

**HEART ACADEMIES TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND AUDITED ACCOUNTS**  
**FOR THE YEAR ENDED 31 AUGUST 2021**



# HEART ACADEMIES TRUST

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# HEART ACADEMIES TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Trustees

Mr D Hoare (RO) (Chair)<sup>1,2,3,4</sup>  
Mrs J Webster<sup>1,3</sup>  
Mrs S Clark<sup>1</sup>  
Mr L Spencer<sup>2</sup>  
Mrs S Davis (appointed 24 March 2021)<sup>2</sup>  
Dr A Lee (appointed 09 April 2021)<sup>1</sup>  
Mrs S Lousada (appointed 27 May 2021)<sup>3</sup>  
Mrs L McDonald (appointed 02 December 2021)

Ms R Jarrett<sup>1,2,4</sup> (resigned 27 May 2021)  
Mr C Rooke<sup>3,4</sup> (resigned 30 June 2021)  
Mr K Binley<sup>2,3</sup> (resigned 02 December 2021)

<sup>1</sup> member of the Education Committee  
<sup>2</sup> member of the Finance and Operations Committee  
<sup>3</sup> member of the Risk and Audit Committee  
<sup>4</sup> member of the Remuneration Committee

### Members

Mr M Stewart (Chair of the Harpur Trust)  
Mr D Hoare (Chair of Trustees)  
Mr R Wilkinson

### Executive Team

Chief Executive Officer  
Chief Finance Officer  
Chief Operating Officer  
School Improvement Director

Mr D Morris  
Mr P Edmond  
Mrs L Archer  
Mrs A Crawte

### Company registration number

06969741 (England and Wales)

### Registered office

Mile Road  
Bedford  
Bedfordshire MK42 9TR

### Independent auditor

Baxter & Co  
Lynwood House  
Crofton Road  
Orpington  
Kent BR6 8QE

### Bankers

HSBC UK Bank PLC  
1, Centenary Square  
Birmingham  
United Kingdom  
B1 1HQ

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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The Trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2020/2021 issued by the ESFA.

#### Structure, governance and management

Governance has continued to be a key area of focus for the Trust. The Trust Scheme of Delegation is now embedded and understood at all levels. The Board of Trustees have a wide array of expertise and skillset that challenges and supports the executive team of the Trust. A skills audit was carried out at the start of 2018/19 for the Board of Trustees and each Local Advisory Board (LAB), which identified strengths and weaknesses. Where weaknesses have been identified, a thorough recruitment process has been followed to fill any gaps. New Trustees are interviewed by the Chair of the Trustees and a panel of Trustees. New governors on the Local Advisory Boards are interviewed by the Chair and the CEO before going to the Board for ratification. The Chairs of the Local Advisory Boards meet with the Chair of the Board and the CEO each term to ensure transparency and clarity of direction of the Board. A first Governors conference was held in Bedford Academy in 2019 to bring Trustees and governors together and a full training programme is now in place to up skill governance across the Trust. A second conference was delayed in response to the Covid pandemic and will be rescheduled when safe to proceed.

#### Constitution

The Academy Trust is a company limited by guarantee incorporated on 22 July 2009. The predecessor school converted to academy status becoming the Bedford Academy on 01 September 2010. On 01 April 2017, the company changed its name to HEART Academies Trust and adopted new articles of association to allow it to operate as a Multi-Academy Trust (MAT). On 01 June 2017, Cauldwell School, Shortstown Primary School and Shackleton Primary School all joined the MAT alongside the Bedford Academy. The charitable company's memorandum and articles of association are its primary governing documents.

The Trustees, who are also the directors for the purpose of company law, and who served during the year are set out in the Reference and Administrative Details section on page 1.

The Trust had a total pupil capacity of 2,790 and had a total roll of 2,429 in January 2021 across its four schools (2,363 at January 2020).

School	Total Roll (January 2021)	Pupil Capacity
The Bedford Academy	1,199	1,440
Cauldwell	408	420
Shackleton	454	510
Shortstown	368	420
<b>Total</b>	<b>2,429</b>	<b>2,790</b>

In addition, Shortstown primary school had 79 children enrolled at its nursery.

#### Members' liability

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

#### Trustees' Indemnities

No indemnities or guarantees have been provided to third parties by the charitable company in respect of any of its Trustees.

# HEART ACADEMIES TRUST

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#### Method of recruitment and appointment or election of trustees

In accordance with the articles of association, the Trustees of the charitable company are appointed as follows:

- Up to 10 Trustees appointed by the Members
- Up to 6 Trustees appointed by the Sponsor
- A minimum of 2 Parent Trustees appointed by Members if no provision is made for at least 2 Parent Local Governors on established Local Governing Bodies.
- Providing the Chief Executive Officer agrees so to act, the Members may appoint the Chief Executive Officer as a Trustee.
- The Trustees may appoint co-opted Trustees. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the numbers of Trustees who are employees of the Academy would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee.

Trustees (other than the Sponsors and the CEO) serve for four years and are eligible for re-election.

#### Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training in charity, educational, safeguarding, legal and financial matters. All Trustees are provided with the information needed (including the Trustees Handbook, policies, minutes, budgets) to undertake their role as Trustees.

#### Organisational structure

The Board of Trustees, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The Board meets at least three times a year and has a number of sub-committees;

- Finance & Operations Committee
- Education Committee
- Risk & Audit Committee
- Remuneration Committee
- Local Advisory Board for each of the schools within the Trust

Each committee is formally constituted with terms of reference and comprises appropriately qualified and experienced members. The Trust Board delegates specific responsibilities to its committees, the activities of which are reported to and discussed at full Board of Trustee meetings. Trustees review the number and role of committees on a regular basis.

Day-to-day management of the company is undertaken by the Chief Executive Officer, supported by the Executive Team.

The Chief Executive Officer is the Accounting Officer and the Chief Finance Officer is the Principal Finance Officer.

#### Arrangements for setting pay and remuneration of key management personnel

The Executive Team is the key management personnel of the Trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as Trustees.

The pay of the Chief Executive Officer is set annually by the Remuneration Committee and approved by the Board of Trustees, having regards to the Trust Executive Pay policy and performance against objectives set the previous year.

The pay of other Executive Team members is also set by Trustees, again having regard to the Trust Executive Pay policy, performance against previously agreed objectives and any recommendations made by the Chief Executive Officer.

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

#### Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published is set out below.

A "relevant union official" means a trade union official; a learning representative of a trade union within the meaning of the 1992 Act; or a safety representative appointed under regulations made under the Health and Safety at Work Act 1974. "Facility time" means time off taken by a relevant union official, that is permitted by the institution, in order to:

- carry out trade union duties, the duties of a union learning representative or activities in relation to which an employee is acting as a representative of the union;
- accompany a worker to a disciplinary or grievance hearing; or
- carry out duties and receive training under the Safety Representatives and Safety Committees Regulations 1977.

#### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	3

#### Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	1
1% - 50%	2
51% - 99%	0
100%	0

#### Percentage of pay bill spent on facility time

Total Cost of facility time	£1k
Total Pay bill	£13,176k
Percentage of the total pay bill spent on facility time	0%

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0%
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#### Related Parties and other Connected Charities and Organisations

The Harpur Trust is a related party by virtue of being a sponsor and ability to appoint Trustees. Transactions with related parties are detailed in the relevant note to the accounts.

#### Engagement with employees (including disabled persons)

The following statement summarises action taken during the period to introduce, maintain or develop arrangements aimed at:

- providing employees with information on matters of concern to them
- consulting employees or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests
- encouraging the involvement of employees in the Trust's performance
- achieving a common awareness on the part of all employees of the factors affecting the performance of the Trust.
- The Trust's policy in respect of applications for employment from disabled persons, the treatment of employees who become disabled and the training, career development and promotion of disabled persons.

The Trust places immense value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Trust. This is

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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achieved through formal and informal meetings, team briefings and internal newsletters/updates. Employee representatives are consulted regularly on a range of matters affecting their current and future interests.

In respect of disabled persons, the policy of the Trust is to support recruitment and retention of students, staff and Trustees/Governors with disabilities. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of all the schools. The Trust does this by adapting the physical environment, making support resources available and through relevant training. The Trust policy is to promote the career development and promotion of disabled persons, irrespective of the nature of their disability and we will provide whatever assistance we reasonably can do in order to support the individual in meeting their career goals, ensuring that there is a 'level playing field' for all.

#### Engagement with suppliers, customers and others in a business relationship with the trust

The Companies (Miscellaneous Reporting) Regulations 2018 introduce a requirement for large companies to include a statement in their directors' (trustees') report summarising how they have had regard to the need to foster the company's business relationship with suppliers, customers and others. The Charities Commission has also published a guide: Charities SORP Information Sheet 3: The Companies (Miscellaneous Reporting) Regulations 2018 and UK Company Charities. This recommends that charitable companies also consider their relationship with other stakeholders – for example beneficiaries, funders and the wider community.

