

Company Registration No. 06969741 (England and Wales)

HEART ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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HEART ACADEMIES TRUST

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HEART ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr D Hoare (RO) (Chair)^{1,2,3,4}
Mrs J Webster^{1,2,3}
Mrs S Clark^{1,2}
Mr L Spencer¹
Mrs S Graham²
Dr A Lee¹
Ms H Nuttall³
Mrs E Graham-Law² (appointed 11 September 2023)

Mrs L Macdonald^{2,4} (resigned 06 January 2023)

¹ member of the Education Committee
² member of the Finance and Operations Committee
³ member of the Risk and Audit Committee
⁴ member of the Remuneration Committee

Members

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

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 2023

The Trustees present their annual report together with the accounts and independent auditor's report of the charitable company for the year 01 September 2022 to 31 August 2023. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

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 formal 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 half-termly to ensure transparency and clarity of direction of the Board.

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 2,820 and had a total roll of 2,644 in January 2023 across its four schools (2,524 at January 2022).

School	Total Roll (January 2023)	Pupil Capacity
The Bedford Academy	1,312	1,440
Cauldwell	419	420
Shackleton	508	540
Shortstown	405	420
Total	2,644	2,820

In addition, Shortstown primary school had 76 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.

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.

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- 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 Governing Bodies 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.

The Trust does not have any subsidiaries, joint ventures or associates.

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.

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Trade Union Facility Time

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%	3
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Total Cost of facility time (£'000)	£0
Total Pay bill (£'000)	£14,236k
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 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. Our 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. In 2022 the Trust engaged the 'Global Equality Collective' - <https://thegec.org/> - to support engagement with staff on matters relating to Equality, Diversity and Inclusion. Work with GEC will continue into future academic years.

HEART ACADEMIES TRUST

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

The Trust recognises the importance of maintaining good business relationships with its suppliers. We have 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.

Objectives and activities

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.

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 Trust has set priorities for 2022-2025 in four key areas in order that it can deliver on the Trust Vision and Values

1. Child wellbeing
2. Staff wellbeing
3. Sustainability
4. Engagement and communication

The Trust is committed to delivering on the five DfE areas that have been identified as critical to building a strong Trust.

1. **High quality and inclusive education:** deliver high quality education across our academies, including for disadvantaged children and children with SEND, and operate fair access. Have effective central leadership teams, strong school leadership and teaching, and use evidence-based curriculum design and implementation.
2. **School Improvement:** work quickly to improve standards within all our schools, particularly transforming previously under performing schools, and maintain appropriately performing schools.
3. **Strategic governance:** operate an effective and robust governance structure that involves schools and exemplifies ethical standards. Utilise the expertise and skills of the Board to oversee the strategic direction of the Trust and hold leaders to account. Have a strong local identity, engaging effectively with parents and the wider community.
4. **Financial Management:** strong and effective financial management, prioritising the use of resources, including the estate, to deliver the best educational experience for children
5. **Workforce:** train, recruit, develop, deploy and retain great teachers and leaders throughout their careers, proactively engaging in Initial Teacher Training and the Early Career Framework, supporting staff development by using National Professional Qualifications and other evidence-based professional development and providing them with opportunities to progress. Deploy the best staff in the schools where they are needed most and prioritise staff wellbeing

In addition, the Trust is committed to growth through the addition of more schools. Trusts typically start to develop central capacity when they have more than 10 schools. Scale is also what enables them to be more financially stable, maximise the impact of a well-supported workforce and drive school improvement.

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Public benefit

The principal object and activity of the charitable company is the operation of HEART Academies Trust to advance, for the public benefit, education for students of different abilities between the ages of 2 and 19. In setting the objectives and planning the associated activities, Trustees have considered the Charity Commission's general guidance on public benefit.

Strategic Report

Achievements and performance

During 2022 -2023 all HEART schools focused on ensuring the highest quality educational provision for all children and young adults. The cost of living crisis heavily affected all of our communities. All HEART schools are mindful of the additional support needed for our families such that children are able to continue to access learning effectively.

There was a significant increase in the number of pupils with special educational needs and/ or disabilities (SEND) requiring further development of our dedicated SEND provision. Limited support in term of specialist provision places in the Borough meant schools have had to provide more support for pupils with more complex needs than would have been the case in previous years. All schools increased SEND training for staff, in some cases training more SENCOs, to provide additional capacity and succession planning.

The '50Things' Bedford application - launched in 2022 to support parents of children aged 0-5 - celebrated its first birthday. We continue to monitor engagement with the app and impact of the service. 50Things has also provided more opportunities for HEART to work with local stakeholders, particularly Bedford Borough Council and local nursery providers.

The Trust continues to be successful in securing Condition Improvement Funding (CIF) to ensure our building environments remains safe and conducive to learning. During 2022 we completed CIF funded works to upgrade the fire alarm systems at Cauldwell and Shackleton Primaries and in June 2023 our application was approved for funding towards fire safety works, including fire compartmentation, at Shackleton Primary.

Last year the Trust also secured funding from the Harpur Trust to hire a Speech and Language Therapist (SALT) for one day a week at each of the primary schools. The SALT project had a positive impact on pupil communication skills. We have secured this funding for a further academic year. The Trust has strategic plans to upskill staff and parents to sustain the support when the funding is no longer available.

The Trust schools collaborated on a range of enrichment projects, most notably with the HEART Choir performing at various events throughout the year.

Bedford Academy

Bedford Academy continued its growth journey. The school had 270 pupils in Year 7 compared to 252 in Year 8. Projected figures indicate the school will grow to 1,800 pupils over the next five years compared to 1,335 last academic year. The Bedford Academy sixth form continues to grow towards a target of 300 students across Years 12 and 13. To accommodate the intake of an additional 40 students at Bedford Academy in September 2022, an extensive programme of building improvement and conversion works took place to create additional teaching and learning spaces. The works included the conversion of two Design & Technology rooms to provide an additional Science Lab and a second Food Technology Room and the conversion of a pottery room to create a Staff room. Three staff workrooms were repurposed to provide additional classrooms and Sixth Form study areas were refurbished and extended. The school dining area received a complete make-over, including the introduction of a coffee bar, increasing seating capacity to 400 covers per sitting. Externally, the netball courts were resurfaced and floodlights upgraded. To accommodate projected growth rates approval was granted for new facilities to be built ready for September 2025 including additional classrooms and a new 3G artificial football pitch.

An Ofsted inspection in March 2023 saw Bedford Academy judged Good in all areas. The grade reflected the sustained improvement the school has delivered over the past 5 years. Curriculum development was highlighted; however, it raised some inconsistency in the delivery of this curriculum as area for development. Behaviour and the provision for pupils with SEND was praised alongside the 'super-curriculum' offer. The inspection also celebrated the significant increase in the number of pupils studying a Modern Foreign Language.

In recognition of its excellent working practices in relation to student and staff wellbeing, Bedford Academy was awarded the 'Wellbeing Award for Schools'. The verification report noted that "Emotional Wellbeing and Mental Health is not an 'add on' at this school, it is part of school life, learning, and it goes beyond the school gates."

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The sixth form Basketball Academy had a cohort of over 60 students in 2022/23, a USP for the sixth form provision. The basketball team reached the Under 19's national finals. Bedford Academy will open a football academy in 2023/24 and a Dance Academy to follow for 2024/25.

Cauldwell Primary School

Cauldwell continues to be an oversubscribed school at the centre of the local community. The school's Inclusion Hub - set up in 2021 - continued to meet the needs of the pupils with complex SEND. This provision was expanded to meet the needs of pupils in Early Years (EYFS), Key Stage 1 and 2.

