

HEART
EDUCATION TRUST

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

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THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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Reference and Administrative Details

Members

- Rev. Canon P Howard
- M Porter (resigned 6 October 2023)
- J Crofts
- M Tait (resigned 19 September 2023)
- T Payne

Trustees

- J Winyard, Chair of Trustees (resigned 19 September 2023)
- M Tait, Vice Chair of Trustees (resigned 19 September 2023)
- L Myles (Chair of Trustees from 5 October 2023)
- J Crofts, (resigned 4 August 2023, reappointed 5 October 2023, Vice Chair of Trustees from 5 October 2023)
- H Cabbage, Chief Executive Officer
- A Mohammed, Parent Trustee
- M Goodman, Chair of Audit & Risk Committee (resigned 25 October 2022)
- R Betts, Parent Trustee (resigned 12 December 2022)
- C Charlwood, Parent Trustee (resigned 2 October 2023)
- J Tindall (resigned 25 May 2023)
- M Porter (appointed 5 October 2023)

Company Secretary

None appointed.

Senior Management Team

- H Cabbage (Chief Executive Officer and Chief Financial Officer)
- S Porter (Head of Quality Assurance)
- N Campbell (Academy Headteacher, Heartsease Primary Academy)
- S Bush (Academy Headteacher, Valley Primary Academy)
- C Gribble (Academy Headteacher, Henderson Green Primary Academy)
- C Laycock (Academy Headteacher, Lingwood Primary Academy)

Company Name

The HEART Education Trust

Principal and Registered Office

Heartsease Primary Academy
Rider Haggard Road
Norwich
Norfolk NR7 9UE

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Company Registration Number

08286818

Independent Auditor

MA Partners Audit LLP
7 The Close Norwich
Norfolk NR1 4DJ

Bankers

Lloyds Bank Plc
16 Gentleman's Walk
Norwich NR2 1LZ

Solicitors

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

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Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The academy trust operates four primary academies in and around Norwich, Norfolk. Its academies have a combined pupil capacity of 1,080 and had a roll of 987 in the Autumn 2023 school census.

1. Structure, Governance and Management

Constitution

The trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of the trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The HEART Education Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details of this document.

Members' Liability

Each member 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 they ceased to be a member.

Trustees' Indemnities

The Trust purchases and maintains insurance for its trustees (directors) through the government's Risk Protection Arrangement (RPA).

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by the Board of Trustees under article 50 of the Trust's Articles of Association. Parent Trustees are elected or appointed under articles 53-56 of the Articles of Association, whereby they are elected by the parents of registered pupils at the Trust academies but appointed by the Board of Trustees if the number of parents standing for election is less than the number of vacancies. The CEO is an ex officio trustee under article 57.

The Trustees actively recruit trustees from amongst stakeholders, the community and the professional networks of the existing trustees and / or members. The trustees recruit new trustees on the basis of particular skills that are shown to be required during regular skills audits, having regard to any recommendations made by the members, CEO, individual trustees, professional advisors, or the DfE.

In appointing new trustees, the Board of Trustees votes by a majority resolution at a fully quorate Board meeting. Where it is necessary to appoint a trustee outside of scheduled Board meetings the appointment is usually made by written resolution of the trustees (majority resolution). However, the CEO also has delegated authority to appoint a trustee in exceptional circumstances, and such

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appointment is then ratified by the Board of Trustees at the next fully quorate Board meeting. The Trust's Chair of Trustees will usually conduct an interview with the proposed trustee. The Board of Trustees then resolves to appoint a trustee based on this interview and the application form / CV of the potential trustee. During any recruitment process, the Board of Trustees is seeking to identify the proposed trustee's background, qualifications, skills and experience in order to evaluate what value the proposed trustee can add to the Board's collective skillset.

Trustees will also sit on one of the Trust's central governance committees, based on their particular skills and interests.

Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees begin their induction by attending a Board meeting. New trustees are provided with an induction pack, which contains the following:

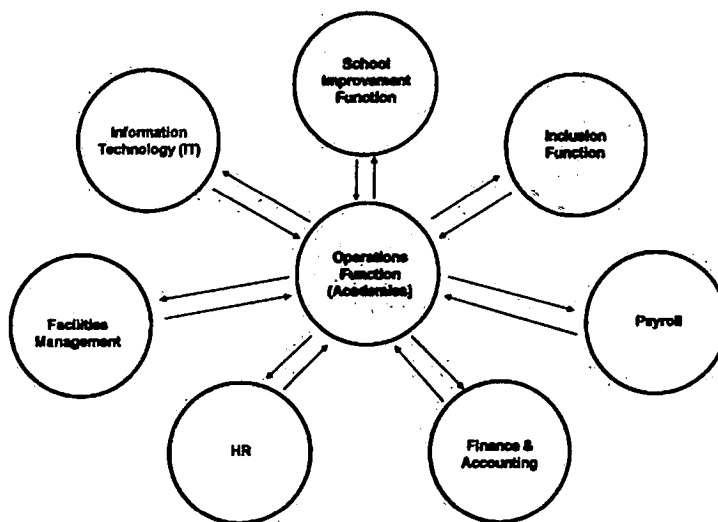
- Academy Ambassadors *On Board* Induction Pack
- Academy Trust Handbook
- Academy Ambassadors Conflict of Interest Policy
- Keeping Children Safe in Education
- Trustees Code of Conduct
- Trustee Role Description
- Governance Handbook
- The Essential Trustee (Charity Commission)
- Competency Framework for Governance
- Articles of Association
- 21 Questions for MATs
- Understanding Your Data
- School Inspection Handbook
- Charity Governance Code
- Academy Ambassadors Directors Liabilities
- NGA What We Expect

They must also complete a declaration of business interests form. New trustees are expected to visit their identified linked academy during the months following their appointment and meet with key personnel such as the Academy Headteacher.

All trustees must complete compliance training provided by the Trust in respect of health and safety, safeguarding, prevent duty, whistleblowing, data protection, cyber security and equality and diversity. They must also agree to abide by the governance code of conduct and the IT Acceptable Use Agreement. Decisions as to what additional internal and external training may be required by trustees are made by the Board with advice from the CEO.

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Organisational Structure



The Trust's core service is the provision of education to primary aged pupils in Norfolk. This service is provided by the Trust's core function, which is comprised of:

- Its four academies
- A centralised school improvement function (supporting the academies with quality assurance, the development of curriculum and assessment systems, and professional development programmes)
- A centralised inclusion function (supporting the academies with SEND, Behaviour, Attendance and Safeguarding).

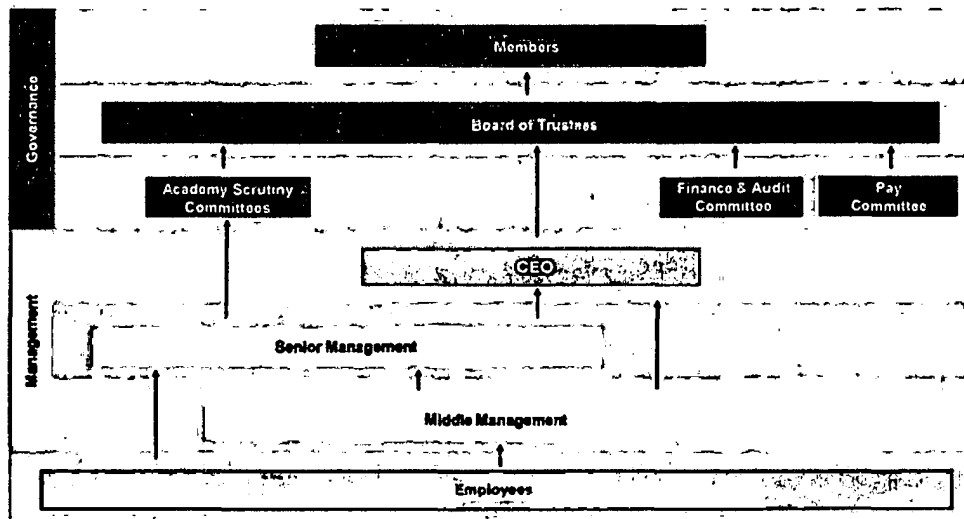
These core functions are supported by the Trust's central Business Support Units:

- Finance & Accounting
- HR
- Payroll
- Facilities Management
- Information Technology (IT)

The Trust is a company limited by guarantee, and is therefore effectively owned by the Board of Members. The Board of Members hold the Trust's Board of Trustees to account for the effective governance of the trust.

In turn, the Board of Trustees is responsible for the management of the Trust. The trustees of the Board of Trustees are both charity trustees and company directors. The Board has collective accountability and responsibility for the Trust and for assuring itself that there is compliance with regulatory, contractual, and statutory requirements.