The Trust recognises the importance of maintaining good business relationships with its suppliers. The Trust has a clear procurement policy to ensure that suppliers are treated in an even-handed manner. The performance of, and relationship with, key suppliers is constantly monitored to ensure that we treat suppliers fairly, ensuring that payment terms are adhered to and that we comply with contractual obligations placed upon the Trust. We encourage an open and ongoing dialogue with suppliers to ensure that we conduct our business with them in a professional commercial manner. Procurement 'performance' is reported to the Finance & Operations Committee on a regular basis to help ensure appropriate scrutiny and challenge.

Our objects and aims, described below, put children at the heart of all that we do. We have described our main achievements within the Strategic Report and also how we have performed against our objectives. We are committed to ensuring that we maintain strong and effective relationships with students, parents and wider stakeholders in the community.

#### **Objectives and activities**

##### Objects and aims

The principal object of the charitable company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of HEART Academies Trust, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of the students at all four academies operated by the Trust.

##### Objectives, strategies and activities

The main objectives during the year were;

- To provide high quality education to all pupils throughout the Covid pandemic.
- To continue to establish the HEART Academies Trust.
- To continue to develop exceptional learning communities.
- To develop a school improvement strategy to enable positive impact on outcomes for students.

##### Public benefit

In setting the objectives and planning the associated activities, Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Strategic Report

#### Achievements and performance

##### Achievements in the year

2020/21 followed the pattern of 2019/20 in being a very challenging year for the education sector. Bedford was hit very hard by COVID, particularly the newer Delta variant. The pandemic continued to have a major impact on our schools and tragically the Trust lost a member of staff to COVID. The impact of COVID demanded a strong and sustained response. Over the last year the Trust has delivered over 10,000 food packages to families with the greatest need. Over 400 Laptops and computers were given out to support access to remote learning provided by our schools. Our schools worked to position themselves at the centre of their community supporting the most vulnerable families and signposting to agencies for other more specialist support where required.

Each school faced different challenges regarding the amount and nature of remote learning required, as well as providing high-quality in-school provision for vulnerable and key-worker children. In fact, the January 2021 national lockdown saw greater numbers of families requesting their child continue to attend school. Towards the end of the January 2021 lockdown between 25% and 40% of pupils were attending our primary schools. Maintaining both streams of teaching – a blended approach – was a key test for the Trust throughout the year. All of our staff responded positively to these challenges to ensure the best provision for all children.

A key focus throughout this period and into 2021/22 has been identifying and assessing the gaps in pupil learning following two years of disruption. When our schools have been able to resume full-time face-to-face teaching, each invested time and resource, supported by government catch-up funds, to ensure that every child had an opportunity to succeed and catch up on lost learning.

All schools will continue to focus on establishing our high standards into 2021/22. The curriculum will focus on ensuring any missed learning is covered so children can continue to access an ambitious curriculum.

The past two years have led to even greater collaboration between the four schools within HEART Academies Trust resulting in a stronger unified Multi Academy Trust.

#### **Bedford Academy**

Bedford Academy continued to be an integral part of its community. The local reputation has gone from strength-to-strength. The strength of reputation was reflected by the increase in applications to join in year 7, with the school offering places to 238 children to start in September 2021. The positive reputation was also reflected in an increase in student numbers at sixth form. During 2020/21 the Bedford Academy Basketball Academy was designed ready for a full launch in September 2021. The sports academy will continue to be an area of focus to continue to drive forward the sixth form.

A key challenge for all secondary schools in 2020/21 was exams and grading. Bedford Academy staff worked exceptionally hard to fully support its students and ensure accurate, evidenced, centre-assessed grades were submitted in accordance with OFQUAL guidance. The school had to submit a sample for external moderation for a small number of subjects which were checked externally and verified. Parents and students were confident that the staff at Bedford Academy followed a rigid and fair process, reflected in the very small number of grade appeals.

In terms of results, improvements were seen in a number of key areas such as Science and Maths whilst English has gone from strength-to-strength. Extensive support was given to all year 13 students last year to take their next step. 93% of the students accepted a place at university of which 14% were Russell Group Universities, 4% started an apprenticeship and 3% found meaningful employment.

During 2020/21 Bedford Academy was featured in a docu-series, commissioned by Teach First, to illustrate the challenges faced by schools during the pandemic. The series reflected the work the school and staff to ensure our children can learn in a safe and nurturing environment.

#### **Cauldwell Primary School**

Staff at Cauldwell worked exceptionally hard throughout 2020/21 to holistically support all of their children. The provision for children during the January-March 2021 lockdown ensured most children were able to access remote learning; where this was not possible learning was provided at school.

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Throughout lockdown Cauldwell worked intensively to support children with EAL and SEND and enable every child to continue to achieve and flourish in their education. Cauldwell has a specific strength in the provision for children with SEND, leading to the school setting up an inclusive SEND provision onsite. The new SEND provision allows children to receive targeted support delivered by expert staff in the school environment. The development of this provision will continue to be a priority in 2021/22.

The school remains oversubscribed, reflecting its excellent reputation in the community. Communication and early years provision continue to be areas of focus which all leaders are committed to going forward.

#### ***Shackleton Primary School***

Shackleton Primary has continued its transformation to providing an inspiring education environment. The transformation project has supported an increase in pupil applications; for the first time in many years the school had a waiting list for places in reception in September 2021.

In terms of curriculum, maths was a key area of development in 2020/21 to incorporate 'Maths Mastery' into the school. This work was implemented and early internal data shows improvement in learning and impact.

For 2020/21 the school focused on its role in the local community, building on the support offered during the pandemic. Staff spent a significant amount of time looking at the provision required to support local families. In July 2021 the 'James Caird' room was opened to provide stay and play, community support and intervention specifically for member of the Shackleton community. The new provision aims to support children in their formative years leading up to starting school, thus improving outcomes when they join in Reception. The community focus to support the early years learning will continue into 2021/22.

#### ***Shortstown Primary School***

Shortstown provision, from pre-school through to Year 6, continued throughout the pandemic. The pre-school remained open during all lockdowns and supported the transition of the 75% of reception children who came from the pre-school. Demand for pre-school places remained high with a waiting list for September 2021. Staff continued their work to ensure their provision for children with SEND remained of the highest standard and children could access the broad and balanced curriculum on offer. The school Inclusion award highlighted this very high standard of work.

The school 'Nurture' provision continued to provide additional support for children in all years who benefit from smaller group work from expert staff. When safe to do so, the Nurture provision was visited by colleagues from schools both inside and outside of the Trust as an example of good practice. Learning Support Assistants were an integral part of the school COVID catch-up strategy, leading small-group teaching to accelerate the progress of all children.

From a curriculum perspective, improvements were seen in maths and reading throughout the school though writing continued to be an area of concern to be concentrated on in 2021/22.

#### **Summary**

HEART strongly believes that schools are stronger when working as part of a Trust, especially during periods of adversity. Early analysis showed that the extensive remote educational offer supported students continued progress. Our 'working groups' - experts that work across our schools sharing expertise in a range of curriculum and pastoral specialisms – helped ensure our children remained safe and well-supported. The Trust schools are all expecting an OFSTED inspection next year and we believe each is in a strong position now to achieve at least a Good judgement.

#### **Financial review**

The Trust holds funds in two broad categories, funds that are available for spending and other funds that are not available for spending.

Spendable funds are in turn sub-categorised between those that are available for spending at the discretion of Trustees ('Unrestricted Funds') and funds that are subject to condition or restriction ('Restricted Funds').

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

### ***Funds not available for spending***

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly the value cannot be spent. In common with all academies and Local Authorities, the Trusts share of the Local Government Pension Scheme deficit must also be reflected in its accounts but as this is not a conventional liability, it does not need to be deducted from spendable funds. The Trust meets its obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

### ***Spendable Funds***

The Trust receives its income from a number of sources. The majority of income comes from central government via the Education and Skills Funding Agency (ESFA) who provide grant funding, based largely on student numbers, to cover staffing and other general running costs. This is commonly referred to as the General Annual Grant (GAG). The ESFA also provides additional grants that are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These grants appear in the accounts as DfE/ESFA grants.

The Trust also receives grant funding from the Local Authority where it undertakes responsibilities on behalf of the Local Authority in respect of its students. This funding appears in the accounts as 'Other government grants'.

Other income may also be received from parents (for example as contributions to trip or other costs) or from third parties (for example income generated the Trusts bank account or from organisations who are charged for their use of the Trusts facilities).

Income received from the ESFA and the Local Authority is collectively categorised as 'Restricted Funds' on the basis that such funds have conditions attached in how they are spent and reported. Other income from third-parties may be categorised as restricted or unrestricted; the category depends on whether the funds come to the Trust with conditions attached or whether they are available for spending at the discretion of Trustees.