KS2 Reading and Maths data outcomes were above national average, reflecting work on expanding vocabulary and the strength of Maths teaching. Writing data at KS2 showed a decline, a trend reflected in all HEART primary schools. Improving writing is a key priority for rapid improvement in 2023/24.

The enrichment offered at Cauldwell allowed KS2 pupils to receive additional Reading, Writing and Maths learning alongside access to a range of opportunities such as public speaking, music and sport.

EYFS faced the challenge of children arriving with low levels of development as well as an increasing number of children with Education and Health Care Plans (EHCP) and complex needs. Whilst challenging, positive progress was clear for these pupils, supported by the school Inclusion Hub.

Shackleton Primary School

For the first time in many years Shackleton was oversubscribed in 2022/23. A new Headteacher was recruited in April 2023 following the departure of the previous incumbent. The new Head has introduced new approaches to help secure high level of accountability at all levels. The curriculum was reviewed to ensure it remains appropriate and aspirational for the children of Shackleton to ensure the highest possible outcomes.

An increase in the number of pupils with EHCPs and complex needs (especially in EYFS and Year 1) accelerated the creation of the 'ARC' (Additionally Resourced Classroom). The ARC provision allows for a bespoke curriculum for specific pupils and follows the model of the Inclusion Hub at Cauldwell. There was also significant financial investment to create a Year 1 environment to support a more holistic approach to meet the needs of the cohort.

Data outcomes did not improve as rapidly as hoped. Curriculum improvement work and strengthening teaching and learning - reflected in the previous Ofsted inspection - did not fully come to fruition. The new Head focused on accelerated improvement such that current Year 6 pupils leave in 2024 fully prepared for their next stage of education.

As at Cauldwell, writing was the area that most negatively impacted data outcomes. Writing is a clear area of focus for 2023/24 with collaboration planned with all Trust schools to improve writing outcomes rapidly.

Shortstown Primary School

Shortstown continued to provide an educational experience for 2-11 year olds. Both the pre-school and primary school reception were full with a waiting list reflecting demand.

A restructure of the pre-school was undertaken to help provide a full EYFS curriculum, starting at aged 2. The 'Good Level of Development' (GLD) data for 2023 was the highest in the Trust owing to the preschool provision in place.

Maths was an area of strength with national outcomes for both KS1 and KS2 inline or above national outcomes. KS2 outcomes for maths showed an increase of 30% reflecting work done in improving both the curriculum and teaching.

Writing, as with Shackleton and Cauldwell, was the limiting factor for the combined data outcomes. Writing will be a Trust and school focus for 2023-2024.

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High Needs support

An increase in needs in early years in all three Primary Schools was an area of concern. Capacity was pulled into early years at the expense of other areas. The Trust invested in two specialist hubs to support children with the highest need. The hubs are designed to take this cohort of children out of the mainstream classroom for short periods of time where they can access specialist support before returning to their mainstream class. The two hubs are located within Shackleton and Cauldwell. Cauldwell has been running their hub for two years so we are able to report back on the progress:

- High-needs pupils work with a small team of people who get to know their individual needs and can support them to a high standard. This focus promotes independence and decreases 'learned helplessness' that can develop in children with high needs working with a single adult all day, every day
- A number of pupils developed independent learning skills and can now access in class learning most of the time. Other pupils developed and increased their attention, focus, social skills, basic skills, independent learning and are making steady progress. The Hub supports constant observation and evaluation to ensure pupils receive the provision they need at all times.
- Use of Hub, facilitated by a SEND teacher, improved Learning Support Assistant (LSA) support in the classroom. Building a highly skilled team of LSA's swapping between classroom and Hub support meant LSAs could deliver SALT intervention and provide more in-class support when not supporting pupils in the Hub.
- Rotating staffing in the Hub each year is developing a better SEND support skill set in a wider group of staff (historically certain LSAs were considered 'the SEND needs people' to the exclusion of others).
- As part of the intervention, a daily sensory circuits programme was established for pupils who need support to regulate in the morning. Sensory circuits demonstrated a positive impact, with older pupils coaching younger pupils. Benefits were demonstrated in physical development, communication and interaction whilst building confidence and developing social interaction skills.
- Due to high levels of demand for the Hub, two pupils who used the Hub in its first year had to integrate back into their mainstream classes full time. This transition proved very challenging and led to one child moving to a reduced timetable. Cauldwell are now in liaison with the local children's centre to help provide additional space and capacity in school for a second inclusion hub room.

Summary

It is clear across all Trust schools that the improvement and development work that has taken place over the past few years is starting to have a real impact on educational outcomes. SEND provision is of a high standard across the schools. Increases in the number of pupils with complex SEND is a concern, as is the level of support provided by the Local Authority. The Trust focus on strengthening Early Years continued with a view that in the medium to long term this work will help ensure pupils joining in Reception are better prepared for primary education.

Key Performance Indicators (KPIs)

Educational Outcomes

Primary data showed a varied picture. In some schools in some attainment areas HEART performed at national attainment outcomes for 2023 (or 2022 where 2023 data was not available). Writing was an area of concern and a priority for all schools in 2023/24.

Early Years (EYFS)

Reception children had their pre-school experience affected by Covid, evidenced with the low number of pupils arriving not meeting the baseline for EYFS. Speech and language continued to be a significant barrier and the funded SALT's worked with Reception children to address these barriers. While they may not have reached GLD, their progress was significant.

1. 0% of children met the baseline expectation at Shackleton and Shortstown.
2. There were significant levels of SEND need in the Reception cohorts with 7 EHCPS at Cauldwell, 2 at Shortstown and 2 at Shackleton. The Cauldwell and Shackleton hub provided tailored support for these and other pupils.

Phonics at Cauldwell was in line with national outcomes. The majority that did not pass were close to the pass rate and receiving targeted intervention. Shackleton data reflected work done in EYFS and Year 1 to build on the low GLD and the impact of a new phonics scheme. An outcome of 72% was close to the national data, a real strength.

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Shortstown data reflected the cohort where only 50% achieved 'Good Level of Development (GLD)' in Reception. The school brought in a new phonics scheme ready for 2023/24 to help ensure the best possible outcomes.

KS1

Maths was a strength at both Cauldwell and Shortstown with both schools exceeding 2022 national outcomes and 2022 Bedford Borough outcomes for combined. Writing and reading are areas of priority. Shackleton's KS1 data was significantly below national outcomes. Changes were implemented to improve outcomes and ensure appropriate support is put into place.

KS2

It is important to highlight the improvement in Maths at Shortstown from 2022. Outcomes improved by 30% and are in line with national outcomes for 2023. Cauldwell data for Maths and Reading echoed prior year success, meeting or exceeding national outcomes for 2023. Maths and Reading remained consistent at Shackleton, 5-7% lower than Bedford Borough outcomes and significantly lower than national. A change in leadership at Shackleton and revised development plans are intended to address many of the barriers to achieving success. Writing was the area that was significantly below expectations for all schools. Writing data negatively affected the 'combined' score for all schools and will be a Trust priority area for 2023/24.

KS4: Bedford Academy

Data should not be compared with 2022. The Department for Education (DfE) and Joint Council for Qualifications (JCQ) were clear national outcomes should return to 2019 levels in 2023.

In terms of 'Progress' the school Progress 8 score was +0.01. Outcomes in some areas dropped from 2019, pupils performed in line with pupils from a similar area with similar previous data. English and Maths have performed strongly with positive value added. Basics 4+ and 5+ showed a small drop from 2022 but increased from 2019, a national picture. Greater focus is needed on those pupils who are on track to achieve Maths but not English. Analysis showed 54 students achieved a grade 4 in either English or Maths but not both. 46 students achieved a grade 5 in either English or Maths but not both. Converting these, the school would have delivered 73.8% at 4+, and 50% at 5+, significantly above national. This is a key area of focus for 2023/24.

