissions only)**

Tonnes of CO <sub>2</sub> e per pupil	0.246	0.227
Tonnes of CO <sub>2</sub> e per square meter floor area	0.027	0.025

**Intensity ratio**

Two intensity ratios are reported showing emissions (tCO<sub>2</sub>e) per pupil and per square meter floor area. Emissions per pupil is the recommended ratio for the sector for consistency and comparability and pupil numbers are based on the Autumn 2021 Census. Emissions per square meter floor area is reported to reflect the energy efficiency of the buildings, which are the source of the majority of emissions. Floor area is calculated using the Gross Internal Area of the buildings.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**STREAMLINED ENERGY AND CARBON REPORTING (continued)**

**Energy efficiency action during current financial year**

The Trust continues to undertake actions to improve their energy efficiency. In the current financial year, the below actions have been implemented at each school:

- **Queen Mary's Grammar School**
  - o LED lighting has been installed throughout the school with projected savings of 101,916 kWh
  - o Replacement gas boilers for main school building. Using a more energy efficient model prevents the intensity of carbon being produced
- **Queen Mary's High School**
  - o LED lighting has been installed throughout the school with projected savings of 94,543 kWh
  - o New AAA\* rated combi boiler has been installed
  - o Several roofing areas in the Courtyard 2 (Main Building) have had roofing works completed and additional insulation has been added where needed
- **Shire Oak Academy**
  - o LED lighting has been installed throughout the school with projected savings of 97,697 kWh
  - o Installation of new convector heaters that can be controlled in individual rooms
  - o Replacement windows on South admin & staffroom offices to assist with energy efficiency
  - o We continue to brief all staff on the importance of switching off lights and closing down projectors when not in use, closing windows at the end of the day, especially during winter months
- **Aldridge School**
  - o LED lighting has been installed throughout the school with projected savings of 12 Tonnes CO<sub>2</sub>e
  - o Replacement boilers installed with more energy efficient models
  - o Communications to all staff on the importance of "switching off" when not in use
  - o PC Power Management system active shutting down machines in line with operational hours
- **The Ladder School**
  - o Capital investment to upgrade and install lighting with LED replacements
  - o Double glazing and insulation throughout the new build annex in line with current building regulations
  - o Operational control introduced for heating. This is now scheduled in line with school opening/closing times
  - o Solar feasibility surveys carried out

The Trust also considers energy efficiency as a priority at its newer sites. Energy Management plans have been carried out by a third party. Recommendations include maintenance of current equipment and replacement of equipment which is less than efficient along with the introduction of renewable sources.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**PLANS FOR FUTURE PERIODS**

**FUTURE DEVELOPMENTS**

The key objectives for the forthcoming year are referred to as our BIG MOVES 2023-2025 (which cover a 2-year period to the fulfilment of our current Strategic Plan (2020-2025)).

These priorities are described as 'BIG MOVES' because they move the strategic plan of the Trust forward at pace during the period. A 'BIG MOVE' is defined as (1) something that requires a special investment of time and money – beyond that which is sustainable year on year and (2) something that cannot easily be underdone by future executive leaders or trust board members.

Our 'BIG MOVES' 2023-2025 are set out below including the performance indicators we will use to monitor the successful of these priorities. Our previous BIG MOVES established our Trust as a High-Quality Trust. We are now working to lead education improvement and innovation at scale while maximising business opportunities of being a larger Trust.

**BIG MOVE 1 – Our Students – Inclusion and Alternative Provision.**

Building on (1) the success of The Ladder School, (2) the impact of our Trust-wide Multi-Disciplinary Team of clinicians and therapists (our MDT) and (3) our investment in Trust leadership of attendance, behaviour and wellbeing, this investment must:

- Maintain / Reduce Permanent Exclusions (with none for Persistent Disruptive Behaviour) [without PP students being disproportionately represented]
- Reduce repeat suspensions (>3) [without PP students being disproportionately represented]
- Reduce numbers of students persistently absent from school [without PP students being disproportionately represented]
- Significantly reduce money spent on external AP commissioning [without PP students being disproportionately represented]

This must be achieved while we work with parents to pioneer a 'Mercian Plan' for each vulnerable child that makes clear our commitment (and accountability) to:

- Ensure SEND SEMH students receive appropriate bespoke and timely CEIAG and progression to appropriate post-16 destinations
- Ensure SEND referral assessment waiting times remain <4 weeks (via our MDT)
- Ensure SEND referral assessment waiting times remain less than 4 weeks (via our clinical Multi Disciplinary Team)
- Establish diagnostic assessments for all identified students that facilitate accurate diagnosis of primary / secondary need.



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**PLANS FOR FUTURE PERIODS (continued)**

**BIG MOVE 2 – Our People – Leadership and Culture**

Alongside our commitment to become an employer of choice, this investment must enable a refined approach to people management that embodies our principles, values, and behaviours. This BIG MOVE must deliver a positive impact on staff retention and internal promotion / career progression within our Trust.

- Use of employment data (harmonised and benchmarked) is used to analyse our performance as an employer of choice
- To develop a strategic approach to recruiting, developing and retaining leaders within our Trust, especially in schools with high levels of deprivation
- The Mercian Blueprint and Talent Maps are used to develop leadership within the Trust, ensuring a shared vision and commitment to social mobility
- Mercian Performance management is valued by staff and leaders as a vehicle for developing and retaining the workforce
- Non-teaching staff have access to regular, relevant, high-quality professional development which supports all staff in our social mobility mission
- The Mercian Trust's teacher CPD programme is comprehensive and is improving the quality of the teaching, in schools, especially for PP students, and retaining teachers across the Trust and retaining teachers across the Trust.

**BIG MOVE 3 – Our Trust – Digital Transformation**

Building on previous investments in our digital infrastructure and our digital migration, this phase is to move into the 'transformation' of how we teach, learn, lead, and operate as a Trust. This means:

- Digital Champions are having a positive impact on digital teaching, learning, leading and operating in each school and across our trust
- Trust and School leaders have access to bespoke data analytics [including PP for student data] that inform decision making
- All staff have experienced time saving and efficiency improvements in the workplace as a result of digitalised and automated operations
- Trust and School leaders will ensure that digital transformation has become incorporated into all aspects of school business planning, school improvement and self-evaluation [and is focused on improving PP outcomes]
- The quality of T&L in each school has been improved because teachers have access to appropriate digital CPD for their individual starting points and this is applied in the classroom [and is impacting on PP students]
- Students, [including PP students], have systematically developed appropriate knowledge and skills to ensure they have relevant digital competencies for their next steps (and this is underpinned by the roll out of a 1:1 devices for learning model).

**FUNDS HELD AS CUSTODIAN**

During the year ended 31 August 2023, the Trust did not hold any funds as custodian trustee on behalf of any other charitable organisation.