The following balances held were held at 31 August:

<b>Fund</b>	<b>Category</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
GAG	Restricted General Funds	1,148	1,487
Other DfE/ESFA/LA Grants	Restricted General Funds	0	0
<b>Sub-total General Restricted Funds</b>		<b>1,148</b>	<b>1,487</b>
Unspent Capital Grants	Restricted Fixed Asset Fund	711	88
Other Income	Unrestricted General Fund	1,111	939
<b>Sub-Total Spendable Funds</b>		<b>2,970</b>	<b>2,514</b>
Endowment	Restricted Endowment Fund	1,250	1,250
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	38,623	39,629
Share of LGPS Deficit	Restricted Pension Reserve	(11,845)	(9,067)
<b>Total All Funds</b>		<b><u>30,998</u></b>	<b><u>33,326</u></b>

During the year under review, general restricted funds decreased by £339k (2020: decreased by £240k) and unrestricted general funds increased by £172k (2020: decreased by £52k). After LGPS valuation adjustments, depreciation and capital income and expenditure, overall funds decreased by £2,328k (2020: decreased by £4,266k).

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### **Financial Performance in 2020/21**

The Trustees approved a revenue budget deficit for 2020/21 of £328k, approximately 10% of the reserves held by the Trust at that point. The revenue budget deficit included a revenue contribution to the capital fund of £168k but excluded capital income and expenditure, depreciation and any impact of the annual actuarial pension revaluation. The aim of the deficit budget was:

- To help mitigate the destabilising effects of the COVID-19 pandemic.
- To fund ongoing school improvement measures and help ensure the provision of high quality education to all children attending a HEART school.
- Investment in systems and capacity to ready the Trust for growth.
- To fund longer-term cost saving measures.

#### **Revenue Account**

The actual net revenue deficit for 2020/21 was £202k (including the revenue contribution to capital; excluding capital income and expenditure, depreciation or the pension revaluation). The positive variance of £126k was largely the result of an in-year adjustment of £115k to the Bedford Academy General Annual Grant (GAG), a consequence of above budget pupil number in Key Stage 5 (Bedford Academy).

The budget incorporated several key financial performance indicators. This included payroll costs (excl FRS 102 adjustments arising from annual valuation) as a % of total revenue not exceeding 80%. The actual payroll cost % for the year was 79%.

The revenue account for 2020/21 included the following COVID-related transactions:

- £132k of expenditure funded by the ESFA COVID catch-up premium (all schools).
- £68k of free school meal vouchers, the equivalent of 22,885 vouchers to support families entitled to free school meals when not able to attend school (all schools).
- £23k from the National Tutoring Programme to fund mentors (all schools)
- £22k of grants to fund in-school COVID mass-testing centres (Bedford Academy).
- £31k of accrued income to fund summer-school provision (Bedford Academy).

HEART schools continued to incur unfunded staffing, premises and health and safety costs to ensure a COVID-safe environment for staff and pupils, for example – supply agency fees to cover staff absence; costs related to maintaining an acceptable room temperature whilst also ensuring adequate ventilation; and additional cleaning hours and materials to reduce the spread of the virus. Total additional COVID-related cost exceeded £50k, funded by savings in a range of other expenditure lines.

#### **Capital Account**

In addition to day-to-day revenue expenditure the Trust also invested in capital additions of £1,020k in 2020/21 (£394k in 2019/20). Capital expenditure included:

- Condition Improvement Fund (CIF) works to replace fire doors (all schools), oil-fired boilers (Shackleton and Caudwell) and roofs (Shackleton and Caudwell). The boiler and roof projects are scheduled for completion in 2021/22. Total - £492k.
- Cyclical replacement of ICT equipment (all schools). Total - £230k.
- Cyclical replacement of kitchen equipment (all schools). Total - £35k.
- Refurbishment of Bedford Academy gymnasium. Total - £22k.

The Trust also received 509 of donated laptops from the DfES, valued at £164k for accounting purposes.

#### **Balance Sheet**

The net value of fixed assets remained largely unchanged for the year, falling by only £6k. Capital additions of £1,020k were offset by depreciation of £1,026k. Additions includes £492k of costs relating to CIF-funded fire-door, boiler and roof works.

The HEART net asset position decreased by £2,328k.

- Recognition of Condition Improvement Fund (CIF) income totalling £992k. The Trust must recognise the full value of CIF grants albeit £711k will not be fully spent until the 2021/22 financial year.
- The Trust cash position fell from £4,329k to £4,184k. The fall was reflective of the decision to carry a deficit budget and invest reserves in the Trust schools. The cash position of the Trust at year-end remained healthy; cash days – a measure of cash against annual expenditure – was above 90 days and well above the minimum acceptable reserve balance.

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The long-term liability balance reflects the actuarial deficit on the Local Government Pension Scheme (Note 21). An annual revaluation was completed in September 2021, increasing the net liability by £2.78 million, from £9,067k to £11,845k. The impact on HEART of the increase in liability will only be realised in 2023 when the employers pension contribution rates are due to be adjusted.

#### Reserves policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit.

Each year the Trustees review the resource requirements and grant and other income that is forecast for the coming year and an annual budget is formulated and approved.

#### Investment policy

There are no investments held beyond cash and short-term money market deposits retained with the major UK clearing banks. Speculative investments are not permitted.

#### Fundraising practices

The Trustees are committed to ensuring that fundraising activities are carried out in a responsible and ethical manner. Any fundraising undertaken by the Trust must be done in a manner that seeks to ensure that it is not intrusive or persistent.

Individual academies organise fundraising events and appeals on behalf of the Trust, some of which may be supported by a Parent-Teacher Association. The individual Academy will oversee and co-ordinate the activities of our supporters both within the academy and in the wider community.

Fundraising events and appeals may include one or more of the following:

- Letters to parents noting a voluntary contribution to a trip or event would be welcome.
- Events organised by staff, students or a school Parent-Teacher Association.
- Student-led events with the objective of raising funds for charity.
- Engagement with corporate partners for sponsorship.

Contact is made through letters to parents, email, academy newsletters, the Trust websites and via students. Contact may be direct or via a Parent-Teacher Association. The Trust does not use professional fundraisers or involve commercial participators.

There have been no complaints about fundraising activity this year.

The Trust complies with the Fundraising Regulator's Code of Fundraising Practice and UK law.

#### Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### **Financial Performance - Looking Ahead**

In July 2021 the Trustees approved a revenue budget deficit for 2021/22 of £200k, approximately 6% of the reserves held by the Trust at that point. The budget deficit included a revenue contribution to the capital fund of £243k in addition to works funded Condition Improvement Fund (CIF) grants. The deficit excluded capital income and expenditure, depreciation and any impact of the annual actuarial pension revaluation. The aim of the deficit budget for 2021/22 was:

- To continue to mitigate any destabilising effects of the COVID-19 pandemic and support education catch-up and recovery initiatives.
- To fund ongoing school improvement measures and help ensure the provision of high quality education to all children attending a HEART school.
- To strengthen existing work already being done by the Trust in our communities.
- Ongoing investment in systems and capacity to ready the Trust for growth.

Factors that may significantly impact the Trust's financial position over the next 1-3 financial years include:

- The long-term impact of COVID-19, specifically the macro-economic impact on public finances (central and local government), erosion of revenue (community lettings, catering), inflation rates, and the need for additional investment to close the educational gap.
- Growth of the Trust. New schools joining the Trust will have a direct and indirect impact on the financial position of the Trust. HEART is in a strong position to manage growth and adjust accordingly.
- Funding
  - o The impact on funding from the ongoing SEND review and the introduction of the 'hard' National Funding Formula. Further consultation is expected in 2021 and 2022.
  - o Lower than predicted pupil numbers, particularly Bedford Academy sixth form given the strength of competition in the local area.
  - o Further adjustments to the methodology used to calculate existing grants (i.e. Pupil Premium).
- Unfunded salary and pension cost inflation.
- The impact of the 2021 government spending review.

#### Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to academic performance, finances and child welfare. The Trustees have implemented a range of systems to continually assess risks that the Trust faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains Trustees have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The COVID-19 pandemic significantly increased uncertainty and risk throughout the second half of the 2019/20 academic year, in a number of critical areas, and continued to exert a severe impact in 2020/21.

- The majority of pupils attending Trust schools are from communities that are in the bottom 10% of deprivation and who have been hit disproportionately harder by the pandemic. The Trust has supported vulnerable families through regular contact, provision of food parcels and food vouchers, provision of loan IT equipment, as well as increased signposting to relevant support agencies.
- The risk of deteriorating educational outcomes has increased as a direct result of COVID-19. Barriers to effective learning include a higher than average percentage of the children in the HEART schools with limited or no access to computers or the internet at home; the capacity of parents to support effective home-learning during lockdown; and the ongoing disruption caused by the introduction of COVID-secure measures on normal school life. A range of measures were introduced to mitigate this risk including continued development of remote (virtual) teaching and learning, physical workbooks sent home, a loan laptop scheme, intervention groups when children were able to return to school, online software packages designed to supplement classroom learning, and formalised catch-up plans.
- The financial impact of the pandemic has been significant, resulting in reduced income (for example, catering sales, community lettings) and increased costs (for example, cleaning and premises supplies). The particular nature of the pandemic meant lost revenues and increased costs were not covered under the Trust insurance policy, an issue that was tested at the High Court in September 2020. The financial cost of the pandemic magnified the principal financial risk faced by the Trust that pressure on funding results in unaffordable deficits. The budgeting, forecasting and reporting processes, including scrutiny by the Executive team and Trustees of actual financial performance, mitigates the risk.