KS5: Bedford Academy

The Bedford Academy sixth form offered 25 qualifications to meet the needs of the students in our community. Unfortunately, outcomes for sixth form showed a decline in 2023 compared to 2022 with average grades falling from C to D+. The fall in grade was a consequence of the Covid pandemic. The cohort of students had not sat GCSE exams; instead their GCSE data was based around Centre and Teacher assessed grades. Students gained places on A Level courses when in normal years they may not have achieved the course entry criteria. The purpose of permitting students to enrol was to support them to continue their education in a familiar setting with continued pastoral care following the disruption of the pandemic. Lessons have been learnt from this and subject criteria were reviewed for the 2023/24 academic year.

Attendance

Bespoke targeted strategies improved attendance and the recruitment of a Trust Education Welfare Officer will further strengthen this area.

Bedford Academy		Cauldwell		Shackleton		Shortstown		National
Overall Attendance	91.3%	Overall Attendance	94.1%	Overall Attendance	92.5%	Overall Attendance	94.6%	90.8%
PP Attendance	88.8%	PP Attendance	92.9%	PP Attendance	90.8%	PP Attendance	91.3%	
Pupils with SEN Attendance	86.8%	Pupils with SEN Attendance	93.1%	Pupils with SEN Attendance	91.6%	Pupils with SEN Attendance	93.3%	
Persistent Absentees	26.6%	Persistent Absentees	19%	Persistent Absentees	27%	Persistent Absentees	11%	27.5%

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Growth

The Trust focussed on two main areas of growth in 2022/23:

1. To increase the number of schools by bringing schools into the Trust, merging with another Trust or opening a free-school.
2. To increase the number of children within all four HEART Schools.

The Trust did not achieve growth in terms of numbers of schools within the Trust. Advanced discussions and work took place between HEART and ACES Academy Trusts with a view to a formal merger. The Regional Director from the DfE signed off the merger but unfortunately HEART had to withdraw from the process. Due-diligence identified a number of risks that were unacceptable to HEART.

The reputation of all four Schools continue to grow within their communities and pupil demand is also growing, particularly at Bedford Academy.

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.

Promoting the success of the company

The Trust Board focused on promoting the success of the Trust and ensuring the HEART remains successful and sustainable in the long-term. Fundamental to success is ensuring that employees are treated fairly and that we further cultivate our aim to be the "Employer of Choice". The Trust encourages sound and enduring engagement and relationships with all stakeholders including pupils; parents; suppliers and customers and our wider communities. HEART strives for excellence in all aspects of our operations and value our emphasis on ethical leadership in line with the Trust values.

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').

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).

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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:

Fund	Category	2023 £'000	2022 £'000
GAG	Restricted General Funds	1,286	1,185
Other DfE/ESFA/LA Grants	Restricted General Funds	-	-
	Sub-total General Restricted Funds	1,286	1,185
Unspent Capital Grants	Restricted Fixed Asset Fund	407	433
Other Income	Unrestricted General Fund	1,401	1,230
	Sub-Total Spendable Funds	3,094	2,848
Endowment	Restricted Endowment Fund	477	861
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	39,249	39,764
Finance lease	Restricted Fixed Asset Fund	(847)	(823)
Share of LGPS Deficit	Restricted Pension Reserve	279	(3,094)
	Total All Funds	42,252	39,556

During the year under review, general restricted funds increased by £101k (2022: increased by £37k) and unrestricted general funds increased by £171k (2022: increased by £119k). After LGPS valuation adjustments, depreciation and capital income and expenditure, overall funds increased by £2,696k (2022: increased by £8,558k).

Financial Performance in 2022/23

The Trustees approved a revenue budget deficit for 2022/23 of £555k, approximately 16% of the reserves held by the Trust at that point. The budget deficit included a revenue contribution to the capital fund of £685k but excluded capital income and expenditure, depreciation and any impact of the annual actuarial pension revaluation. The aim of the deficit budget was:

- Investment in school buildings to help ensure high-quality, uninterrupted teaching and learning.
- 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 revenue-generating and cost-saving measures.

Revenue Account

The actual like-for-like net revenue deficit for 2022/23 was £138k. The positive variance of £419k was largely the result of:

- Salary cost underspend of £243k, accrued in part as a result of the challenge of recruiting to vacant posts.
- Deferring £200k of investment in a new 3G football pitch (Bedford Academy). Subject to approval the new pitch will be built in 2023/24.
- Unbudgeted 'growth funding' of £60k (Shackleton Primary) as a result of a change in pupil numbers.
- Expansion of pupil intake at the Shortstown Primary nursery provision - £34k.

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 76% (76% in 2021/22).

HEART ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The revenue account for 2021/22 included the following COVID-related transactions:

- £143k of expenditure funded by the ESFA COVID Recovery Premium.
- £27k from the National Tutoring Programme to fund tutors (all schools)

Balance Sheet

In addition to day-to-day revenue expenditure the Trust also invested in capital additions of £1,139k (£2,426k in 2021/22). Capital expenditure included:

- Refurbishment of Bedford Academy to accommodate a growing demand for places at the school. Total - £423k.
- Cyclical replacement of ICT equipment (all schools). Total - £200k.
- Condition Improvement Fund (CIF) fire-improvement works at Shackleton. Total - £36k.
- Replacement minibus. Total - £41k.
- Replacement CCTV system at Bedford Academy. Total - £36k.

Trustees agreed the refurbishment projects would be funded from the Trust Endowment Fund.

Capital additions were offset by depreciation of £1,654k (£1,285k in 2021/22).

The HEART net asset position increased by £2,696k. The long-term asset balance reflects the actuarial asset on the Local Government Pension Scheme (Note 21). An annual revaluation was completed in September 2023, decreasing the net liability by £3,373k, from £(3,094)k to £279k making it an asset. 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.

The Trust cash position fell from £3,942 to £3,890k. 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. Whilst cash days – a measure of cash against annual expenditure – reduced to approximately 75 days, the year-end position remained well above the minimum acceptable reserve balance.

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.

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that an appropriate level of free reserves should be maintained to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The carrying value of 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 school at risk.

Trustees aspire to a minimum level of unrestricted reserves that reflects the higher of 30 days of equivalent annual Trust expenditure or £1.5 million.

Whilst the spendable reserves should be limited to a level where the use in the future is known, there is an overriding need to ensure that value for money is achieved.

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.

Principal risks and uncertainties

The Audit and Risk Committee undertakes a comprehensive review of the risks to which the Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Trust. The internal controls are then implemented and subsequent appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit and Risk Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Trust.

HEART ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

A risk register is maintained at the Trust level which is reviewed termly by the Audit and Risk Committee. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

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.

External events - the COVID-19 pandemic, the war in Ukraine, changes in government policy, the climate crisis – have all directly and indirectly contributed to a more uncertain environment in recent years.