**AGENCY ARRANGMENTS**

The Trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. In some instances, the Trust can use a percentage of the allocation towards its own administrative costs and this is recognised in the statement of financial activities. The funds received and paid and any balances are disclosed in note 32.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2023**


---

**Disclosure of information to auditor**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that 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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, and signed on its behalf by:



**Kevin Davis**  
Chair of Trustees

Date: 12<sup>th</sup> December 2023

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT**

---

**Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Mercian Trust ("The Trust") has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 6 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Kevin Davis,, Chair	6	6
Rebecca Hearsey, Vice Chair	5	6
The Revd. Beverley Boden	5	6
Jane Bonner	6	6
Mark Harland	5	6
The Rt Hon Sir Gary Hickinbottom	5	6
Paul Lee	4	6
Roland Roberts	4	6
Eddie Stride	5	6
Jackie L'Herroux	5	6
Robert Quayle	5	6
Winston David Weir	5	5

The Trustees established a new substantive committee in this period: **The People & Culture Committee (PCC)**.

The first meeting of the PCC took place on 01 February 2023 and the Committee have formally met twice during the year ended 31 August 2023.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Rebecca Hearsey (Chair)	2	2
Bev Boden	2	2
Mark Harland	0	2

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Governance (continued)**

**The Pay Committee was convened for a single meeting.**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Paul Lee (Chair)	1	1
Jane Bonner	1	1
Bev Boden	1	1

**The Finance and Resources Committee (FRC) met five times during the year ended 31 August 2023.**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Paul Lee (Chair)	5	5
The Revd. Beverley Boden	3	5
Robert Quayle	4	4
Keith Green*	5	5
Alex Lamb*	5	5
Stuart Roberts*	3	5
Winston Weir*	1	1

**The Achievement, Inclusion, Mobility and Safeguarding Committee (AIMS) met six times during the year ended 31 August 2023.**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Jane Bonner (Chair)	6	6
Rebecca Hearsey	4	6
The Rt Hon Sir Gary Hickinbottom	5	6
Roland Roberts	0	1
Jackie L'Herroux	6	6
Timothy Lawrence*	5	6
Simon Dutton*	6	6

**The Audit and Risk Committee (ARC) met three times during the year ended 31 August 2023.**  
**Attendance during the year at meetings was as follows:**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Winston Weir (Chair)	3	3
Rebecca Hearsey	1	1
Eddie Stride	3	3
Roland Roberts	0	3
Jane Mole*	2	2

\*Denotes non-trustee, non-executive / specialist advisor in attendance at the committee at the time of the meeting(s).

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Governance (continued)**

**Conflicts of Interests**

The Trust maintains a register of Business Interests, including details of related parties, so as to identify potential conflicts of interest, if any. In the unlikely event of a potential conflict of interest, this enables the Trustees to manage the matter in the most appropriate way. In addition, all agendas for meetings (including Committee meetings) have "Declarations of Interest" as a standing item. Similar registers are maintained by each of the schools within The Trust and agendas of the meetings of the LGBs also have "Declarations of Interest" as a standing item.

**GOVERNANCE REVIEWS**

Following the external review of governance undertaken in March 2021, our governance structure and practice was also reviewed in September 2021 with external reviews commissioned by the Regional Schools Commissioner (in connection with the proposed Trust Merger). An Educational Expert and School Resource Management Advisor met with trustees and reviewed governance documents including minutes.

The SRMA document in the report to the Trust: The Trust has a mature central function that due to the way it is setup is scalable and flexible. The Trust has a skilled and knowledgeable body of Trustees on the Board and Committees that will provide the challenge and support to ensure the continuing growth of the Mercian Trust.

The Trust's Executive Director for Education reviews the effectiveness of local governance as part of the Trust-wide school self-evaluation process (SEFs). Local governance has been quality-assured as part of the Trust's QA (Quality Assurance) activities which take place throughout the year and the governance practices (at all levels) will be further enhanced by the work of the Trust Governance Professional.

The next planned External Review of Governance is planned for 2024/25.

**Review of value for money**

As the Accounting Officer for the Trust, the CEO 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 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. The accounting officer for the academy trust has delivered improved value for money during the year by:

**Improving Educational Outcomes**

Resources are directed where they will be the most effective, for example:

- Monitoring and taking action on staffing levels and their efficient deployment, using tools such as ICFP, Schools Benchmarking and Schools Resources Management.
- Use of leading indicators (as well as lagged measures) through tracking systems and Trust 'Data Dashboard' to monitor pupil data and inform leadership decisions.
- Deployment of leadership capacity and expertise to accelerate school improvement and respond quickly to need as it arises.
- Using specific grants such as Pupil Premium to target additional funds to support to improve education and social outcomes
- Coordinating professional development training for staff (including trust-wide CPD sessions) to increase collaboration, efficiency of delivery and to encourage transfer of best practice and team working
- Within existing budgets, Trust-wide posts focus on areas for improving outcomes for students.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**Review of value for money (continued)**

- Seconding excellent teachers and middle leaders to work as Trust Lead Professionals across the Trust to support the rapid improvement in different schools as identified by executive leaders.

**Financial Governance and Monitoring**

Robust financial governance and management arrangements are in place across the Trust to deliver economies and efficiencies, examples include:

- The Trust has benefited from purchasing as a Trust and making use of public sector framework agreements, in areas such as energy arrangements, IT systems, services and products and insurances to use funding efficiently. The Trust has also procured educational resources in bulk orders to maximise discounts, using public procurement networks such as ESPO to benefit from competitive frameworks where appropriate.
- The Trust uses a Trust-wide preferred supplier contract to ensure best value for common products and commodities (such as educational supplies) used across our schools. This enables us to adopt our partners portal which provides for increased efficiency benefits including reducing administration time in schools and reducing transaction and processing costs through combining orders, consolidating invoices etc.
- Additional Trust tenders for energy, digital services, devices and components has delivered better value outcomes through economies of scale and improved services. A Trust wide procurement plan is in place that prioritises and schedules trust wide tenders and contracting opportunities to optimize economies of scale and other efficiencies. The Trust works with an external procurement company who specialise in public sector and education procurement to provide expertise and access to MCIPS qualified procurement services and support to aid our priority of driving down the costs of contracts and services where possible, whilst improving quality of the services being received.
- Increasing pupil growth and capacity with expansion projects at QMGS and QMHS.
- Increased pupil growth following the merger with Quaerere Academies Trust in May 2022 has enabled additional economies of scale, with further opportunities in future years as existing contracts expire and can be aligned to Trust-wide arrangements.
- Working collectively with three external selective schools and an exam board to secure a significant reduction in the costs of operating a combined entrance examination for pupils entering grammar schools in the area.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust and school 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 across the Trust throughout the year ended 31 August 2023.

**Capacity to handle risk**

The Trustees have reviewed the key risks to which the Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate such risks. Trustees through the Audit and Risk Committee are assured of the ongoing processes for identifying, evaluating, and managing significant risks. This process is regularly reviewed by the Trustees.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**The risk and control framework**

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures with segregation of duties and a system of delegation & accountability, including:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the Finance & Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Trust has an established approach to risk management. We have used our view on risks facing the trust and respective assurances available (documented in our 'blanket of assurance') to direct our internal scrutiny work for the year. Some of this assurance has been provided through a programme of risk management and assurance work undertaken by the Trust's appointed internal auditors - Bishop Fleming LLP.