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

Other notable financial risks:

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Trustees consider the associated risk in this area to be minimal.

#### Streamlined energy and carbon reporting (SECR)

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force on 1 April 2019 for accounting periods commencing on or after that date. It requires large companies, as determined by sections 465 and 466 of the Companies Act 2006, which consume (in the UK) more than 40,000 kWh of energy in a reporting period to include in their annual reports energy and carbon information. In assessing whether the 40,000 kWh threshold is met, academy trusts must consider, as a minimum, all the energy from gas, electricity and transport fuel usage in the UK, that they are responsible for.

UK Greenhouse gas emissions and energy use data for the period	1 September 2020 to 31 August 2021	1 September 2019 to 31 August 2020
Energy consumption used to calculate emissions (kWh)	3,658,643	3,327,520
Energy consumption break down (kWh) (optional) <ul style="list-style-type: none"><li>• Gas</li><li>• Electricity</li><li>• fuel oil</li><li>• transport fuel</li></ul>	1,719,743 1,394,813 537,323 6,764	1,410,303 1,380,801 538,653 5,911
<u>Scope 1 emissions in metric tonnes CO2e</u> Gas consumption Fuel Oil consumption Owned transport – mini-buses <u>Total scope 1</u>	315 125 1 441	259 125 1 385
<u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity	296	322
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	0	0
Total gross emissions in metric tonnes CO2e	737	708
<u>Intensity ratio</u> Tonnes CO2e per pupil	0.3	0.3

#### **Quantification and Reporting Methodology:-**

We have followed the HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the most recently published UK Government's Conversion Factors for Company Reporting.

#### **Intensity measurement**

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### Measures taken to improve energy efficiency

During 2020/21 and working with Barker Associates the Trust was successful in its application to the government 'Low Carbon Skills Fund (LCSF)'. The LCSF grant (£34k) supported the Trust to undertake a detailed energy audit of its four schools prior to submitting a more comprehensive funding application to the Public Sector Decarbonisation Scheme (PSDS). Unfortunately, the PSDS was significantly over-subscribed and the Trust application for funding was not successful. However, the intelligence gained through the energy audits has since been used to develop a roadmap to reducing the carbon footprint of the Trust over the medium term.

In addition to developing a decarbonisation roadmap:

- The Trust was successful with Condition Improvement Fund (CIF) bids to replace oil-fired boilers at Cauldwell and Shackleton primary schools with more efficient gas boilers. The Trust considers this a step towards a longer-term reduction in greenhouse gas emissions. The new gas boilers are due to be commissioned in November 2021. The trust was also successful with two CIF applications to replace ageing roof structures at the schools – work that will commence in 2022 – and is applying for funding to replace single-glazed windows at Shackleton.
- The Trust carried out extensive upgrade works on the Building Management System's (BMS) used in its schools to ensure it is managing the school heating and cooling systems effectively.
- The Trust digital strategy supported the continued use of video conferencing technology for staff meetings, reducing the need for travel between sites.
- The Trust signed up to the 'Let's Go Zero' climate pledge - [letsgozero.org](https://letsgozero.org) – in support of the challenge for schools to reach carbon zero.

#### Plans for the future

HEART Academies Trust has had to overcome unprecedented challenges over the last 2 years. In the face of adversity, the Trust has gone from strength-to-strength through working together collaboratively and sharing good practice across all schools. A Trust 'Strategy day' was held in July 2021 to consider strategic priorities over the next year. From this day a number of key areas were identified to concentrate on over the next 12 months.

The immediate priority for 2021/22 will be to continue to focus on children and students catching up on education they have missed during the COVID pandemic. Each school is resolutely focussed on closing the attainment gap between disadvantaged and advantaged children. Whilst there will be a concentration of resources supporting children that need the most help, the Trust will remain intently focussed on ensuring 'quality-first teaching' in every classroom for every child. High quality teaching for all will make sure no child or student is left behind.

A number of other strategic priorities were also agreed by Trustees in July 2021.

#### 1. Early Years Provision

A high percentage of children are joining our Primary Schools in Reception not prepared for School. Shortstown has an outstanding Nursery provision meaning that the transition into Reception class is almost seamless and the 'Good Level of Development (GLD)' at the end of the Reception year is approximately 20% better than Shackleton and Cauldwell. The local Nursery provision supporting the communities around Shackleton and Cauldwell Schools are not as strong contributing to the issue that a number of children are starting 1 -2 years behind where they should be developmentally. A Trust-wide concentration on improving early years will look at working more closely with neighbouring nurseries and exploring ways of directly engaging with our families before they come to school. We strongly believe that the earlier we engage with families the better chance each child has to succeed.

# HEART ACADEMIES TRUST

## TRUSTEES' REPORT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### 2. High Needs Provision

The last two years has highlighted the challenges our schools face with increasing numbers of children joining with Special Educational Needs. Bedford is short on places for special school provision, exacerbated by further delays in the construction of the new local Special School. Bedford Local Authority remains exceptionally stretched meaning that more and more responsibility for this critical issue is at school level. The Trust will run three different projects over the next year looking at different strategies to support all children no matter what challenges they have.

- i. Cauldwell School will offer a High-needs provision that will allow children with high needs access specialist support for parts of the day whilst also accessing a mainstream curriculum in their classroom for the other parts of the day.
- ii. Shortstown will continue to offer a Nurture offer to children that need extra support to access the mainstream curriculum.
- iii. Shackleton will develop the James Caird room which aims to build relationships with parents and families before they join the School. This provision will hopefully allow us to support families beforehand and also point them to other relevant support agencies.

Evidence will be sought in terms of these three projects to assess impact at the end of the year to see where investment could be placed in the future.

### 3. Growth

As a Trust we need to grow in terms of increasing our number of schools. Growth will deliver a range of benefits:

- An increased pool of staff with knowledge and experience to challenge and improve the work of the Trust.
- Access to formulaic capital funding, removing the jeopardy of applying for grants on an annual basis to meet our capital needs. Another large Primary or Secondary is needed to access formulaic capital funding.
- Help in retaining a small but important cohort of staff that leave for promotions and opportunities that the Trust is not currently large enough to offer.

Trustees agreed to actively approach a number of local schools to join HEART. The Trust is looking to grow by a minimum of one extra Secondary and three Primaries over the next two years. The Trust is in a very strong position to attract new Schools moving forward.

### Funds held as custodian trustee

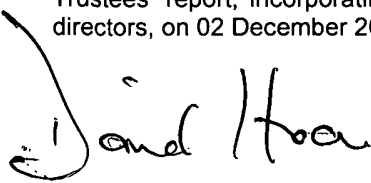
No funds are held on behalf of others.

### Auditor

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 02 December 2021 and signed on the Board's behalf by:



Mr D Hoare  
Chair of Trustees

# HEART ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

### Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Heart Academies 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 Chief Executive Officer as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Heart Academies Trust and the Secretary of State for Education. The accounting officer is 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	Appointed	Resigned	Full Trust Board	
			Meetings attended	Out of a possible
Mr D Hoare (Chair of Trustees)			6	6
Mrs J Webster			6	6
Mrs S Clark			3	6
Mr L Spencer			4	6
Mrs S Davis	24/03/2021		3	3
Dr A Lee	09/04/2021		1	2
Mrs S Lousada	27/05/2021		0	1
Mrs L McDonald	02/12/2021		0	0
Ms R Jarrett		27/05/2021	5	5
Mr C Rooke		30/06/2021	5	5
Mr K Binley		02/12/2021	5	6
<b>Total</b>			<b>38</b>	<b>46</b>

### Governance reviews:

The Academy Trust annually reviews the roles and responsibilities of Trustees, assigning Trustees as 'links' to key development areas. This enables Trustees to effectively monitor the development of the Academy. The Board underwent a full, independent, governance survey in 2018/19 led by a National Leader of Governance. The review led to the appointment of a new, highly experienced, Chair supported by new Trustees. The Trustee recruitment process was supported by Academy Ambassadors.

In addition to new appointments, the Trust has rewritten the Trustee induction process, reviewed the Scheme of Delegation and reviewed the membership, roles and responsibilities of its Local Advisory Boards (LAB), the equivalent of the more traditional Local Governing Body (LGB). A revised calendar of training for Trustees and Governors has been also been introduced covering safeguarding, data, OFSTED and finance.

In accordance with the Academy Trust Handbook, the Trust will subject itself to an independent governance review during the 2021/22 academic year.