- The majority of pupils attending Trust schools are from communities that are in the bottom 10% of deprivation and who are more vulnerable to changes in the external environment. The Trust actively supports vulnerable families with a range of measures including a freeze in food prices, loan laptops, the provision of free school uniform for new starters and signposting to relevant local agencies.
- The risk of deteriorating educational outcomes increased as a direct result of COVID-19. Barriers to effective learning at that time included 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 lockdowns; and the disruption caused by the introduction of COVID-secure measures on normal school life. A range of measures have since been introduced to counter the effects of the COVID lockdowns including formalised catch-up plans, a loan laptop scheme, intervention groups and online software packages designed to supplement classroom learning.
- Lack of really effective support for 0-5 year olds is putting increased pressures on the three Primaries in the Trust. Linked to this risk is an increase in additional needs for children entering education due in part to the upheaval families have had to endure over the last three years. External agencies are not always coping and more and more is falling onto schools. This is at a time when all schools are also still catching up with lost learning from the pandemic.
- The financial impact of external events has been significant, resulting in reduced income (for example, catering sales, community lettings) and increased costs. The recent and rapid increase in inflation led to demands for commensurate increases in salary. Trustees fully support the principle that staff should be paid a fair wage and accept this will in the short-term increase the risk of in-year deficits. The budgeting, forecasting and reporting processes, including scrutiny by the Executive team and Trustees of actual financial performance, and investment in climate and sustainability measures mitigates the risk.
- The Trust must comply with a wide variety of statutory and other obligations within the various regulatory frameworks that it operates under, whether relating to matters of property and estates, finance, taxation, health and safety, data, cyber-security and a host of other aspects. The Executive team is focused on ensuring full compliance within the Trust's Risk Management Strategy. Risks of compliance failure are mitigated by the engagement of suitably qualified employees and external expertise adopting a methodical and proportionate approach to compliance matters. The Trust undertakes a significant programme of self-assessment and benefits from both external and internal audit programmes to bring reassurance. Ultimately, matters of compliance are overseen by the Audit and Risk Committee which reports to the Board of Trustees.
- Trustees are also very conscious that the above factors are likely to have a detrimental impact on staff wellbeing and workload. School leaders agree that staff wellbeing must remain a priority and measures have been introduced and will continue to evolve, including a Trust Staff Wellbeing strategy, to mitigate the risk.

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.

HEART ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

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.

Financial Performance - Looking Ahead

In July 2023 the Trustees approved a budget deficit before savings for 2023/24 of £886k, approximately 30% of the reserves held by the Trust at that point. The budget deficit included a revenue contribution to the capital fund of £693k. The deficit excluded capital income and expenditure, depreciation and any impact of the annual actuarial pension revaluation. The aim of the deficit budget for 2023/24 was:

- Ongoing capital investment works at Bedford Academy.
- 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 macro-economic environment and the impact on public finances of changes to fiscal and monetary policy. Unfunded cost inflation will ultimately feed through to decisions on affordability of school staff and resources.
- 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.
 - o Lower than predicted pupil numbers, particularly Bedford Academy sixth form given the strength of competition in the local area.

HEART ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

Streamlined energy and carbon reporting (SECR)

TABLE 2

UK Greenhouse gas emissions and energy use data for the period 1 September 2022 to 31 August 2023

	2022/23	2021/22	2020/21
Energy consumption used to calculate emissions (kWh)	2,496,635	3,091,261	3,658,643
Energy consumption break down (kWh) (optional):			
• gas	1,456,118	1,634,674	1,719,743
• electricity	1,024,501	1,442,235	1,394,813
• fuel oil			537,323
• transport fuel	16,016	14,352	6,764
Scope 1 emissions in metric tonnes CO2e			
Gas consumption	266	298	315
Owned transport – mini-buses	2	1	1
Total Scope 1	268	300	316
Scope 2 emissions in metric tonnes CO2e			
Purchased electricity	212	279	296
Scope 3 emissions in metric tonnes CO2e			
Business travel in employee owned vehicles	1	1	0
Total gross emissions in metric tonnes CO2e	481	580	737
Intensity ratio Tonnes CO2e per pupil	0.18	0.23	0.30

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 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.

Measures taken to improve energy efficiency

During 2021/22 Trustees agreed to elevate the priority given to climate and sustainability and position it at the centre of a revised set of 'leadership aspirations' for the Trust.

Over the course of 2022/23 -

- The CFO was appointed as the lead for Climate and Sustainability for the Trust. All schools and central support teams appointed Climate and Sustainability leads to support delivery of the strategy.
- The CFO joined the Department for Education Sustainability and Climate Change Stakeholder Engagement group and continued working closely with the UK Schools Sustainability Network (UKSSN).
- Solar (PV), electric vehicle charging points and LED lights were installed throughout the Trust estate.
- Roof replacement works at Cauldwell and Shackleton were completed
- All Trust schools were surveyed to identify potential capital projects for 2022/23 that will continue the improvement in carbon footprint.

HEART ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

In 2023/24 the Trust will:

- Publish a revised Sustainability Action Plan aligned to the UN Sustainable Development Goals with specific targets for energy and waste reduction.
- Convene a 'Climate Taskforce' and 'Green Governor Group' to strengthen action, governance and accountability.
- Commence work with the Green Schools Project in the delivery of climate education.
- Commence work with Climate Adapted Pathways for Education (CAPE) to support further improvement to Climate Change Education.
- Invest in a new grounds improvement strategy to improve biodiversity in our outdoor space.
- Invest in the Bedford Academy Building Energy Management System to improve efficiency and reduce waste.
- Work with suppliers to develop our understanding of scope 3 emissions and how we can measure and reduce them in future years.

Plans for the future

Priorities moving forward build from work that started in previous years.

A key area remains accelerating the progress made by all pupils in terms of pandemic-related lost learning. Trust schools have bespoke School Development Plan's (SDP) which identifies the strategies that will be used to catch up on lost learning.

The Trust will continue to develop a more sustainable approach to how it operates. Climate and sustainability will become a core part of Trust and School culture, integrated at all levels from the Board of Trustees to the staff on the ground, pupils and students.

Early Years

Research continues to show that children in early years from deprived communities were disproportionately impacted by the Covid pandemic. The Trust has invested in the 50Things project to support parental engagement with their young children. Work will continue to support and strengthen the work of local nurseries and the Shortstown nursery offer.

High Needs Provision

The last few years highlighted the challenges our schools face with increasing numbers of children joining with Special Educational Needs (SEND). Bedford is short on special school provision, exacerbated by further delays in the construction of a new local special school. Bedford Borough remains exceptionally stretched meaning that more and more responsibility for this critical provision is at school level. The Trust will continue to invest in a range of projects looking at different strategies to support all children no matter the challenges they present.

- Cauldwell and Shackleton will continue to offer a high-needs 'Hub' provision that has shown to have positive impact on the most vulnerable pupils.
- Shortstown will continue their 'Nurture' offer for children that need extra support to access the mainstream curriculum.

Growth

The Trust has built strong foundations with all current schools inspected by OFSTED and graded as offering a 'Good' educational experience. HEART also has very strong finance and operations teams. However, the Trust does not currently have capacity to support a School that is judged to need extensive educational support. The options available to HEART for growth are:

- Merging with a Trust that has strong educational outcomes so they can add educational capacity.
- Identifying strong local schools that will also add educational capacity.

Both options will be actively explored in 2023/24. The Trust will not look to take on any sponsored academies.

Funds held as custodian trustee

No funds are held on behalf of others.

HEART ACADEMIES TRUST

TRUSTEES' REPORT

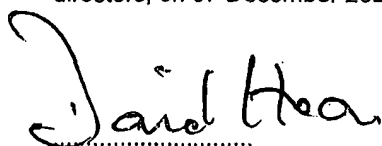
FOR THE YEAR ENDED 31 AUGUST 2023

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 07 December 2023 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 2023

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. 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 4 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)			4	4
Mrs J Webster			3	4
Mrs S Clark			2	4
Mr L Spencer			3	4
Mrs S Graham			1	4
Dr A Lee			3	4
Ms H Nuttall			4	4
Mrs E Graham-Law	11/09/2023		0	0
Mrs L Macdonald		16/01/2023	0	2
Total			20	30

The Trust's risk exposure, financial position and impact on school improvement is reviewed at each of the meetings of the Board following detailed review by the respective sub-committee. Effective financial oversight is enhanced by the publication of monthly management accounts to all Trustees.