The Board of Trustees has decided to buy-in an internal audit service from Bishop Fleming LLP who performed five internal audit reviews during the year focusing on:

- Income and non-payroll expenditure
- Data governance
- Payroll control accounts
- Review on prior year recommendations
- New Payroll System

No evidence of major controls weakness was found. The internal auditors concluded that the controls described are broadly appropriate and comparable with other Trusts of a similar size and organisational structure. Several best practice (green) recommendations, and amber recommendations were made (see table below).

The Trust's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Board that it has done so. In accordance with the terms of Bishop Fleming's engagement they have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below observations arising from our Internal Audit visits.

**KEY:**



**Financial** - Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.

**Governance** - Observations that are fundamental to good governance and should be addressed immediately to minimise the risk of governance failings.



**Financial** - Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.

**Governance** - Observations that are important to good governance and should be addressed to minimise the risk of governance failings and to help improve procedures.



**Financial** - Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.

**Governance** - Observations that if addressed would help to improve and embed good governance practices but is unlikely to lead directly on its own to governance failings.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**GOVERNANCE STATEMENT (CONTINUED)**

---

**The risk and control framework (continued)**

A summary of the number of recommendations raised in each area of testing is as follows:

Testing area	Number of recommendations		
Income and non-pay expenditure	-	5	6
Data Governance	-	5	-
Payroll	-	-	1
Payroll Transition	-	-	2
Prior Year Recommendations	-	-	2
<b>Total</b>	-	<b>10</b>	<b>11</b>

**Other Internal Scrutiny Work**

In addition to the internal scrutiny reviews provided by Bishop Fleming summarised above, I received the following other assurances provided by third parties:

- assurance from external reviews, site visits to each school and regular reports provided by Elite Safety in Education. by the trust before they are implemented.
- Ongoing cyber security checks


**Review of effectiveness**


As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- Work of the Chief Financial Officer (CFO) and finance teams across the Trust
- Extended assurance reviews by the Trust's external auditors
- Scrutiny of the Audit & Risk Committee and Trustees
- The financial management and governance self-assessment process
- The work of the Trust's external auditors in connection with their audit of the annual report and financial statements and in management letters
- 

During the year to 31 August 2023, the accounting officer was advised of the implications of the result of their review of the system of internal control by the Audit & Risk committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on their behalf by:

  
**Kevin Davis**  
Chair of Trustees

  
**Dan Parkers**  
Accounting Officer

Date: 12<sup>th</sup> December 2023



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

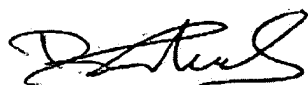
**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

---

As accounting officer of The Mercian 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 between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, 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 all 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 2022.

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



**Daniel Parkes**  
Accounting Officer

Date: 12 December 2023

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

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 Academies 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 then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- 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 the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

  
**Kevin Davis**  
Chair of Trustees

Date: 12<sup>th</sup> December 2023

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
MERCIAN TRUST**

---

**Opinion**

We have audited the financial statements of The Mercian Trust (the 'trust') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2023 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
MERCIAN TRUST (CONTINUED)**

---

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
MERCIAN TRUST (CONTINUED)**

---

**Auditor's responsibilities for the audit of the financial statements**

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

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 frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102), Companies Act 2006, Academies Accounts Direction and the Academy Trust Handbook. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context were General Data Protection Regulation, health and safety legislation, Ofsted and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquire of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the ESFA, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing noncompliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
MERCIAN TRUST (CONTINUED)**

---

**Use of our report**

This report is made solely to the charitable Trust'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 Trust's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Helen Blundell (Senior Statutory Auditor)**

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date: 21 December 2023

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
MERCIAN TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 23 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Mercian Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Mercian Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Mercian Trust's funding agreement with the Secretary of State for Education dated 27 May 2011 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy Trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy Trust and specific transactions identified from our review.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
MERCIAN TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

---

**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Crowe UK LLP*

**Crowe U.K. LLP**

Statutory Auditor

Date: 21 December 2023



**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2023**

		Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
	Note					
<b>Income from:</b>						
Donations and capital grants	3	283,627	-	2,461,971	2,745,598	50,504,467
Other trading activities		412,360	-	-	412,360	334,727
Investments	7	39,786	-	-	39,786	1,145
Charitable activities	4	2,614,707	66,106,957	-	68,721,664	45,241,578
<b>Total income</b>		<b>3,350,480</b>	<b>66,106,957</b>	<b>2,461,971</b>	<b>71,919,408</b>	<b>96,081,917</b>
<b>Expenditure on:</b>						
Charitable activities		3,429,344	64,571,421	3,246,501	71,247,266	49,131,804
<b>Net (expenditure)/income</b>		<b>(78,864)</b>	<b>1,535,536</b>	<b>(784,530)</b>	<b>672,142</b>	<b>46,950,113</b>
Transfers between funds	21	(587,738)	(1,120,661)	1,708,399	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(666,602)</b>	<b>414,875</b>	<b>923,869</b>	<b>672,142</b>	<b>46,950,113</b>
<b>Other recognised gains/(losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	28	-	9,298,000	-	9,298,000	17,864,000
Pension surplus not recognised	28	-	(554,000)	-	(554,000)	-
<b>Net movement in funds</b>		<b>(666,602)</b>	<b>9,158,875</b>	<b>923,869</b>	<b>9,416,142</b>	<b>64,814,113</b>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
(CONTINUED)  
**FOR THE YEAR ENDED 31 AUGUST 2023**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Note					
<b>Reconciliation of funds:</b>					
Total funds brought forward	2,934,602	(3,154,954)	119,707,247	119,486,895	54,672,782
Net movement in funds	(666,602)	9,158,875	923,869	9,416,142	64,814,113
<b>Total funds carried forward</b>	<b>2,268,000</b>	<b>6,003,921</b>	<b>120,631,116</b>	<b>128,903,037</b>	<b>119,486,895</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 52 to 90 form part of these financial statements.

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07611347**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	15	148	1,097
Tangible assets	16	117,093,598	116,800,826
		<u>117,093,746</u>	<u>116,801,923</u>
<b>Current assets</b>			
Stocks	17	19,341	26,969
Debtors	18	2,658,590	3,981,770
Cash at bank and in hand		14,759,475	12,617,491
		<u>17,437,406</u>	<u>16,626,230</u>
Creditors: amounts falling due within one year	19	(5,508,131)	(5,539,024)
<b>Net current assets</b>		<u>11,929,275</u>	<u>11,087,206</u>
<b>Total assets less current liabilities</b>		<u>129,023,021</u>	<u>127,889,129</u>
Creditors: amounts falling due after more than one year	20	(119,984)	(218,234)
<b>Net assets excluding pension asset / liability</b>		<u>128,903,037</u>	<u>127,670,895</u>
Defined benefit pension scheme asset / liability	28	-	(8,184,000)
<b>Total net assets</b>		<u><u>128,903,037</u></u>	<u><u>119,486,895</u></u>

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07611347**

---

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2023**

---

	Note	2023 £	2022 £
<b>Funds of the Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	21	120,631,116	119,707,247
Restricted income funds	21	6,003,921	5,029,046
Pension reserve	21	-	(8,184,000)
<b>Total restricted funds</b>	21	<b>126,635,037</b>	<b>116,552,293</b>
<b>Unrestricted income funds</b>	21	<b>2,268,000</b>	<b>2,934,602</b>
<b>Total funds</b>		<b>128,903,037</b>	<b>119,486,895</b>

The financial statements on pages 47 to 90 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

  
**Kevin Davis**  
Chair of Trustees

Date: 12<sup>th</sup> December 2023

The notes on pages 52 to 90 form part of these financial statements.