# HEART ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

The Finance and Operations Committee is a sub-committee of the main board of Trustees. Its purpose is to assist and support the Governing Board, ensuring sound oversight is exercised over the management of the Academy's finances and resources. Attendance at meetings of the Finance and Operations Committee during the year was as follows:

			Finance and Operations	
Trustee	Appointed	Resigned	Meetings attended	Out of a possible
Mr K Binley (Committee Chair)		02/12/2021	5	5
Mr D Hoare (Chair of Trustees)			5	5
Mr L Spencer			4	5
Mrs S Davis	24/03/2021		2	2
Ms R Jarrett		27/05/2021	1	1
<b>Total</b>			<b>17</b>	<b>18</b>

The Risk and Audit Committee is a sub-committee of the main board of Trustees. The Committee's purpose is to ensure the Trust has robust risk management policies and procedures, that the Trust has a strong system of internal controls and that such controls are regularly audited by independent experts. Attendance at meetings of the Risk and Audit Committee during the year was as follows:

			Audit and Risk Committee	
Trustee	Appointed	Resigned	Meetings attended	Out of a possible
Mr C Rooke (Committee Chair)		30/06/2021	4	4
Mr D Hoare (Chair of Trustees)			4	4
Mrs J Webster			4	4
Mrs S Lousada		27/05/2021	0	0
Mr K Binley		02/12/2021	3	4
<b>Total</b>			<b>15</b>	<b>16</b>

The Remuneration Committee is a new sub-committee of the main board of Trustees, constituted in April 2021. The Committee's purpose is to advise the Finance and Operations Committee on matters relating to staff pay and maintain oversight of the Trust's approach to remuneration and pay progression for the Chief Executive Officer and such other senior executives as the Board of Trustees shall direct from time to time. Attendance at the inaugural meeting of the Remuneration Committee was as follows:

			Remuneration Committee	
Trustee	Appointed	Resigned	Meetings attended	Out of a possible
Ms R Jarrett (Committee Chair)		27/05/2021	1	1
Mr D Hoare (Chair of Trustees)			1	1
Mr C Rooke		30/06/2021	1	1
<b>Total</b>			<b>3</b>	<b>3</b>

# HEART ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Review of Value for Money**

As Accounting Officer the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources provides good value for money over the course of each academic year, and regularly reports to the Board of Trustees where value-for-money could be improved. A key element to achieve this objective is the setting of the Trusts annual budget, which includes reference to external benchmarking data where available. Annual budgets are based on curriculum staffing plans and detailed department plans which are reviewed and challenged to ensure they meet the needs of each Academy and its students. The curriculum plan and department plans are driven by the overall Academy Development Plan.

Monthly management reports are prepared by the Finance Office and are reviewed by the Chief Finance Officer and the Finance & Operations Committee at their termly meetings. Management accounts are distributed to Trustees on a monthly basis in full accordance with the Academy Trust Handbook. Trustees monitor the reserves levels in order to ensure that they are sufficient to support the development plans for the Trust.

Budget holders have delegated responsibility for ensuring value-for-money within their area of responsibility and are held to account for planning and managing their budgets. Monthly financial reports are provided to budget holders to facilitate this.

In addition to robust budgeting and financial reporting:

- Services and contracts are appraised or renegotiated in a timely manner to ensure the best mix of quality and cost effectiveness.
- Major purchases and contracts are always tendered. Purchases in excess of £10,000 must be supported with a detailed business case and by 3 quotes or a formal tender process.
- All orders are reviewed by the Trust Finance department to ensure spend is within agreed limits to approved suppliers and that volume discounts or purchasing agreement contracts are utilised where available.
- Longer-term agreements (greater than 1 year) are only entered into where it is felt that such an agreement would benefit the Trust.
- Income generating activities – Catering and Community Lettings – are frequently reviewed to ensure revenues and margins are appropriate and aligned to the needs and values of the Trust.

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Heart Academies Trust for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

# HEART ACADEMIES TRUST

## GOVERNANCE STATEMENT

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Operations 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.
- independent internal audit.

In 2020 the Board of Trustees considered the need for a specific internal audit function and appointed an experienced internal auditor, TIAA Ltd. Checks carried out by TIAA Ltd during 2020/21 included testing of:

- Payment and fraud
- Income and debtors
- Payroll
- Health & Safety
- Asset management

A sixth planned check – Data protection and GDPR – was delayed from summer 2021 to early autumn 2021 as a direct consequence of the COVID pandemic and having sufficient resources to support the audit work.

Trustees were satisfied that TIAA delivered an appropriate schedule of work in challenging circumstances. No material control weaknesses were noted from the programme of work.

### Review of effectiveness

As Accounting Officer the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Risk & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 02 December 2021 and signed on its behalf by:



.....  
Mr D Hoare  
Chair of Trustees



.....  
Mr D Morris  
Accounting Officer

# HEART ACADEMIES TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

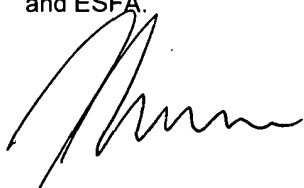
**FOR THE YEAR ENDED 31 AUGUST 2021**

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As accounting officer of HEART Academies Trust, I have considered my responsibility to notify the Academy 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 received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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



Mr D Morris  
**Accounting Officer**

02 December 2021

# HEART ACADEMIES TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

**FOR THE YEAR ENDED 31 AUGUST 2021**

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The trustees (who are also the directors of HEART Academies Trust for the purposes of company law) are responsible for preparing the Trustees' report and the Financial Statements in accordance with the Academies Accounts Direction 2020 to 2021 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:

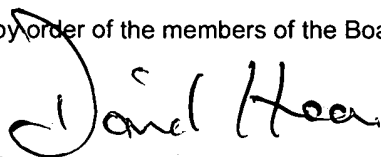
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that 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 on 02 December 2021 and signed on its behalf by:



Mr D Hoare  
Chair of Trustees

# HEART ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEART ACADEMIES TRUST

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### Opinion

We have audited the Financial Statements of HEART Academies Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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 charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

We have nothing to report in this regard.

# HEART ACADEMIES TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEART ACADEMIES TRUST (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2021**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the incorporated Strategic Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated 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 are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Trustees are responsible for assessing the Academy 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 charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Statements**

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

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.

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
  - Enquiry of management to identify any instances of non-compliance with laws and regulations.
  - Reviewing minutes of meetings of those charged with governance.
  - Reviewing internal assurance reports.
  - Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
  - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
-

# **HEART ACADEMIES TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEART ACADEMIES TRUST (CONTINUED)**

***FOR THE YEAR ENDED 31 AUGUST 2021***

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A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's Members those matters we are required to state to them in an 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 company and the charitable company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

**David John Walsh FCCA (Senior Statutory Auditor)**

**For and on behalf of Baxter & Co**

**Chartered Certified Accountants**

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 11 December 2021

# HEART ACADEMIES TRUST

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEART ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

**FOR THE YEAR ENDED 31 AUGUST 2021**

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In accordance with the terms of our engagement letter dated 1 November 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by HEART Academies Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of HEART Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of HEART Academies Trust's funding agreement with the Secretary of State for Education dated 15 January 2010 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the 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 Academy Trust's income and expenditure. The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of internal scrutiny implemented by the Academy Trust in order to comply with its obligations under 3.1 of the Academies Financial Handbook 2020, issued by the ESFA.
- Consideration of compliance with the 'musts' in the Academies Financial Handbook.

# **HEART ACADEMIES TRUST**

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

***FOR THE YEAR ENDED 31 AUGUST 2021***

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### **Conclusion**

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

**Baxter & Co**  
**Independent Reporting Accountants**  
**Chartered Certified Accountants**  
Lynwood House  
Crofton Road  
Orpington  
Kent  
BR6 8QE

Dated: 11 December 2021

# HEART ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds £'000	Restricted funds: Endowment General Fixed asset funds £'000 £'000 £'000			Total 2021 £'000	Restated Total 2020 £'000
	Notes						
<b>Income and endowments from:</b>							
Donations and capital grants	3	198	4	1,042	-	1,244	237
Charitable activities:							
- Funding for educational operations	4	194	14,926	-	-	15,120	14,326
Other trading activities	5	160	-	-	-	160	188
Investments	6	8	-	-	-	8	18
<b>Total</b>		<u>560</u>	<u>14,930</u>	<u>1,042</u>	<u>-</u>	<u>16,532</u>	<u>14,769</u>
<b>Expenditure on:</b>							
Raising funds	7	68	12	-	-	80	62
Charitable activities:							
- Educational operations	9	191	15,831	1,026	-	17,048	16,197
<b>Total</b>	7	<u>259</u>	<u>15,843</u>	<u>1,026</u>	<u>-</u>	<u>17,128</u>	<u>16,259</u>
<b>Net income/(expenditure)</b>		301	(913)	16	-	(596)	(1,490)
Transfers between funds	19	(164)	(472)	636	-	-	-
<b>Other recognised gains/(losses)</b>							
Actuarial losses on defined benefit pension schemes	21	-	(1,732)	-	-	(1,732)	(2,776)
<b>Net movement in funds</b>		137	(3,117)	652	-	(2,328)	(4,266)
<b>Reconciliation of funds</b>							
Total funds brought forward		<u>974</u>	<u>(7,580)</u>	<u>38,682</u>	<u>1,250</u>	<u>33,326</u>	<u>37,592</u>
Total funds carried forward		<u>1,111</u>	<u>(10,697)</u>	<u>39,334</u>	<u>1,250</u>	<u>30,998</u>	<u>33,326</u>