Conflict of interest

The Trust philosophy is to work to avoid conflicts of interest wherever possible. In circumstances where there is a clear benefit to our schools the Trust has a clear policy on how this should be managed, taking account of guidance in the Academy Trust Handbook. Trustees, Governors and all staff involved in purchasing goods or services are asked to declare any interests on an annual basis. All declarations are recorded in the Trust Register of Interests. The Register is available to key personnel including the Finance team to support day-to-day management and governance of the Trust.

Governance reviews

As a matter of best practice academy trusts should be carrying out a self-assessment annually, and commissioning independent external reviews of governance routinely, as part of a wider programme of self-assessment and improvement in subsequent years.

The Board underwent a full, independent, governance review in 2022 led by the Confederation of School Trusts (CST). The review found the following:

'The governance of the Trust works very effectively. There is a strong professional relationship between the Trust Board, the Executive Team and the Local Advisory Boards. Governance at all tiers is open and transparent. Each tier

HEART ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

of governance knows its role and fulfils it well. Compliance is strong and documentation thorough. The Chair is passionate and committed to the Trust and Trust governance is very well supported by the Clerk to the Trust Board. Safeguarding is a strength of the Trust. Risk is given prominence and managed well although the reporting of risk needs review to ensure the impact of mitigations is considered. Consideration should be given to succession planning at all levels of governance. The Trust Board is currently small for the planned expansion of the Trust so increasing the size of the Board should be considered. Some of the current governance arrangements are unlikely to be sustainable as the Trust grows, so consideration needs to be given as to how the governance of the Trust will need to change. How the existing Local Advisory Boards are managed through the process will need sensitive leadership, detailed planning and effective communication.'

In addition, 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 Trust has 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 also been introduced covering safeguarding, data, OFSTED and finance.

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 D Hoare (Chair of Trustees)			2	3
Mrs S Clark			1	1
Mrs J Webster			1	1
Mrs S Graham			1	3
Mrs L Macdonald		16/01/2023	1	1
Mrs E Graham-Law	11/09/2023		0	0
Total			6	9

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
Ms H Nuttall (Committee Chair)			3	3
Mr D Hoare (Chair of Trustees)			3	3
Mrs J Webster			2	3
Total			8	9

HEART ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

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 educational and wider societal outcomes, as well as estates safety and management, achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources 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. Budget setting also includes a review by the Chief Operating Officer (COO) of the Trust Estates plan, developed using detailed third-party school condition surveys and feedback from more regular maintenance and inspection work. Budget is allocated to ensure the Trust maintains a safe, secure, estate compliant with all relevant regulations.

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 period 01 September 2022 to 31 August 2023 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 period 01 September 2022 to 31 August 2023 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 2023

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 2022/23 included testing of:

- Business planning
- Network security (remote working)
- Payroll
- Regulatory compliance
- Procurement
- Post-Covid tutoring

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

In 2023/24 TIAA will be supporting the Trust to undertake 'assurance mapping' to help ensure the adequacy of oversight of key areas of Trust work.

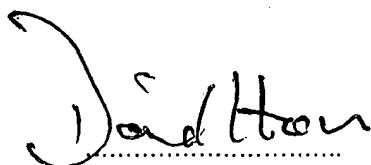
Review of effectiveness

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:

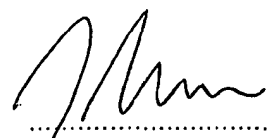
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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 07 December 2023 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 2023

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, including for estates safety and management, 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2022.

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



Mr D Morris
Accounting Officer

07 December 2023

HEART ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

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 2022 to 2023 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:

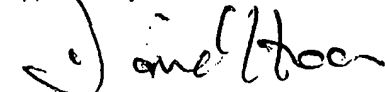
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; 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 07 December 2023 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 2023

Opinion

We have audited the Financial Statements of HEART Academies Trust for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the Financial Statements, including 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 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2022 to 2023.

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 other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HEART ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

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.

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 2023

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



Louise Hallsworth FCA (Senior Statutory Auditor)
for and on behalf of Baxter & Co

11 December 2023

Chartered Certified Accountants
Statutory Auditor

Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

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 2023

In accordance with the terms of our engagement letter dated 13 May 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by HEART Academies Trust during the period 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts Issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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 Academy Trust Handbook 2022, issued by the ESFA.

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 2023

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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baxter & Co.

Reporting Accountant

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

Dated: 11 December 2023

HEART ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Restricted funds: Fixed asset £'000	Endowment funds £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:							
Donations and capital grants	3	1	-	252	-	253	467
Charitable activities:							
- Funding for educational operations	4	404	17,749	-	-	18,153	16,296
Other trading activities	5	323	-	-	-	323	218
Investments	6	106	-	-	-	106	5
Total		834	17,749	252	-	18,835	16,986
Expenditure on:							
Raising funds	7	-	53	-	-	53	39
Charitable activities:							
- Educational operations	9	663	17,358	1,654	-	19,675	18,705
Total	7	663	17,411	1,654	-	19,728	18,744
Net income/(expenditure)		171	338	(1,402)	-	(893)	(1,758)
Transfers between funds	20	-	(453)	837	(384)	-	-
Other recognised gains/(losses)							
Actuarial gains on defined benefit pension schemes	22	-	3,589	-	-	3,589	10,316
Net movement in funds		171	3,474	(565)	(384)	2,696	8,558
Reconciliation of funds							
Total funds brought forward		1,230	(1,909)	39,374	861	39,556	30,998
Total funds carried forward		1,401	1,565	38,809	477	42,252	39,556

HEART ACADEMIES TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2023

Comparative year information Year ended 31 August 2022	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Endowment Fixed asset £'000	funds £'000	Total 2022 £'000
Income and endowments from:						
Donations and capital grants	3	9	3	455	-	467
Charitable activities:						
- Funding for educational operations	4	387	15,909	-	-	16,296
Other trading activities	5	218	-	-	-	218
Investments	6	5	-	-	-	5
Total		<u>619</u>	<u>15,912</u>	<u>455</u>	<u>-</u>	<u>16,986</u>
Expenditure on:						
Raising funds	7	-	39	-	-	39
Charitable activities:						
- Educational operations	9	500	16,920	1,285	-	18,705
Total	7	<u>500</u>	<u>16,959</u>	<u>1,285</u>	<u>-</u>	<u>18,744</u>
Net income/(expenditure)		119	(1,047)	(830)	-	(1,758)
Transfers between funds	20	-	(481)	870	(389)	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	22	-	10,316	-	-	10,316
Net movement in funds		119	8,788	40	(389)	8,558
Reconciliation of funds						
Total funds brought forward		1,111	(10,697)	39,334	1,250	30,998
Total funds carried forward		<u>1,230</u>	<u>(1,909)</u>	<u>39,374</u>	<u>861</u>	<u>39,556</u>

HEART ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2023

		2023	2022
	Notes	£'000	£'000
Fixed assets			
Tangible assets	13	39,249	39,764
Current assets			
Stock	15	12	7
Debtors	16	895	1,310
Cash at bank and in hand		3,890	3,942
		4,797	5,259
Current liabilities			
Creditors: amounts falling due within one year	17	(1,296)	(1,630)
Net current assets		3,501	3,629
Total assets less current liabilities		42,750	43,393
Creditors: amounts falling due after more than one year	18	(777)	(743)
Net assets excluding pension asset/(liability)		41,973	42,650
Defined benefit pension scheme asset/(liability)	22	279	(3,094)
Total net assets		42,252	39,556
Funds of the Academy Trust:			
Restricted funds	20		
- Fixed asset funds		38,809	39,374
- Restricted income funds		1,286	1,185
- Pension reserve		279	(3,094)
- Endowment funds		477	861
Total restricted funds		40,851	38,326
Unrestricted income funds	20	1,401	1,230
Total funds		42,252	39,556

The Financial Statements on pages 29 to 58 were approved by the Trustees and authorised for issue on 07 December 2023 and are signed on their behalf by:



Mr D Hoare

Chair of Trustees

Company registration number 06969741 (England and Wales)

HEART ACADEMIES TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash provided by operating activities	23	690	855
Cash flows from investing activities			
Dividends, interest and rents from investments		106	5
Capital grants from DfE Group		240	455
Capital funding received from sponsors and others		12	-
Purchase of tangible fixed assets		(1,139)	(2,426)
Net cash used in investing activities		(781)	(1,966)
Cash flows from financing activities			
Repayment of long term bank loan		15	46
Capital element of hire purchase and finance leases		24	823
Net cash provided by financing activities		39	869
Net decrease in cash and cash equivalents in the reporting period		(52)	(242)
Cash and cash equivalents at beginning of the year		3,942	4,184
Cash and cash equivalents at end of the year		<u>3,890</u>	<u>3,942</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

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

1.1 Basis of preparation

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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, 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.