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	3,215,891	5,744,732
<b>Cash flows from investing activities</b>	25	(1,017,849)	(978,545)
<b>Cash flows from financing activities</b>	24	(56,058)	(13,860)
		<u>2,141,984</u>	<u>4,752,327</u>
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents at the beginning of the year		12,617,491	7,865,164
<b>Cash and cash equivalents at the end of the year</b>	26, 27	<u><u>14,759,475</u></u>	<u><u>12,617,491</u></u>

The notes on pages 52 to 90 form part of these financial statements

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**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 Trust 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.

**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 year is deducted from income and recognised as a liability.

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

• **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.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**1. Accounting policies (continued)**

**1.3 Income (continued)**

- **Other income**

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

**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 the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Charitable activities**

These 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 Intangible assets**

Intangible assets costing £2,500 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 assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows:

Software	- 3 years
----------	-----------

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets**

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where items are purchased as a group the value of the group is considered not the value of the individual items when considering if the group should be capitalised.

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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

The estimated useful lives range as follows:

Freehold property	- 50	years
Long-term leasehold property	- 50 - 125	years
Assets under construction	-	not depreciated until in use
Plant and Machinery	- 3 - 10	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.

**1.7 Interest receivable**

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

**1.8 Operating leases**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.



---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**1. Accounting policies (continued)**

**1.9 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.10 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.11 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

**1.12 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.13 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.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**1. Accounting policies (continued)**

**1.14 Financial instruments**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.15 Taxation**

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

Accordingly, the 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.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**1. Accounting policies (continued)**

**1.16 Pensions**

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

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

**1.17 Agency arrangements**

The charitable company acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the Statement of financial activities as the Trust does not have control over the charitable application of the funds. In some instances the Trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 33

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**2. 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Where a scheme is in a surplus according to the accounting valuation the associated asset has not been recognised on the basis that it is not likely to be recoverable either through future reductions in contributions rates or future repayments. Further details of pension assets not recognised can be found with the pensions note to the financial statements.

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. The asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

The Trustees have exercised judgement in estimating the expected useful life of the School's leasehold buildings and other fixed assets. These estimates are then used to calculate the depreciation cost of the assets.

Critical areas of judgement:

There are no critical judgements which would materially impact the financial statements.

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**3. Income from donations and capital grants**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Donations	283,627	-	-	283,627
Capital Grants	-	-	2,461,971	2,461,971
	<u>283,627</u>	<u>-</u>	<u>2,461,971</u>	<u>2,745,598</u>
	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Surplus transferred from Quaerere Academies Trust	300,000	2,659,961	-	2,959,961
Pension liability transferred from Quaerere Academies Trust	-	(6,143,000)	-	(6,143,000)
Fixed assets transferred from Quaerere Academies Trust	-	-	52,241,258	52,241,258
<b>Transfers subtotal</b>	<u>300,000</u>	<u>(3,483,039)</u>	<u>52,241,258</u>	<u>49,058,219</u>
Donations	89,486	87,951	-	177,437
Capital Grants	-	-	1,268,811	1,268,811
<b>Subtotal</b>	<u>89,486</u>	<u>87,951</u>	<u>1,268,811</u>	<u>1,446,248</u>
	<u>389,486</u>	<u>(3,395,088)</u>	<u>53,510,069</u>	<u>50,504,467</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**4. Income from charitable activities**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Funding for educational operations (note 5)	-	65,607,296	65,607,296
Catering Income	1,329,652	-	1,329,652
School fund	1,145,041	-	1,145,041
Other income	140,014	499,661	639,675
	<u>2,614,707</u>	<u>66,106,957</u>	<u>68,721,664</u>
	<u>2,614,707</u>	<u>66,106,957</u>	<u>68,721,664</u>
	<i>Unrestricted funds 2022 £</i>	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Funding for educational operations (note 5)	-	43,242,339	43,242,339
Catering income	1,009,571	-	1,009,571
School fund	579,958	-	579,958
Other income	173,660	236,050	409,710
	<u>1,763,189</u>	<u>43,478,389</u>	<u>45,241,578</u>
	<u>1,763,189</u>	<u>43,478,389</u>	<u>45,241,578</u>

---

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

---

**5. Funding for the Trust's educational operations**

	<b>Restricted funds 2023 £</b>	<b>Total funds 2023 £</b>
<b>Funding for educational operations</b>		
<b>DfE/ESFA grants</b>		
General Annual Grant (GAG)	57,320,122	57,320,122
Other DfE/ESFA grants		
Other Dfe/ESFA Grants	642,356	642,356
Pupil Premium	3,179,968	3,179,968
	<hr/> 61,142,446	<hr/> 61,142,446
<b>Other Government grants</b>		
Local Authority Grants	1,666,397	1,666,397
<b>COVID-19 additional funding (DfE/ESFA)</b>		
Other DfE/ESFA COVID-19 funding	2,798,453	2,798,453
	<hr/> 65,607,296	<hr/> 65,607,296
	<hr/> <hr/>	<hr/> <hr/>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**5. Funding for the Trust's educational operations (continued)**

	<i>Restricted funds 2022 £</i>	<i>Total funds 2022 £</i>
<b>Funding for educational operations</b>		
<b>DfE/ESFA grants</b>		
General Annual Grant (GAG)	37,997,637	37,997,637
Other DfE/ESFA grants		
Other DfE/ESFA Grants	1,890,432	1,890,432
Pupil Premium	1,841,102	1,841,102
Teachers Pension Grant	265,885	265,885
	<u>41,995,056</u>	<u>41,995,056</u>
<b>Other Government grants</b>		
Local Authority Grants	1,082,126	1,082,126
<b>COVID-19 additional funding (DfE/ESFA)</b>		
Other DfE/ESFA COVID-19 funding	165,157	165,157
	<u>165,157</u>	<u>165,157</u>
	<u>43,242,339</u>	<u>43,242,339</u>
	<u><u>43,242,339</u></u>	<u><u>43,242,339</u></u>



**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**6. Income from other trading activities**

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
School Uniform & Other Sales	50,352	50,352
Staff Catering	8,201	8,201
Lettings Income	224,396	224,396
Music Income	129,411	129,411
	<u>412,360</u>	<u>412,360</u>
	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
School Uniform & Other Sales	51,000	51,000
Staff Catering	8,317	8,317
Lettings Income	160,463	160,463
Music Income	114,947	114,947
	<u>334,727</u>	<u>334,727</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**7. Investment income**

	<b>Unrestricted funds 2023 £</b>	<b>Total funds 2023 £</b>
Investment Income	39,786	39,786

	<i>Unrestricted funds 2022 £</i>	<i>Total funds 2022 £</i>
Investment Income	1,145	1,145