# HEART ACADEMIES TRUST

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information		Unrestricted	Restricted funds: Endowment			Restated
Year ended 31 August 2020		funds	General	Fixed asset	funds	Total
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	50	3	184	-	237
Charitable activities:						
- Funding for educational operations	4	274	14,052	-	-	14,326
Other trading activities	5	188	-	-	-	188
Investments	6	18	-	-	-	18
<b>Total</b>		<u>530</u>	<u>14,055</u>	<u>184</u>	<u>-</u>	<u>14,769</u>
<b>Expenditure on:</b>						
Raising funds	7	61	1	-	-	62
Charitable activities:						
- Educational operations	9	521	14,673	1,003	-	16,197
<b>Total</b>	7	<u>582</u>	<u>14,674</u>	<u>1,003</u>	<u>-</u>	<u>16,259</u>
<b>Net expenditure</b>		(52)	(619)	(819)	-	(1,490)
Transfers between funds	19	35	(298)	263	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial losses on defined benefit pension schemes	21	-	(2,776)	-	-	(2,776)
<b>Net movement in funds</b>		(17)	(3,693)	(556)	-	(4,266)
<b>Reconciliation of funds</b>						
Total funds brought forward		991	(3,887)	39,238	1,250	37,592
Total funds carried forward		<u>974</u>	<u>(7,580)</u>	<u>38,682</u>	<u>1,250</u>	<u>33,326</u>

# HEART ACADEMIES TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2021

		2021	2020
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	13	38,623	38,629
<b>Current assets</b>			
Stocks	15	9	7
Debtors	16	1,576	588
Cash at bank and in hand		4,184	4,329
		<u>5,769</u>	<u>4,924</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	17	(1,549)	(1,160)
<b>Net current assets</b>		<u>4,220</u>	<u>3,764</u>
<b>Net assets excluding pension liability</b>		<u>42,843</u>	<u>42,393</u>
Defined benefit pension scheme liability	21	(11,845)	(9,067)
<b>Total net assets</b>		<u>30,998</u>	<u>33,326</u>
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>	19		
- Fixed asset funds		39,334	38,682
- Restricted income funds		1,148	1,487
- Pension reserve		(11,845)	(9,067)
- Endowment funds		1,250	1,250
<b>Total restricted funds</b>		<u>29,887</u>	<u>32,352</u>
<b>Unrestricted income funds</b>	19	<u>1,111</u>	<u>974</u>
<b>Total funds</b>		<u>30,998</u>	<u>33,326</u>

The Financial Statements on pages 26 to 52 were approved by the Trustees and authorised for issue on 02 December 2021 and are signed on their behalf by:



Mr D Hoare  
Chair of Trustees

Company Number 06969741

# HEART ACADEMIES TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Net cash (used in)/provided by operating activities	22		(175)		206
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		8		18	
Capital grants from DfE Group		1,042		184	
Purchase of tangible fixed assets		(1,020)		(394)	
<b>Net cash provided by/(used in) investing activities</b>			30		(192)
<b>Net (decrease)/increase in cash and cash equivalents in the reporting period</b>			(145)		14
Cash and cash equivalents at beginning of the year			4,329		4,315
<b>Cash and cash equivalents at end of the year</b>			4,184		4,329

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 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

The Financial Statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements 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 2020 to 2021 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, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

##### 1.3 Income

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

###### Grants

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

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

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

###### Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

###### Donations

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

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

##### Other income

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

##### Donated goods, facilities and services

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

##### Donated fixed assets

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

#### 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

#### 1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £10,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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. Where tangible fixed assets have been acquired / funded by other income, the fixed asset fund is also credited. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

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

Leasehold land and buildings	50 years (Straight Line)
Assets under construction	Not depreciated.
Computer equipment	3 years (Straight Line)
Fixtures, fittings & equipment	3 years (Straight Line)
Motor vehicles	5 years (Straight Line)

#### Fixed Asset Transfer from Predecessor Schools

Where fixed assets were transferred to the charitable company from the predecessor school, these have been included at a value determined in accordance with the policy described:

#### Land

Where land is owned (or occupied under the terms of a long term lease), subject to a legally binding restriction as to its use, it is included at fair value, based on its existing use.

#### Buildings

In accordance with the requirements of FRS102, specialist buildings transferred from predecessor schools are recognised at their fair value at the time of transfer. Future depreciation is charged over the estimated remaining useful life of the buildings.

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.

#### 1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### 1.7 Leased assets

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

#### 1.8 Financial instruments

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

#### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 1 Accounting policies

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

#### 1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

#### 1.10 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.11 Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets and the liabilities are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The 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 are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure 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.

#### 1.12 Fund accounting

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

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 1 Accounting policies

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

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

#### 1.13 Agency Arrangements

Where the Academy Trust acts as agent in collecting and / or distributing from the ESFA or others, and subsequent disbursements are excluded from the Statement of Financial Activities as the Trust does not have control over charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 29.

#### 2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### Critical accounting estimates and assumptions

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

##### Critical areas of judgement

In preparing these Financial Statements, the Trustees have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

#### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Private sponsorship	-	4	4	3
Capital grants	-	1,042	1,042	184
Other donations	198	-	198	50
	<u>198</u>	<u>1,046</u>	<u>1,244</u>	<u>237</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Restated Total 2020 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	12,240	12,240	11,681
Other DfE / ESFA grants:				
- UIFSM	-	165	165	186
- Pupil premium	-	825	825	826
- Others	-	792	792	772
	-	14,022	14,022	13,465
<b>Other government grants</b>				
Local authority grants	-	689	689	475
Special educational projects	-	32	32	97
	-	721	721	572
<b>COVID-19 additional funding (DfE / ESFA)</b>				
Catch-up premium	-	171	171	-
Other DfE / ESFA COVID-19 funding	-	-	-	15
	-	171	171	15
<b>Other funding</b>				
Catering income	190	-	190	252
Other incoming resources	4	12	16	22
	194	12	206	274
<b>Total funding</b>	194	14,926	15,120	14,326

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

The Academy Trust has been eligible to claim additional funding in the year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "COVID-19 additional funding". Related costs are included in notes 7 and 9 below as appropriate.

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Restated Total 2020 £'000
Hire of facilities	74	-	74	94
Catering income	65	-	65	52
Income from facilities and services	13	-	13	10
Other income	8	-	8	32
	<u>160</u>	<u>-</u>	<u>160</u>	<u>188</u>

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Short term deposits	<u>8</u>	<u>-</u>	<u>8</u>	<u>18</u>

### 7 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2021 £'000	Restated Total 2020 £'000
Expenditure on raising funds					
- Direct costs	68	-	12	80	62
Academy's educational operations					
- Direct costs	9,584	820	836	11,240	10,885
- Allocated support costs	3,757	1,118	933	5,808	5,312
	<u>13,409</u>	<u>1,938</u>	<u>1,781</u>	<u>17,128</u>	<u>16,259</u>

#### Net income/(expenditure) for the year includes:

	2021 £'000	2020 £'000
Fees payable to auditor for:		
- Audit	11	11
- Other services	8	10
Operating lease rentals	15	12
Depreciation of tangible fixed assets	1,026	1,003
Net interest on defined benefit pension liability	<u>141</u>	<u>99</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 8 Central services

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

- human resources;
- financial services;
- catering services;
- school improvement;
- facilities and premises.

The Academy Trust charges for these services on the following basis:

- percentage of GAG income of 5%.