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.

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

Depreciation is provided on all tangible fixed assets other than 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
Assets under construction	not depreciated
Plant and machinery	3 - 10 years
Computer equipment	3 years
Fixtures, fittings & equipment	3 years
Motor vehicles	5 years

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets based on the value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the statement of financial activities so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

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.

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

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.

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 22, will impact on 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 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 2023 £'000	Total 2022 £'000
Private sponsorship	-	-	-	3
Capital grants	-	240	240	455
Other donations	1	12	13	9
	<u>1</u>	<u>252</u>	<u>253</u>	<u>467</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
DfE/ESFA grants				
General annual grant (GAG)	-	14,319	14,319	13,327
Other DfE/ESFA grants:				
- UIFSM	-	139	139	135
- Pupil premium	-	938	938	872
- Others	-	865	865	421
	<u>-</u>	<u>16,261</u>	<u>16,261</u>	<u>14,755</u>
Other government grants				
Local authority grants	-	1,163	1,163	852
Special educational projects	-	16	16	69
	<u>-</u>	<u>1,179</u>	<u>1,179</u>	<u>921</u>
COVID-19 additional funding				
DfE/ESFA				
Other DfE/ESFA COVID-19 funding	-	173	173	95
Non-DfE/ESFA				
Other COVID-19 funding	-	-	-	15
	<u>-</u>	<u>173</u>	<u>173</u>	<u>110</u>
Other funding				
Catering income	365	-	365	336
Trips income	39	-	39	51
Other incoming resources	-	136	136	123
	<u>404</u>	<u>136</u>	<u>540</u>	<u>510</u>
Total funding	<u>404</u>	<u>17,749</u>	<u>18,153</u>	<u>16,296</u>

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". The funding received for recovery premium covers £144k of staff and other costs and the funding received for national tutoring programme covers £29k of staff and other costs.

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Hire of facilities	199	-	199	154
Catering income	26	-	26	11
Income from facilities and services	40	-	40	19
Other income	25	-	25	34
RPA claims	33	-	33	-
	<u>323</u>	<u>-</u>	<u>323</u>	<u>218</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Short term deposits	<u>106</u>	<u>-</u>	<u>106</u>	<u>5</u>

7 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Expenditure on raising funds					
- Direct costs	-	26	27	53	39
Academy's educational operations					
- Direct costs	10,178	1,323	940	12,441	11,588
- Allocated support costs	4,121	1,800	1,313	7,234	7,117
	<u>14,299</u>	<u>3,149</u>	<u>2,280</u>	<u>19,728</u>	<u>18,744</u>

Net income/(expenditure) for the year includes:

	2023 £'000	2022 £'000
Operating lease rentals	40	28
Depreciation of tangible fixed assets	1,654	1,285
Fees payable to auditor for:		
- Audit	12	11
- Other services	19	18
Net interest on defined benefit pension liability	<u>110</u>	<u>189</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

7 Expenditure

(Continued)

Included within expenditure are the following transactions:

	Total	Individual items over £5,000
	2023	2023
	£	£
Unrecoverable debts - total	55	

Clarification – While the majority of disclosure in these accounts are rounded to £'000, the disclosure of unrecoverable debts made is not. The value for the year is £55 (and not £55k).

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:

	2023 £'000	2022 £'000
The Bedford Academy	592	415
Cauldwell Lower School	150	124
Shackleton Primary School	173	136
Shortstown Primary School	140	109
	1,055	784

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Direct costs				
Educational operations	35	12,406	12,441	11,588
Support costs				
Educational operations	628	6,606	7,234	7,117
	<u>663</u>	<u>19,012</u>	<u>19,675</u>	<u>18,705</u>

Analysis of costs	2023 £'000	2022 £'000
Direct costs		
Teaching and educational support staff costs	10,178	9,743
Staff development	95	134
Depreciation	1,323	1,028
Technology costs	105	63
Educational supplies and services	439	297
Examination fees	151	108
Educational consultancy	6	73
Other direct costs	144	142
	<u>12,441</u>	<u>11,588</u>
Support costs		
Support staff costs	4,015	3,143
Defined benefit pension scheme - staff costs (FRS102 adjustment)	106	1,376
Staff development	21	31
Depreciation	331	257
Technology costs	334	353
Maintenance of premises and equipment	378	329
Cleaning	51	44
Energy costs	589	365
Rent, rates and other occupancy costs	326	276
Insurance	72	65
Security and transport	58	32
Catering	439	374
Defined benefit pension scheme - finance costs (FRS102 adjustment)	110	189
Legal costs	15	11
Other support costs	356	240
Governance costs	33	32
	<u>7,234</u>	<u>7,117</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

10 Staff

Staff costs

Staff costs during the year were:

	2023 £'000	2022 £'000
Wages and salaries	10,620	9,618
Social security costs	1,047	917
Pension costs	2,420	2,193
Defined benefit pension scheme - staff costs (FRS102 adjustment)	106	1,376
Staff costs - employees	14,193	14,104
Agency staff costs	63	150
Staff restructuring costs	43	8
Total staff expenditure	14,299	14,262

Staff restructuring costs comprise:

Redundancy payments	2	-
Severance payments	41	8
	43	8

Severance payments

The Academy Trust paid 4 severance payments in the year, disclosed in the following bands:

£0 - £25,000	3
£25,001 - £50,000	1

Special staff severance payments

Included in staff restructuring costs is one non-contractual special severance payment of £18,000 (2022: £nil).

Staff numbers

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

	2023 Number	2022 Number
Teachers	147	141
Administration and support	262	256
Management	10	10
	419	407

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

10 Staff

(Continued)

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

	2023 Number	2022 Number
Teachers	141	135
Administration and support	174	168
Management	10	10
	<u>325</u>	<u>313</u>

Higher paid staff

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

	2023 Number	2022 Number
£60,000 - £70,000	6	4
£70,001 - £80,000	4	6
£80,001 - £90,000	2	-
£90,001 - £100,000	-	2
£100,001 - £110,000	2	1
	<u>2</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £660,644 (2022: £463,255).

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, no travel or subsistence payments (2022: £nil) were reimbursed or paid directly to any of the Trustees (2022: 0 Trustees).

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

12 Trustees' and officers' insurance

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

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

13 Tangible fixed assets

	Leasehold land and buildings	Assets under land and construction	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 September 2022	40,430	837	1,628	3,528	891	43	47,357
Reclassification	425	(505)	-	-	80	-	-
Additions	156	276	187	241	238	41	1,139
	<u>41,011</u>	<u>608</u>	<u>1,815</u>	<u>3,769</u>	<u>1,209</u>	<u>84</u>	<u>48,496</u>
Depreciation							
At 1 September 2022	3,793	-	126	3,050	582	42	7,593
Charge for the year	756	-	358	292	247	1	1,654
	<u>4,549</u>	<u>-</u>	<u>484</u>	<u>3,342</u>	<u>829</u>	<u>43</u>	<u>9,247</u>
Net book value							
At 31 August 2023	36,462	608	1,331	427	380	41	39,249
At 31 August 2022	36,637	837	1,502	478	309	1	39,764

Finance leases

Included within the net book value above is £840k (2022 – £823k) relating to assets held under a finance lease agreement.