**8. Expenditure**

	<b>Staff Costs 2023 £</b>	<b>Premises 2023 £</b>	<b>Other 2023 £</b>	<b>Total 2023 £</b>
Funding for educational operations:				
Direct costs	43,057,157	2,642,816	894,853	46,594,826
Allocated support costs	7,547,593	6,846,746	10,258,101	24,652,440
	<u>50,604,750</u>	<u>9,489,562</u>	<u>11,152,954</u>	<u>71,247,266</u>

	<i>Staff Costs 2022 £</i>	<i>Premises 2022 £</i>	<i>Other 2022 £</i>	<i>Total 2022 £</i>
Funding for educational operations:				
Direct costs	28,877,138	1,516,373	4,407,852	34,801,363
Allocated support costs	7,930,128	3,815,187	2,585,126	14,330,441
	<u>36,807,266</u>	<u>5,331,560</u>	<u>6,992,978</u>	<u>49,131,804</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2023 £</b>	<b>Support costs 2023 £</b>	<b>Total funds 2023 £</b>
Funding for educational operations	46,594,826	24,652,440	71,247,266

	<i>Activities undertaken directly 2022 £</i>	<i>Support costs 2022 £</i>	<i>Total funds 2022 £</i>
Funding for educational operations	34,801,363	14,330,441	49,131,804

**Analysis of direct costs**

	<b>Total funds 2023 £</b>	<b>Total funds 2022 £</b>
Staff costs	36,803,242	28,877,138
Depreciation	2,642,816	1,478,853
Educational supplies	4,538,605	2,842,077
Staff development	371,576	313,260
Examination fees	1,118,144	589,594
Technology	1,119,494	683,074
Amortisation	949	17,367
	<b>46,594,826</b>	<b>34,801,363</b>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Total funds 2023 £</b>	<i>Total funds 2022 £</i>
Wages and Salaries	13,801,508	7,930,128
Premises Costs	6,846,746	4,087,563
Governance Costs	564,522	418,451
Other support costs	3,439,664	1,894,299
	<u>24,652,440</u>	<u>14,330,441</u>

**10. Net (expenditure)/income**

Net (expenditure)/income for the year includes:

	<b>2023 £</b>	<i>2022 £</i>
Operating lease rentals	100,099	5,477
Depreciation of tangible fixed assets	3,226,834	1,753,993
Amortisation of intangible assets	949	17,367
Fees paid to auditor for:		
- audit	35,550	31,075
- other services	4,290	3,900
	<u>35,550</u>	<u>31,075</u>
	<u>4,290</u>	<u>3,900</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	36,570,606	24,342,699
Social security costs	3,954,492	2,641,446
Pension costs	8,618,430	8,590,150
	<u>49,143,528</u>	<u>35,574,295</u>
Agency staff costs	1,312,926	1,189,259
Staff restructuring costs	148,296	43,712
	<u><u>50,604,750</u></u>	<u><u>36,807,266</u></u>

Staff restructuring costs comprise:

Severance payments	<u><u>148,296</u></u>	<u><u>43,712</u></u>
--------------------	-----------------------	----------------------

**b. Severance payments**

The Trust paid 9 severance payments in the year (2022 - 5), disclosed in the following bands:

	2023 No.	2022 No.
£0 - £25,000	5	5
£25,001 - £50,000	<u><u>4</u></u>	<u><u>-</u></u>

**c. Special staff severance payments**

Eight non-contractual severance payments in the 2022/2023 financial year totalling £84,903 (2022: five payments totalling £43,712). The payments were duly authorised by Trustees as per requirements of the Academies Trust Handbook. The individual payments were: £1,066, £24,100, £1,736, £30,000, £5,475, £13,262, £5,663 and £3,600 (2022: £4,538, £4,926, £7,613, £11,249 and £15,386).

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**11. Staff (continued)**

**d. Staff numbers**

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

	2023 No.	2022 No.
Teachers	551	389
Administration and support	420	310
Management	88	56
	<u>1,059</u>	<u>755</u>

**e. Higher paid staff**

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

	2023	2022
In the band £60,001 - £70,000	28	12
In the band £70,001 - £80,000	11	5
In the band £80,001 - £90,000	4	1
In the band £90,001 - £100,000	3	4
In the band £100,001 - £110,000	6	-
In the band £110,001 - £120,000	-	1
In the band £130,001 - £140,000	-	1
In the band £140,001 - £150,000	1	-

**f. Key management personnel**

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £2,363,955 (2022: £1,573,268).

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**12. Central services**

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

- Strategic direction and coordination of activities
- School Improvement including access to a trained Ofsted Lead inspector
- Central financial services including Financial policy and management, Statutory accounting and returns, Strategic financial planning, Financial management advice and support, Transactional procurement, creditor management, payroll.
- Central IT services
- Coordination of a Trust-wide approach to GDPR compliance
- Tax advice
- Programmes of trust-wide developed CPD and initial teacher training
- Insurance advisory and broking, claims management
- Estates project management and advice
- HR advice
- Annual external audit, pension valuations and extended audit assurance
- Other educational services organised centrally by the Trust
- Additional resources to schools for SEND and social mobility

The Trust charges for these services on the following basis:

The Trust charged for the services by means of a "top slice approach". In the current year the Trust charged 5% of grant income.

The actual amounts charged during the year were as follows:

	2023 £	2022 £
Aldridge School	519,611	431,664
Queen Mary's Grammar School	392,280	328,284
Queen Mary's High School	276,218	228,336
Shire Oak Academy	512,518	426,216
Walsall Studio School	105,151	88,680
The Ladder School	59,896	40,848
Q3 Academy Great Barr	369,740	63,504
Q3 Academy Langley	452,887	73,224
Q3 Academy Tipton	544,701	87,560
<b>Total</b>	<b>3,233,002</b>	<b>1,768,316</b>

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**13. Trustees' remuneration and expenses**

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 August 2023, no travel and subsistence expenses (2022: £NIL) were reimbursed to any Trustees.

**14. Trustees' and Officers' insurance**

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers' indemnity element from the overall cost of the RPA scheme membership.

**15. Intangible assets**

	<b>Software £</b>
<b>Cost</b>	
At 1 September 2022	<b>86,194</b>
At 31 August 2023	<b>86,194</b>
<b>Amortisation</b>	
At 1 September 2022	<b>85,097</b>
Charge for the year	<b>949</b>
At 31 August 2023	<b>86,046</b>
<b>Net book value</b>	
At 31 August 2023	<b>148</b>
At 31 August 2022	<b>1,097</b>



**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**16. Tangible fixed assets**

	Freehold property £	Long-term leasehold property £	Assets under construction £	Plant and Equipment £	Total £
<b>Cost or valuation</b>					
At 1 September 2022	48,649,634	73,042,105	1,532,616	4,184,991	127,409,346
Additions	569,400	612,607	1,157,161	1,199,155	3,538,323
Disposals	-	-	-	(18,717)	(18,717)
Transfers between classes	-	-	(986,740)	986,740	-
At 31 August 2023	49,219,034	73,654,712	1,703,037	6,352,169	130,928,952
<b>Depreciation</b>					
At 1 September 2022	3,367,661	4,416,269	-	2,824,590	10,608,520
Charge for the year	735,970	1,906,845	-	602,736	3,245,551
On disposals	-	-	-	(18,717)	(18,717)
At 31 August 2023	4,103,631	6,323,114	-	3,408,609	13,835,354
<b>Net book value</b>					
At 31 August 2023	45,115,403	67,331,598	1,703,037	2,943,560	117,093,598
At 31 August 2022	45,281,973	68,625,836	1,532,616	1,360,401	116,800,826

The trust leases the land it occupies from Sandwell Council on long leases of 125 years. The land associated with this lease has been accounted for on the same basis as the other long term leases in order to properly reflect the substance of the arrangement.