The amounts charged during the year were as follows:

	2021 £'000	2020 £'000
The Bedford Academy	387	374
Cauldwell Lower School	119	105
Shackleton Primary School	122	114
Shortstown Primary School	109	96
	<u>737</u>	<u>689</u>

### 9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Restated Total 2020 £'000
<b>Direct costs</b>				
Educational operations	(478)	11,718	11,240	10,885
<b>Support costs</b>				
Educational operations	669	5,139	5,808	5,312
	<u>191</u>	<u>16,857</u>	<u>17,048</u>	<u>16,197</u>

	2021 £'000	Restated 2020 £'000
<b>Analysis of costs</b>		
<b>Direct costs</b>		
Teaching and educational support staff costs	9,584	9,381
Staff development	87	79
Depreciation	820	803
Educational supplies and services	241	186
Examination fees	127	103
Educational consultancy	116	59
Other direct costs	265	274
	<u>11,240</u>	<u>10,885</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 9 Charitable activities

#### Support costs

Support staff costs	2,852	2,677
Defined benefit pension scheme - staff costs (FRS102 adjustment)	905	578
Staff development	23	19
Depreciation	206	200
Technology costs	309	304
Maintenance of premises and equipment	268	307
Cleaning	45	39
Energy costs	283	269
Rent, rates and other occupancy costs	235	252
Insurance	58	76
Security and transport	27	36
Catering	254	294
Defined benefit pension scheme - finance costs (FRS102 adjustment)	141	99
Legal costs	1	-
Other support costs	168	122
Governance costs	33	40
	<u>5,808</u>	<u>5,312</u>

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2021 £'000	2020 £'000
Wages and salaries	9,316	9,077
Social security costs	865	849
Pension costs	2,090	1,982
Defined benefit pension scheme - staff costs (FRS102 adjustment)	905	578
Staff costs – employees	<u>13,176</u>	<u>12,486</u>
Agency staff costs	183	97
Staff restructuring costs	50	114
	<u>13,409</u>	<u>12,697</u>

Staff restructuring costs comprise:

Redundancy payments	50	-
Severance payments	-	114
	<u>50</u>	<u>114</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 10 Staff

#### Non statutory/non-contractual staff severance payments

No non-statutory/non-contractual payments are included in staff restructuring costs (2020: a single non-statutory/non-contractual payment of £49k).

#### Staff numbers

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

	2021 Number	2020 Number
Teachers	142	146
Administration and support	220	236
Management	11	13
	<u>373</u>	<u>395</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2021 Number	2020 Number
Teachers	135	139
Administration and support	159	153
Management	11	13
	<u>305</u>	<u>305</u>

#### Higher paid staff

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

	2021 Number	2020 Number
£60,000 - £70,000	5	5
£70,001 - £80,000	6	5
£80,001 - £90,000	1	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	-
	<u>15</u>	<u>13</u>

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of key management personnel employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £531,936 (2020: £535,000).

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 11 Trustees' remuneration and expenses

None of the Trustees have been paid remuneration or have received other benefits from an employment with the Academy Trust.

During the year, travel and subsistence payments totalling £nil (2020: £53) were reimbursed or paid directly to 0 Trustee (2020: 1 Trustee).

Other related party transactions involving the Trustees are set out within the related parties note.

#### 12 Trustees' and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2021 was £1,000 (2020: £1,000). The cost of this insurance is included in the total insurance cost.

#### 13 Tangible fixed assets

	Leasehold land and buildings	Assets under construction	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2020	40,430	96	2,891	451	64	43,932
Reclassification	-	(96)	-	96	-	-
Additions	-	405	379	236	-	1,020
	<u>40,430</u>	<u>405</u>	<u>3,270</u>	<u>783</u>	<u>64</u>	<u>44,952</u>
At 31 August 2021	40,430	405	3,270	783	64	44,952
<b>Depreciation</b>						
At 1 September 2020	2,303	-	2,605	332	63	5,303
Charge for the year	745	-	208	73	-	1,026
	<u>3,048</u>	<u>-</u>	<u>2,813</u>	<u>405</u>	<u>63</u>	<u>6,329</u>
At 31 August 2021	3,048	-	2,813	405	63	6,329
<b>Net book value</b>						
At 31 August 2021	<u>37,382</u>	<u>405</u>	<u>457</u>	<u>378</u>	<u>1</u>	<u>38,623</u>
At 31 August 2020	<u>38,127</u>	<u>96</u>	<u>286</u>	<u>119</u>	<u>1</u>	<u>38,629</u>

Leasehold land is included above at its net book value of £5,927k.

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 14 Financial instruments

	2021 £'000	2020 £'000
Instruments measured at fair value through profit and loss:		
Debt instruments measured at amortised cost	5,365	4,590
Carrying amount of financial liabilities Measured at amortised cost	1,073	722

### 15 Stocks

	2021 £'000	2020 £'000
Catering stock	9	7

### 16 Debtors

	2021 £'000	2020 £'000
VAT recoverable	111	66
Other debtors	1,180	261
Prepayments and accrued income	285	261
	1,576	588

### 17 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	514	133
Other taxation and social security	204	192
ESFA creditors - abatement of GAG	-	102
Other creditors	340	223
Accruals and deferred income	491	510
	1,549	1,160

### 18 Deferred income

	2021 £'000	2020 £'000
Deferred income is included within:		
Creditors due within one year	272	246

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 18 Deferred income

Deferred income at 1 September 2020	246	201
Released from previous years	(246)	(201)
Resources deferred in the year	272	246
	<u>272</u>	<u>246</u>
<b>Deferred income at 31 August 2021</b>	<b>272</b>	<b>246</b>

Deferred income relates to trips to take place in 2021/2022 of £8k (2020: £1k), the undistributed element of 16 - 19 bursary funding of £28k (2020: £17k), rates income of £52k (2020: £54k), Universal Infant Free School Meals funding received in advance of £72k (2020: £83k), Sports Premium funding received in advance of £24k (2020: £41k), capital income of £nil (2020: £37k), catering income in advance of £6k (2020: £6k), tech support of £7k (2020: £7k), COVID Catch-up funding of £47k (2020: £nil), Pupil premium of £9k (2020: £nil), and other income of £19k (2020: £nil),

#### 19 Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,487	12,240	(12,107)	(472)	1,148
UIFSM	-	165	(165)	-	-
Pupil premium	-	825	(825)	-	-
Other DfE / ESFA grants	-	963	(963)	-	-
Other government grants	-	721	(721)	-	-
Other restricted funds	-	16	(16)	-	-
Pension reserve	(9,067)	-	(1,046)	(1,732)	(11,845)
	<u>(7,580)</u>	<u>14,930</u>	<u>(15,843)</u>	<u>(2,204)</u>	<u>(10,697)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	38,044	-	(743)	-	37,301
DfE group capital grants	244	1,042	(64)	-	1,222
Capital expenditure from GAG and other funds	394	-	(219)	636	811
	<u>38,682</u>	<u>1,042</u>	<u>(1,026)</u>	<u>636</u>	<u>39,334</u>
 Restricted endowment fund	 1,250	 -	 -	 -	 1,250
 <b>Total restricted funds</b>	 <u>32,352</u>	 <u>15,972</u>	 <u>(16,869)</u>	 <u>(1,568)</u>	 <u>29,887</u>
<b>Unrestricted funds</b>					
General funds	974	560	(259)	(164)	1,111
	<u>974</u>	<u>560</u>	<u>(259)</u>	<u>(164)</u>	<u>1,111</u>
<b>Total funds</b>	<u>33,326</u>	<u>16,532</u>	<u>(17,128)</u>	<u>(1,732)</u>	<u>30,998</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 19 Funds

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

The Restricted General Funds are used to fund the general operating costs of the Academy Trust.

Under the funding agreement with the Secretary of State (updated by a deed of variation dated 19 May 2015), the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

The Restricted LGPS Fund represents the Academy Trust's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £38,623k (2020: £38,629k), plus the unspent element of capital funds £711k (2020: £53k). When fixed assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy Trust's charitable purposes.

The Academy Trust maintains and controls an endowment fund the purpose of which is to hold for the benefit of the Academy Trust, sponsorship income of £1 million from the Bedford Charity (The Harpur Trust) and £250k from Bedford College Further Education Corporation. The endowment restriction on this fund has been removed meaning it can now be spent by the Academy Trust.

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 19 Funds

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

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,727	11,681	(11,646)	(275)	1,487
Pupil premium	-	826	(826)	-	-
Other DfE / ESFA grants	-	958	(958)	-	-
Other government grants	-	587	(564)	(23)	-
Other restricted funds	-	3	(3)	-	-
Pension reserve	(5,614)	-	(677)	(2,776)	(9,067)
	<u>(3,887)</u>	<u>14,055</u>	<u>(14,674)</u>	<u>(3,074)</u>	<u>(7,580)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	38,787	-	(743)	-	38,044
DfE group capital grants	170	184	(75)	(35)	244
Capital expenditure from GAG and other funds	281	-	(185)	298	394
	<u>39,238</u>	<u>184</u>	<u>(1,003)</u>	<u>263</u>	<u>38,682</u>
 Restricted endowment fund	 <u>1,250</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,250</u>
 <b>Total restricted funds</b>	 <u>36,601</u>	 <u>14,239</u>	 <u>(15,677)</u>	 <u>(2,811)</u>	 <u>32,352</u>
<b>Unrestricted funds</b>					
General funds	<u>991</u>	<u>530</u>	<u>(582)</u>	<u>35</u>	<u>974</u>
 <b>Total funds</b>	 <u>37,592</u>	 <u>14,769</u>	 <u>(16,259)</u>	 <u>(2,776)</u>	 <u>33,326</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 19 Funds

##### Total funds analysis by academy

	2021	2020
	£'000	£'000
Fund balances at 31 August 2021 were allocated as follows:		
The Bedford Academy	-	-
Cauldwell Lower School	-	-
Shackleton Primary School	-	-
Shortstown Primary School	-	-
Central services	3,508	3,711
Total before fixed assets fund and pension reserve	3,508	3,711
Restricted fixed asset fund	39,334	38,682
Pension reserve	(11,845)	(9,067)
Total funds	30,997	33,326

Restricted and unrestricted spendable income received to fund in-year activities undertaken by a specific school are allocated to that school for budgeting and reporting purposes. This includes but is not limited to annual GAG funding and other annual government grants. Spendable funds that have not been spent during the course of an academic year are centrally pooled at the end of that academic year thereby creating 'pooled reserves' for unspent restricted and unrestricted funds. Disbursements from the pooled reserves in subsequent years will be at the discretion of Trustees, subject to observing any specific fund restrictions that may exist or other regulatory rulings. Disbursements from the pooled reserves would generally be reviewed and agreed as part of the Trust's annual budget setting process. The carrying value of the pooled reserves should balance the benefit of current spending with the risks the reserves are designed to cover. Levels of reserves which are too high tie up money which should be spent on current school activities. Levels of reserves which are too low may put the future activities of the schools at risk. The total level of the pooled reserves should not fall below a minimum value, set and reviewed by Trustees on an annual basis.