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

14 Financial instruments

	2023 £'000	2022 £'000
Instruments measured at fair value through profit and loss:		
Carrying amount of financial assets	4,486	4,735
Carrying amount of financial liabilities		
Measured at amortised cost	721	1,032

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

15 Stock

	2023 £'000	2022 £'000
Catering stock	12	7

16 Debtors

	2023 £'000	2022 £'000
Trade debtors	-	8
VAT recoverable	131	184
Other debtors	54	36
Prepayments and accrued income	710	1,082
	<u>895</u>	<u>1,310</u>

17 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Government loans	9	6
Net obligations under finance lease and hire purchase contracts	122	120
Trade creditors	206	534
Other taxation and social security	231	212
ESFA creditors	147	120
Other creditors	300	270
Accruals and deferred income	281	368
	<u>1,296</u>	<u>1,630</u>

18 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Government loans	52	40
Net obligations under finance leases and hire purchase contracts	725	703
	<u>777</u>	<u>743</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Creditors: amounts falling due after more than one year

(Continued)

	2023 £'000	2022 £'000
Analysis of loans		
Not wholly repayable within five years by instalments	16	16
Wholly repayable within five years	45	30
	<u>61</u>	<u>46</u>
Less: included in current liabilities	(9)	(6)
Amounts included above	<u>52</u>	<u>40</u>

Loan maturity

Debt due in one year or less	9	6
Due in more than one year but not more than two years	9	6
Due in more than two years but not more than five years	27	18
Due in more than five years	16	16
	<u>61</u>	<u>46</u>

	2023 £'000	2022 £'000
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	122	120
Repayable between one and five years	487	482
Repayable after five years	238	221
	<u>847</u>	<u>823</u>
Less: finance charges and interest allocated to future accounting periods	-	-
Net obligations	847	823
Less: included in liabilities falling due within one year	(122)	(120)
Included above	<u>725</u>	<u>703</u>

19 Deferred income

	2023 £'000	2022 £'000
Deferred income is included within:		
Creditors due within one year	195	171
	<u>195</u>	<u>171</u>
Deferred income at 1 September 2022	171	244
Released from previous years	(171)	(244)
Resources deferred in the year	195	171
	<u>195</u>	<u>171</u>
Deferred income at 31 August 2023	<u>195</u>	<u>171</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

19 Deferred income

(Continued)

Deferred income relates to trip income received in advance of £7k (2022: £1k), rates income of £nil (2022: £45k), Universal Infant Free School Meals funding received in advance of £85k (2022: £80k), Sports Premium funding received in advance of £8k (2022: £27k), tech support of £nil (2022: £7k), Bedford grant funding £87k (2022: £nil) and other income of £8k (2022: £11k).

20 Funds

	Balance at 1 September 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2023 £'000
Restricted general funds					
General Annual Grant (GAG)	1,185	14,319	(13,765)	(453)	1,286
UIFSM	-	139	(139)	-	-
Pupil premium	-	938	(938)	-	-
Other DfE/ESFA COVID-19 funding	-	173	(173)	-	-
Other DfE/ESFA grants	-	865	(865)	-	-
Other government grants	-	1,179	(1,179)	-	-
Other restricted funds	-	136	(136)	-	-
Pension reserve	(3,094)	-	(216)	3,589	279
	<u>(1,909)</u>	<u>17,749</u>	<u>(17,411)</u>	<u>3,136</u>	<u>1,565</u>
Restricted fixed asset funds					
Inherited on conversion	36,558	-	(743)	-	35,815
DfE group capital grants	1,440	240	(305)	185	1,560
Capital expenditure from GAG and other funds	1,031	-	(566)	652	1,117
Restricted endowment fund	345	12	(40)	-	317
	<u>39,374</u>	<u>252</u>	<u>(1,654)</u>	<u>837</u>	<u>38,809</u>
 Restricted endowment fund	 861	 -	 -	 (384)	 477
 Total restricted funds	 <u>38,326</u>	 <u>18,001</u>	 <u>(19,065)</u>	 <u>3,589</u>	 <u>40,851</u>
Unrestricted funds					
General funds	1,230	834	(663)	-	1,401
 Total funds	 <u>39,556</u>	 <u>18,835</u>	 <u>(19,728)</u>	 <u>3,589</u>	 <u>42,252</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Funds

(Continued)

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 2023.

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 £39,248k (2022: £38,941k), plus the unspent element of capital funds £407k (2022: £432k) and the finance lease £847k (2022: £823k). 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. The fund was originally made up of 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. The carrying value at 31st August 2023 was £477k.

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Funds

(Continued)

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

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
Restricted general funds					
General Annual Grant (GAG)	1,148	13,327	(12,809)	(481)	1,185
UIFSM	-	135	(135)	-	-
Pupil premium	-	872	(872)	-	-
Other DfE/ESFA COVID-19 funding	-	95	(95)	-	-
Other Coronavirus funding	-	15	(15)	-	-
Other DfE/ESFA grants	-	421	(421)	-	-
Other government grants	-	921	(921)	-	-
Other restricted funds	-	126	(126)	-	-
Pension reserve	(11,845)	-	(1,565)	10,316	(3,094)
	<u>(10,697)</u>	<u>15,912</u>	<u>(16,959)</u>	<u>9,835</u>	<u>(1,909)</u>
Restricted fixed asset funds					
Inherited on conversion	37,301	-	(743)	-	36,558
DfE group capital grants	1,222	455	(237)	-	1,440
Capital expenditure from GAG and other funds	811	-	(305)	525	1,031
Restricted endowment fund	-	-	-	345	345
	<u>39,334</u>	<u>455</u>	<u>(1,285)</u>	<u>870</u>	<u>39,374</u>
 Restricted endowment fund	 1,250	 -	 -	 (389)	 861
Total restricted funds	<u>29,887</u>	<u>16,367</u>	<u>(18,244)</u>	<u>10,316</u>	<u>38,326</u>
Unrestricted funds					
General funds	<u>1,111</u>	<u>619</u>	<u>(500)</u>	<u>-</u>	<u>1,230</u>
Total funds	<u>30,998</u>	<u>16,986</u>	<u>(18,744)</u>	<u>10,316</u>	<u>39,556</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Funds

(Continued)

Total funds analysis by academy

	2023	2022
	£'000	£'000
Fund balances at 31 August 2023 were allocated as follows:		
The Bedford Academy	-	-
Cauldwell Lower School	-	-
Shackleton Primary School	-	-
Shortstown Primary School	-	-
Central services	3,164	3,276
Total before fixed assets fund and pension reserve	3,164	3,276
Restricted fixed asset fund	38,809	39,374
Pension reserve	279	(3,094)
Total funds	42,252	39,556

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 £477k 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 2023

20 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2023 £'000	Total 2022 £'000
The Bedford Academy	4,967	1,806	255	1,624	8,652	8,546
Cauldwell Lower School	1,631	336	36	358	2,361	2,345
Shackleton Primary School	1,986	364	69	448	2,867	2,767
Shortstown Primary School	1,432	494	74	341	2,341	2,355
Central services	162	1,121	5	565	1,853	1,446
	<u>10,178</u>	<u>4,121</u>	<u>439</u>	<u>3,336</u>	<u>18,074</u>	<u>17,459</u>

21 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 31 August 2023 are represented by:					
Tangible fixed assets	-	-	39,249	-	39,249
Current assets	1,401	2,512	407	477	4,797
Current liabilities	-	(1,174)	(122)	-	(1,296)
Non-current liabilities	-	(52)	(725)	-	(777)
Pension scheme asset	-	279	-	-	279
Total net assets	<u>1,401</u>	<u>1,565</u>	<u>38,809</u>	<u>477</u>	<u>42,252</u>

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Endowment Funds £'000	Total Funds £'000
Fund balances at 31 August 2022 are represented by:					
Tangible fixed assets	-	-	39,764	-	39,764
Current assets	1,230	2,735	433	861	5,259
Current liabilities	-	(1,510)	(120)	-	(1,630)
Non-current liabilities	-	(40)	(703)	-	(743)
Pension scheme liability	-	(3,094)	-	-	(3,094)
Total net assets	<u>1,230</u>	<u>(1,909)</u>	<u>39,374</u>	<u>861</u>	<u>39,556</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

22 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 2022.