**17. Stocks**

	2023 £	2022 £
Finished goods and goods for resale	19,341	26,969

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**18. Debtors**

	2023 £	2022 £
<b>Due within one year</b>		
Trade debtors	128,672	101,849
Other debtors	90,122	46,943
VAT repayable	292,239	1,200,486
Prepayments and accrued income	2,147,557	2,632,492
	<u>2,658,590</u>	<u>3,981,770</u>

**19. Creditors: Amounts falling due within one year**

	2023 £	2022 £
Other loans	56,052	13,860
Trade creditors	710,864	1,652,971
Other taxation and social security	937,260	873,536
Other creditors	1,163,027	1,328,704
Accruals and deferred income	2,640,928	1,669,953
	<u>5,508,131</u>	<u>5,539,024</u>

	2023 £	2022 £
Deferred income at 1 September 2022	157,287	80,933
Resources deferred during the year	493,173	115,092
Amounts released from previous periods	(157,287)	(38,738)
	<u>493,173</u>	<u>157,287</u>

Deferred income relates to amounts of funding received or recognised by the Trust that explicitly relate to future periods.

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**20. Creditors: Amounts falling due after more than one year**

	2023 £	2022 £
Other loans	<u>119,984</u>	<u>218,234</u>

Other loans includes £56,052 (2022: £13,860) falling within one year and £119,984 (2022: £218,234) falling due after more than one year for the balance of three Salix loans, one CIF loan and one SSEF loan.

The total amounts advanced as Salix loans was £30,880. These loans are interest free, unsecured and repayable in equal annual installments of £3,860 over a period of eight years.

The total amounts advanced as CIF loans was £50,000. This loan is charged at an interest rate of 1.7%, is unsecured and repayable in equal monthly installments of £860 over a period of five years.

The total amount to be advanced as SSEF loans is £200,000. As at 31 August 2023 £200,000 has been received. This loan is charged at an interest rate of 1.81%, is unsecured and repayable in equally monthly instalments of £3,517 over a period of five years.

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds**

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Capital commitments	680,364	551,000	(680,364)	-	-	551,000
QHS commitments	800,000	-	-	-	-	800,000
Other strategic investments	1,047,000	603,000	(733,000)	-	-	917,000
	<u>2,527,364</u>	<u>1,154,000</u>	<u>(1,413,364)</u>	<u>-</u>	<u>-</u>	<u>2,268,000</u>
<b>General funds</b>						
General Funds	107,238	2,196,480	(2,015,980)	(287,738)	-	-
Transferred in on conversion	300,000	-	-	(300,000)	-	-
	<u>407,238</u>	<u>2,196,480</u>	<u>(2,015,980)</u>	<u>(587,738)</u>	<u>-</u>	<u>-</u>
<b>Total Unrestricted funds</b>	<u>2,934,602</u>	<u>3,350,480</u>	<u>(3,429,344)</u>	<u>(587,738)</u>	<u>-</u>	<u>2,268,000</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	3,742,787	65,097,621	(62,830,607)	(1,120,661)	-	4,889,140
Sports reserve	198,308	-	(15,522)	-	-	182,786
Digital transformation	1,000,000	790,543	(973,408)	-	-	817,135
Donations (QMG)	87,951	218,793	(191,884)	-	-	114,860
Pension reserve	(8,184,000)	-	(560,000)	-	8,744,000	-
	<u>(3,154,954)</u>	<u>66,106,957</u>	<u>(64,571,421)</u>	<u>(1,120,661)</u>	<u>8,744,000</u>	<u>6,003,921</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	12,077,217	-	-	-	-	12,077,217
Voluntary capital income	9,907,465	-	-	-	-	9,907,465
Capital donations from private sector	1,167,599	-	-	-	-	1,167,599
Depreciation	(10,699,668)	-	(3,246,501)	-	-	(13,946,169)
Donations on transfer	107,254,634	2,461,971	-	1,708,399	-	111,425,004
	<u>119,707,247</u>	<u>2,461,971</u>	<u>(3,246,501)</u>	<u>1,708,399</u>	<u>-</u>	<u>120,631,116</u>
<b>Total Restricted funds</b>	<u>116,552,293</u>	<u>68,568,928</u>	<u>(67,817,922)</u>	<u>587,738</u>	<u>8,744,000</u>	<u>126,635,037</u>
<b>Total funds</b>	<u>119,486,895</u>	<u>71,919,408</u>	<u>(71,247,266)</u>	<u>-</u>	<u>8,744,000</u>	<u>128,903,037</u>

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

**Fund descriptions:**

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

**Designated funds** are funds that the Trust have assigned to specific purposes to demonstrate how the reserves are being utilised.

**Restricted general funds** comprise all other restricted funds received and include grants from the Department for Education (DfE)/Educational and Skills Funding Agency (ESFA).

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

**Transfers between funds** relate to amounts utilised from restricted DfE/ESFA revenue grants which have been used for the acquisition of fixed assets.

The excess of restricted fixed asset funds over the total net book value of fixed assets represents capital monies not yet spent. At 31 August 2023 this amounted to £3,537,518 (2022: £2,905,324).

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

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

	<i>Balance at 1 September 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2022 £</i>
<b>Unrestricted funds</b>						
<b>Designated funds</b>						
Capital commitments	-	-	-	680,364	-	680,364
QHS commitments	-	-	-	800,000	-	800,000
Other strategic investments	-	-	-	1,047,000	-	1,047,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,527,364</u>	<u>-</u>	<u>2,527,364</u>
<b>General funds</b>						
General Funds	2,382,851	2,188,547	(1,936,796)	(2,527,364)	-	107,238
Transferred in on conversion	-	300,000	-	-	-	300,000
	<u>2,382,851</u>	<u>2,488,547</u>	<u>(1,936,796)</u>	<u>(2,527,364)</u>	<u>-</u>	<u>407,238</u>
<b>Total Unrestricted funds</b>	<u>2,382,851</u>	<u>2,488,547</u>	<u>(1,936,796)</u>	<u>-</u>	<u>-</u>	<u>2,934,602</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

	<i>Balance at 1 September 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2022 £</i>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	1,453,127	37,997,637	(35,530,408)	(177,569)	-	3,742,787
Other DfE/ESFA grants	-	1,680,536	(1,680,536)	-	-	-
Pupil Premium	-	1,841,102	(1,841,102)	-	-	-
Catch-up Premium	70,000	-	(70,000)	-	-	-
Other DfE/ESFA COVID-19	-	165,157	(165,157)	-	-	-
Local Authority Grants	-	1,082,126	(1,082,126)	-	-	-
Other	-	236,050	(236,050)	-	-	-
Teachers Pension Grant	-	265,885	(265,885)	-	-	-
Sports reserve	254,138	-	(55,830)	-	-	198,308
Transferred in on conversion	-	2,659,961	-	(2,659,961)	-	-
Digital transformation	-	-	-	1,000,000	-	1,000,000
TCAF Grant	-	209,896	(209,896)	-	-	-
Donations (QMG)	-	87,951	-	-	-	87,951
Pension reserve	(16,572,000)	(6,143,000)	(3,333,000)	-	17,864,000	(8,184,000)
	<u>(14,794,735)</u>	<u>40,083,301</u>	<u>(44,469,990)</u>	<u>(1,837,530)</u>	<u>17,864,000</u>	<u>(3,154,954)</u>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