The Trust also holds an endowment of £1.25 million for the following purposes, previous endowment restrictions having been lifted;

1. In circumstances where the Trust is likely or foreseeably going to be in breach of its minimum reserve limit disbursements from the endowment fund would be held back until such a time that these covenants are no longer at risk.
2. Subject to certain conditions of the trust deed, Trustees have agreed that the balance of the endowment fund can be used for:
  - a. Delivery of Trustee-approved strategic long-term aims of the Trust.
  - b. Delivery of new, separately identifiable, capital projects. This must not include expenditure required for the normal annual replacement of capital assets (i.e. this excludes replacement of computers or classroom furniture).
  - c. Seed funding for new income-generating and/or cost-saving initiatives to deliver long-term returns to the Trust for an acceptable level of risk.

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 19 Funds

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
The Bedford Academy	4,919	1,552	102	1,247	7,820	7,627
Cauldwell Lower School	1,523	363	46	317	2,249	2,033
Shackleton Primary School	1,626	400	44	325	2,395	2,443
Shortstown Primary School	1,351	530	47	297	2,225	1,936
Central services	163	983	-	267	1,413	1,217
	<u>9,582</u>	<u>3,828</u>	<u>239</u>	<u>2,453</u>	<u>16,102</u>	<u>15,256</u>

### 20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total Funds £'000
<b>Fund balances at 31 August 2021 are represented by:</b>					
Tangible fixed assets	-	-	38,623	-	38,623
Current assets	1,111	2,697	711	1,250	5,769
Creditors falling due within one year	-	(1,549)	-	-	(1,549)
Defined benefit pension liability	-	(11,845)	-	-	(11,845)
<b>Total net assets</b>	<u>1,111</u>	<u>(10,697)</u>	<u>39,334</u>	<u>1,250</u>	<u>30,998</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total Funds £'000
<b>Fund balances at 31 August 2020 are represented by:</b>					
Tangible fixed assets	-	-	38,629	-	38,629
Current assets	974	2,647	53	1,250	4,924
Creditors falling due within one year	-	(1,160)	-	-	(1,160)
Defined benefit pension liability	-	(9,067)	-	-	(9,067)
<b>Total net assets</b>	<u>974</u>	<u>(7,580)</u>	<u>38,682</u>	<u>1,250</u>	<u>33,326</u>

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 21 Pension and similar obligations

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

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

Contributions amounting to £236k (2020: £222k) were payable to the schemes at 31 August 2021 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury 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% employer administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to the TPS in the period amounted to £1,192k (2020: £1,218k).

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

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

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Pension and similar obligations

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.3% for employers and 5.5% to 12.5% for employees.

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

Total contributions made	2021 £'000	2020 £'000
Employer's contributions	894	764
Employees' contributions	221	205
Total contributions	1,115	969

Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	3.85 to 3.90	3.20 to 3.25
Rate of increase for pensions in payment/inflation	2.85 to 2.90	2.20 to 2.25
Discount rate for scheme liabilities	1.65 to 1.70	1.60 to 1.65
CPI inflation	2.85 to 2.90	2.20 to 2.25
RPI inflation	3.10 to 3.20	3.00 to 3.05

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

	2021 Years	2020 Years
Retiring today		
- Males	21.9	22.2
- Females	24.3	24.3
Retiring in 20 years		
- Males	22.9	23.4
- Females	26.0	26.1

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Pension and similar obligations

Scheme liabilities would have been affected by changes in assumptions as follows:

	2021	2020
	£'000	£'000
Discount rate + 0.1%	19,139	14,722
Discount rate - 0.1%	20,231	15,562
Life expectancy + 1 year	20,479	15,633
Life expectancy - 1 year	18,907	14,655
Salary rate + 0.1%	19,704	15,160
Salary rate - 0.1%	19,650	15,112
Pension rate + 0.1%	20,197	15,535
Pension rate - 0.1%	19,172	14,747

Defined benefit pension scheme net liability	2021	2020
	£'000	£'000
Scheme assets	7,832	6,069
Scheme obligations	(19,677)	(15,136)
Net liability	(11,845)	(9,067)

The Academy Trust's share of the assets in the scheme	2021	2020
	Fair value	Fair value
	£'000	£'000
Equities	5,471	4,142
Bonds	1,461	983
Cash	172	367
Property	728	577
Total market value of assets	7,832	6,069

The actual return on scheme assets was £758,000 (2020: £319,000).

Amount recognised in the statement of financial activities	2021	2020
	£'000	£'000
Current service cost	1,793	1,339
Interest income	(109)	(100)
Interest cost	250	199
Administration expenses	6	3
Total operating charge	1,940	1,441

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

### 21 Pension and similar obligations

Changes in the present value of defined benefit obligations	2021 £'000
At 1 September 2020	15,136
Current service cost	1,793
Interest cost	250
Employee contributions	221
Actuarial loss	2,381
Benefits paid	(104)
At 31 August 2021	19,677

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

	2021 £'000
At 1 September 2020	6,069
Interest income	109
Actuarial gain	649
Employer contributions	894
Employee contributions	221
Benefits paid	(104)
Administration expenses	(6)
At 31 August 2021	7,832

### 22 Reconciliation of net expenditure to net cash flow from operating activities

	2021 £'000	2020 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(596)	(1,490)
Adjusted for:		
Capital grants from DfE and other capital income	(1,042)	(184)
Investment income receivable	(8)	(18)
Defined benefit pension costs less contributions payable	905	578
Defined benefit pension scheme finance cost	141	99
Depreciation of tangible fixed assets	1,026	1,003
(Increase)/decrease in stocks	(2)	1
(Increase) in debtors	(988)	(31)
Increase in creditors	389	248
Net cash (used in)/provided by operating activities	(175)	206

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

#### 23 Analysis of changes in net funds

	1 September 2020 £'000	Cash flows £'000	31 August 2021 £'000
Cash	4,329	(145)	4,184

#### 24 Long-term commitments, including operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000	2020 £'000
Amounts due within one year	13	13
Amounts due in two and five years	20	33
	<u>33</u>	<u>46</u>

#### 25 Capital commitments

	2021 £'000	2020 £'000
Expenditure contracted for but not provided in the Financial Statements	<u>776</u>	<u>93</u>

#### 26 Related party transactions

Owing to the nature of the Academy Trust's operations 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 Academy Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

The Harpur Trust is a related party by virtue of the fact that it was a sponsor and member of the Academy Trust throughout the period. During the year, income of £16,800 was received from and payments of £14,484 (2020: payments of £15,930) were made to the Harpur Trust. There was no balance outstanding at 31 August 2021.

In entering into these transactions, the Academy Trust has complied with the requirements of the Academies Financial Handbook 2020.

# HEART ACADEMIES TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2021

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#### 27 Connected Charities

The Academy Trust is connected to a separately registered charity known as Cauldwell School Fund (charity number 1147180).

The Cauldwell School Trust raises funds and spends them in connection with the Academy Trust.

The Cauldwell School Fund has not been consolidated as it has separate trustees who control it. The results of the charity as per its most recently filed financial summary, for the year ended 31 August 2021, were as follows: Income of £nil (2020: £6k) and Expenditure of £1k (2020: £10k).

#### 28 Members' liability

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

#### 29 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2021 the Trust had an opening balance of £17,327 (2020: £18,154), has received £20,109 (2020: £20,114) and disbursed £8,666 (2020: £20,941) from the fund. An amount of £28,770 (2020: £17,327) is included within creditors: amounts falling due in less than one year relating to undistributed funds.

#### 30 Prior year adjustment

Allocation of income and expenditure to appropriate headings was considered following the reclassifications in the Academies Accounts Direction 2020/2021 and the ESFA chart of accounts. The allocation of income and expenditure in the prior year has been amended in order for the two years to be comparable. There was no impact on the reported surplus for the year, reserves at year end or on any balance sheet items.