Contributions amounting to £266k were payable to the schemes at 31 August 2023 (2022: £244k) 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 academy trusts. 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 2024.

The employer's pension costs paid to the TPS in the period amounted to £1,371k (2022: £1,234k).

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 2023

22 Pension and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 22.1% for employers and 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 closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023 £'000	2022 £'000
Employer's contributions	1,049	959
Employees' contributions	266	238
Total contributions	<u>1,315</u>	<u>1,197</u>

Principal actuarial assumptions	2023 %	2022 %
Rate of increase in salaries	3.85 to 3.90	2.90 to 2.95
Rate of increase for pensions in payment/inflation	2.85 to 2.90	3.90 to 3.95
Discount rate for scheme liabilities	5.30	4.20 to 4.25
CPI inflation	<u>2.85 to 2.90</u>	<u>2.90 to 2.95</u>

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

	2023 Years	2022 Years
Retiring today		
- Males	21.1	22.0
- Females	23.9	24.4
Retiring in 20 years		
- Males	22.1	22.9
- Females	<u>25.5</u>	<u>26.1</u>

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

22 Pension and similar obligations

(Continued)

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

	2023 £'000	2022 £'000
Discount rate + 0.1%	10,494	11,133
Discount rate - 0.1%	10,961	11,751
Life expectancy + 1 year	10,998	11,759
Life expectancy - 1 year	10,457	11,126
Salary rate + 0.1%	10,731	11,450
Salary rate - 0.1%	10,717	11,426
Pension rate + 0.1%	10,959	11,742
Pension rate - 0.1%	10,496	11,142

Defined benefit pension scheme net asset/(liability)

	2023 £'000	2022 £'000
Scheme assets	11,003	8,344
Scheme obligations	(10,724)	(11,438)
Net asset/(liability)	279	(3,094)

The Academy Trust's share of the assets in the scheme

	2023 Fair value £'000	2022 Fair value £'000
Equities	6,967	4,992
Bonds	1,994	1,892
Cash	425	304
Property	1,617	1,156
Total market value of assets	11,003	8,344

The actual return on scheme assets was £1,470,000 (2022: £(39,000)).

Amount recognised in the statement of financial activities

	2023 £'000	2022 £'000
Current service cost	1,143	2,327
Interest income	(379)	(134)
Interest cost	489	323
Administration expenses	12	8
Total operating charge	1,265	2,524

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

22 Pension and similar obligations

(Continued)

Changes in the present value of defined benefit obligations	2023 £'000
At 1 September 2022	11,438
Current service cost	1,143
Interest cost	489
Employee contributions	266
Actuarial gain	(2,498)
Benefits paid	(114)
At 31 August 2023	10,724
Changes in the fair value of the Academy Trust's share of scheme assets	2023 £'000
At 1 September 2022	8,344
Interest income	379
Actuarial (gain)/loss	1,091
Employer contributions	1,049
Employee contributions	266
Benefits paid	(114)
Administration expenses	(12)
At 31 August 2023	11,003

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

22 Pension and similar obligations

(Continued)

Please note that the actuaries have incorporated an asset ceiling into the Employer's balance sheet.

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

Actuaries calculations assume that:

- There is no prospect of the Employer having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The Employer will participate in the Fund indefinitely and is open to new employees. We assume new entrants continue to join the Fund such that a stable population is maintained.

Assumptions per academy:

The Bedford Academy:

- The present value of the cost of future accrual in respect of the expected period of participation is £28,416,000.
- The present value of primary contributions in respect of the expected period of participation is £35,436,000.
- The potential economic benefit from future contribution reductions is therefore nil.

Cauldwell Lower School:

- The present value of the cost of future accrual in respect of the expected period of participation is £6,766,000.
- The present value of primary contributions in respect of the expected period of participation is £8,311,000.
- The potential economic benefit from future contribution reductions is therefore nil.

Shackleton Primary School:

- The present value of the cost of future accrual in respect of the expected period of participation is £8,376,000.
- The present value of primary contributions in respect of the expected period of participation is £11,173,000.
- The potential economic benefit from future contribution reductions is therefore nil.

Shortstown Primary School:

- The present value of the cost of future accrual in respect of the expected period of participation is £8,147,000.
- The present value of primary contributions in respect of the expected period of participation is £10,117,000.
- The potential economic benefit from future contribution reductions is therefore nil.

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

23 Reconciliation of net expenditure to net cash flow from operating activities

	Notes	2023 £'000	2022 £'000
Net expenditure for the reporting period (as per the statement of financial activities)		(893)	(1,758)
Adjusted for:			
Capital grants from DfE and other capital income		(252)	(455)
Investment income receivable	6	(106)	(5)
Defined benefit pension costs less contributions payable	22	106	1,376
Defined benefit pension scheme finance cost	22	110	189
Depreciation of tangible fixed assets		1,654	1,285
(Increase)/decrease in stocks		(5)	2
Decrease in debtors		415	266
(Decrease) in creditors		(339)	(45)
Net cash provided by operating activities		690	855

24 Analysis of changes in net funds

	1 September 2022 £'000	Cash flows £'000	31 August 2023 £'000
Cash	3,942	(52)	3,890
Loans falling due within one year	(6)	(3)	(9)
Loans falling due after more than one year	(40)	(12)	(52)
Finance lease obligations	(823)	(24)	(847)
	3,073	(91)	2,982

25 Long-term commitments

Operating leases

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £'000	2022 £'000
Amounts due within one year	21	12
Amounts due in two and five years	11	8
	32	20

HEART ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

26 Capital commitments

	2023 £'000	2022 £'000
Expenditure contracted for but not provided in the Financial Statements	340	432

At 31 August 2023, the Trust was committed to completing the following projects:

- Cauldwell Primary School: fire alarm works, funded by CIF and reserves, with total expected costs of £179k. Costs of £94k were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £85k.
- Shackleton Primary School: fire alarm works, funded by CIF and reserves, with total expected costs of £236k. Costs of £100k were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £136k.
- Shackleton Primary School: fire improvements, funded by CIF and reserves, with total expected costs of £119k. No costs were incurred during the year, with anticipated costs to completion as at 31 August 2023 of £119k.

27 Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. The following related party transactions took place in the financial period.

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 £62,815 (2022: £42,637) was received from and payments of £23,239 (2022: £10,515) were made to the Harpur Trust. There was no balance outstanding at 31 August 2023.

In entering into these transactions, the Academy Trust has complied with the requirements of the ESFA's Academy Trust Handbook 2022.

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 2023 the Trust had an opening balance of £12,100 (2022: £28,770), has received £20,084 (2022: £22,160) and disbursed £13,996 (2022: £38,830) from the fund. An amount of £18,188 (2022: £12,100) is included within creditors: amounts falling due in less than one year relating to undistributed funds.