	<i>Balance at 1 September 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2022 £</i>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	11,762,067	1,268,811	(953,661)	-	-	12,077,217
Voluntary capital income	9,907,465	-	-	-	-	9,907,465
Capital donations from private sector	1,167,599	-	-	-	-	1,167,599
Depreciation	(8,928,311)	-	(1,771,357)	-	-	(10,699,668)
Donations on transfer	53,175,846	52,241,258	-	1,837,530	-	107,254,634
	<u>67,084,666</u>	<u>53,510,069</u>	<u>(2,725,018)</u>	<u>1,837,530</u>	<u>-</u>	<u>119,707,247</u>
<b>Total Restricted funds</b>	<u>52,289,931</u>	<u>93,593,370</u>	<u>(47,195,008)</u>	<u>-</u>	<u>17,864,000</u>	<u>116,552,293</u>
<b>Total funds</b>	<u><u>54,672,782</u></u>	<u><u>96,081,917</u></u>	<u><u>(49,131,804)</u></u>	<u><u>-</u></u>	<u><u>17,864,000</u></u>	<u><u>119,486,895</u></u>



**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

**Total funds analysis by academy**

Fund balances at 31 August 2023 were allocated as follows:

	2023 £	2022 £
Aldridge School	2,213,469	1,988,702
Aldridge School Sports Regime	182,478	198,000
Queens Mary's Grammar School	277,641	1,035,762
Queen Mary's High School	993,051	723,411
Shire Oak Academy	918,046	739,304
Walsall Studio School	428,251	181,624
The Ladder School	(431,784)	(82,595)
Q3 Academy Great Barr	277,665	473,841
Q3 Academy Langley	2,700,966	1,946,397
Q3 Academy Tipton	712,138	759,202
Total before fixed asset funds and pension reserve	8,271,921	7,963,648
Restricted fixed asset fund	120,631,116	119,707,247
Pension reserve	-	(8,184,000)
<b>Total</b>	<b>128,903,037</b>	<b>119,486,895</b>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
The Ladder School	431,784

The deficit shown for The Ladder School is as a result of an in-year shortfall in commissioned student numbers which resulted in lower top up per pupil funding than budgeted. TLS has been in temporary accommodation for 3 years whilst a new permanent building was built (funded via the DfE free schools capital team). The new building was opened in September 2022 and this provides the opportunity and facilities to start to grow the number of commissioned places and establish TLS from 2023/24 onwards.

The Trust is taking the following action to return the academy to surplus:

A financial plan based on a growth in commissioned places has been developed to provide a balanced budget in the medium term – although this is under review following the higher than expected pay awards and other inflationary costs on areas such as energy.

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2023 £
Aldridge School	6,832,118	619,951	666,849	2,051,338	10,170,256
Queens Mary's Grammar School	4,772,711	958,964	659,729	1,989,765	8,381,169
Queen Mary's High School	3,352,645	448,302	492,733	971,836	5,265,516
Shire Oak Academy	6,992,595	944,982	700,374	1,438,121	10,076,072
Walsall Studio School	1,128,661	237,276	82,557	410,344	1,858,838
The Mercian Trust	1,283,744	2,195,677	45,296	683,669	4,208,386
The Ladder School	1,020,692	192,410	71,505	187,206	1,471,813
Q3 Academy Langley	6,016,531	548,643	527,872	1,750,869	8,843,915
Q3 Academy Great Barr	5,038,220	658,186	566,580	1,514,620	7,777,606
Q3 Academy Tipton	6,619,240	743,202	725,110	2,463,327	10,550,879
<b>Trust</b>	<b>43,057,157</b>	<b>7,547,593</b>	<b>4,538,605</b>	<b>13,461,095</b>	<b>68,604,450</b>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**21. Statement of funds (continued)**

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2023 £
Comparative information in respect of the preceding year is as follows:					
	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2022 £
Aldridge School	6,492,600	395,707	540,112	1,990,748	9,419,167
Queens Mary's Grammar School	4,297,995	821,596	380,828	1,878,923	7,379,342
Queen Mary's High School	3,183,744	365,971	420,282	1,046,974	5,016,971
Shire Oak Academy	6,695,828	644,912	606,438	1,792,024	9,739,202
Walsall Studio School	1,356,419	231,983	79,141	436,961	2,104,504
The Mercian Trust	735,288	4,469,351	41,042	(1,595,861)	3,649,820
The Ladder School	826,094	144,627	110,600	146,422	1,227,743
Q3 Academy Great Barr	1,761,869	206,671	168,806	515,098	2,652,444
Q3 Academy Langley	1,522,304	333,969	157,762	491,142	2,505,177
Q3 Academy Tipton	2,004,997	315,341	323,597	1,053,509	3,697,444
<b>Trust</b>	<b>28,877,138</b>	<b>7,930,128</b>	<b>2,828,608</b>	<b>7,755,940</b>	<b>47,391,814</b>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**22. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	(3,537,518)	-	120,631,116	117,093,598
Intangible fixed assets	148	-	-	148
Current assets	10,312,824	7,124,582	-	17,437,406
Creditors due within one year	(4,507,454)	(1,000,677)	-	(5,508,131)
Creditors due in more than one year	-	(119,984)	-	(119,984)
<b>Total</b>	<b>2,268,000</b>	<b>6,003,921</b>	<b>120,631,116</b>	<b>128,903,037</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	116,800,826	116,800,826
Intangible fixed assets	-	-	1,097	1,097
Current assets	2,934,602	10,786,304	2,905,324	16,626,230
Creditors due within one year	-	(5,539,024)	-	(5,539,024)
Creditors due in more than one year	-	(218,234)	-	(218,234)
Provisions for liabilities and charges	-	(8,184,000)	-	(8,184,000)
<b>Total</b>	<b>2,934,602</b>	<b>(3,154,954)</b>	<b>119,707,247</b>	<b>119,486,895</b>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**23. Reconciliation of net income to net cash flow from operating activities**

	2023 £	2022 £
Net income for the year (as per Statement of Financial Activities)	<b>672,142</b>	46,950,113
<b>Adjustments for:</b>		
Depreciation charges	<b>3,226,834</b>	1,753,993
Amortisation charges	<b>949</b>	17,367
Bank interest	<b>(39,786)</b>	(1,145)
Decrease/(increase) in stocks	<b>7,628</b>	12,633
Increase/(decrease) in debtors	<b>1,475,382</b>	(1,797,768)
(Decrease)/increase in creditors	<b>(225,287)</b>	2,843,608
Capital grants from DfE and other capital income	<b>(2,461,971)</b>	(1,268,811)
Defined benefit pension scheme obligation transferred from academies	-	6,143,000
Defined benefit pension scheme cost less contributions payable	<b>215,000</b>	2,964,000
Defined benefit pension scheme finance cost	<b>345,000</b>	369,000
Restricted FA funds transferred from academies joining the Trust	-	(52,241,258)
<b>Net cash provided by operating activities</b>	<b>3,215,891</b>	5,744,732

**24. Cash flows from financing activities**

	2023 £	2022 £
Repayments of borrowing	<b>(56,058)</b>	(13,860)
<b>Net cash used in financing activities</b>	<b>(56,058)</b>	(13,860)

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**25. Cash flows from investing activities**

	2023 £	2022 £
Bank interest	39,786	1,145
Purchase of intangible assets	-	(1,624)
Purchase of tangible fixed assets	(3,519,606)	(2,248,402)
Capital grants from the DfE and ESFA	2,461,971	1,268,811
Proceeds on disposal of fixed assets	-	1,525
<b>Net cash used in investing activities</b>	<b>(1,017,849)</b>	<b>(978,545)</b>

**26. Analysis of cash and cash equivalents**

	2023 £	2022 £
Cash in hand and at bank	14,759,475	12,617,491
<b>Total cash and cash equivalents</b>	<b>14,759,475</b>	<b>12,617,491</b>

**27. Analysis of changes in net debt**

	At 1 September 2022 £	Cash flows £	At 31 August 2023 £
Cash at bank and in hand	12,617,491	2,141,984	14,759,475
Debt due within 1 year	(13,860)	(42,192)	(56,052)
Debt due after 1 year	(218,234)	98,250	(119,984)
	<b>12,385,397</b>	<b>2,198,042</b>	<b>14,583,439</b>

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**28. Pension commitments**

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022.

Contributions amounting to £904,957 were payable to the schemes at 31 August 2023 (2022 - £751,398) 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 full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

**Valuation of the Teachers' Pension Scheme**

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

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

The result of the 31 March 2022 valuation is due to be implemented from 1 April 2024 which confirmed that the employer contribution rate for the TPS would increase from 23.6% to 28.6%. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 28.68%.

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**28. Pension commitments (continued)**

The employer's pension costs paid to TPS in the year amounted to £8,058,430 (2022 - £4,122,509).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £2,488,000 (2022 - £1,415,298), of which employer's contributions totalled £1,972,000 (2022 - £1,088,548) and employees' contributions totalled £ 516,000 (2022 - £359,750). The agreed contribution rates for future years are 20.9 per cent for employers and between 5.5 and 12.5 per cent for employees.

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

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

**Principal actuarial assumptions**

	2023 %	2022 %
Rate of increase in salaries	3.95	4.05
Rate of increase for pensions in payment/inflation	2.95	3.05
Discount rate for scheme liabilities	5.20	4.25
Inflation assumption (CPI)	2.95	3.05

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

	2023 Years	2022 Years
<i>Retiring today</i>		
Males	20.1	21.2
Females	23.6	23.6
<i>Retiring in 20 years</i>		
Males	21.5	22.9
Females	24.9	25.4



**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**28. Pension commitments (continued)**

**Sensitivity analysis**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	(641)	(756)
Discount rate -0.1%	641	756
Mortality assumption - 1 year increase	1,082	1,358
Mortality assumption - 1 year decrease	(1,082)	(1,358)

**Share of scheme assets**

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

	<b>At 31 August 2023</b>	<b>At 31 August 2022</b>
	<b>£</b>	<b>£</b>
Equities	18,763,000	17,262,550
Corporate bonds	5,794,000	5,410,650
Property	1,931,000	2,061,200
Cash and other liquid assets	1,104,000	1,030,600
<b>Total market value of assets</b>	<b>27,592,000</b>	<b>25,765,000</b>

The actual return on scheme assets was £(1,421,000) (2022 - £772,950).

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Current service cost	2,187,000	4,524,000
Interest cost	345,000	369,000
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>2,532,000</b>	<b>4,893,000</b>

**THE MERCIAN TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2023**

**28. Pension commitments (continued)**

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

	2023 £	2022 £
<b>At 1 September</b>	<b>33,278,000</b>	<b>31,009,000</b>
Transferred in on existing academies joining the trust	-	23,374,000
Current service cost	2,187,000	3,326,000
Interest cost	1,462,000	667,000
Employee contributions	516,000	328,000
Actuarial gains/(losses)	(10,010,000)	(25,146,000)
Benefits paid	(395,000)	(280,000)
<b>At 31 August</b>	<b>27,038,000</b>	<b>33,278,000</b>

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

	2023 £	2022 £
<b>At 1 September</b>	<b>25,275,000</b>	<b>14,437,000</b>
Transferred in on existing academies joining the trust	-	10,435,000
Interest income	1,117,000	305,000
Actuarial gains/(losses)	(893,000)	(1,050,000)
Employee contributions	516,000	328,000
Employer contributions	1,972,000	1,100,000
Benefits paid	(395,000)	(280,000)
Derecognition of surplus	(554,000)	-
<b>At 31 August</b>	<b>27,038,000</b>	<b>25,275,000</b>

**29. Operating lease commitments**

At 31 August 2023 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Not later than 1 year	726,280	67,013
Later than 1 year and not later than 5 years	890,026	43,335
	<b>1,616,306</b>	<b>110,348</b>

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**29. Operating lease commitments (continued)**

The Trust is committed to funding payments under the Building Schools for the Future (BSF) scheme for Q3 Tipton Academy. The annual cost of the BSF contract is £1,321,132 and is payable until December 2037.

**30. Capital commitments**

Amounts contracted for, but not provided in the financial statements, for the year ending 31 August 2023 was: £817,135 (2022: £680,364).

**31. Members' liability**

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

**32. Related party transactions**

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, 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.

As stated in the Trustees' report above, the Trust has a number of transactions with related parties.

The Trustees' report also provides additional information on the nature of the relationship with each of the connected parties. Further details of which are set out below.

**Queen Mary's Schools Foundation**

The Foundation owns the freehold land for both Queen Mary's school sites, let at a peppercorn rent to the Trust under a 125-year lease for the main sites and 10-year leases for playing fields.

Invoices for Grounds maintenance were raised to Queen Mary's School Foundation during the year totalling £1,659 (2022: £683) Invoices for Swimming pool Hire raised to Queen Mary's School Foundation on behalf of Mayfield Preparatory school were raised during the year totalling £2,100 (2022: £1,440).

During the year, the Trust received donations from The Foundation relating to running the entrance tests for Queen Mary's Grammar School and Queen Mary's High School. The total value of this income from donations was £66,777 (2022: £80,690).

---

**THE MERCIAN TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2023**

---

**33. Agency arrangements**

The Trust distributes 16-19 funds to students as an agent for the ESFA. In the accounting period 31 August 2023 the Trust Received £213,767 (2022: £137,107) and disbursed £160,228 (2022: £101,244) from the fund in addition to the Trusts costs of administering the fund of £10,688 (2022: £6,855). An amount of £218,157 (2022: £157,171) is included in the Other Creditors relating to the undistributed funds that is repayable to the ESFA if unspent.