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In particular, the Board of Trustees provides:

- **Strategic leadership of the Trust**, defining the Trust's vision for high quality and inclusive education in line with its charitable objects. The Board establishes and fosters the Trust's culture and sets and champions the Trust's strategy, determining which governance functions are delegated to local tiers.
- **Accountability and assurance**, ensuring robust effective oversight of the operations and performance of the Trust which includes the provision of education and pupil welfare, the appropriate use of funding, effective financial performance and keeping the Trust's estates safe and well maintained.
- **Engagement**, maintaining strategic oversight of relationships with stakeholders, and involving parents, academies and communities in decision-making.

The Board has convened the following sub-committees to support it with governance:

- Finance and Audit Committee
- Pay Committee
- Academy Scrutiny Committee for each of the Trust's academies (local tier).

The committees each have terms of reference setting out their key decisions and responsibilities. The Board of Trustees has approved a Scheme of Delegation and a Financial Scheme of Delegation under which certain powers have been delegated to the CEO and Academy Headteachers. However, throughout the year, certain key decisions and responsibilities remained with the Board of Trustees, including:

- Monitoring of curriculum and educational standards across the academies.
- Monitoring of the Trust's financial position and the Trust's monthly management information.
- Appointment of new trustees to the Board.
- Approval of the Trust Budget and Budget Forecast Return.
- Decisions relating to the Trust's financial reserves.
- Decisions relating to amendments to Trust pay scales.

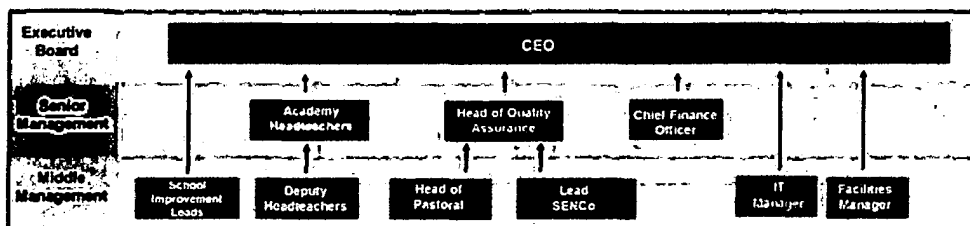
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- Approval of the Trust's annual accounts.
- Authorisation of financial commitments over £100,000.
- Approval of certain key policies, including Safeguarding, SEND, Whistleblowing, Health and Safety and Exclusion.
- The Trust's overall strategy including its growth strategy

The Board of Trustees delegates the day-to-day running of the Trust to the Chief Executive Officer, who is the most senior employee in the company. The Chief Executive Officer is responsible for making major business decisions, managing overall operations, and setting the Trust's strategic direction. The Chief Executive Officer is also the Accounting Officer of the Trust.

The Chief Executive Officer is supported by the senior management team:

- Chief Finance Officer
- Head of Quality Assurance (Inclusion)
- Academy Headteachers



Arrangements for setting pay and remuneration of key management personnel

The Trust's key management personnel are H Cubbage (Chief Executive Officer) and, up until 31 December 2022, C Kenna (Interim Director of Education and substantive CEO).

H Cubbage is not remunerated for her role as a trustee. However, she is remunerated for her employment as Chief Executive Officer. At the start of the accounting period, H Cubbage was paid on the Trust's Support Staff Pay Scale. She received one incremental point following the Autumn 2022 appraisal cycle, backdated to 1 April 2022 in line with the Trust's Performance Management Policy.

H Cubbage's pay was then reviewed from 1 January 2023 when she took on the CEO role in full following the retirement of C Kenna. External advice was sought by the Board prior to making a decision about the remuneration of the CEO post (which was a reduction from the remuneration amount previously associated with this post). The CEO post is remunerated on the Leadership Pay Spine which is subject to inflationary increases in line with national agreements.

H Cubbage and C Kenna were not awarded any other performance related pay awards or other pay increases during the accounting period, save as to the following inflationary pay increases that were made to the pay scales on a Trust-wide basis:

- Support Staff Pay Scale (April 2022) benefiting H Cubbage by a 0.43% increase to her annual salary between 1 April 2022 and 31 December 2022
- Leadership Pay Range (September 2022) benefiting C Kenna by a 5% increase to her annual salary between 1 September 2022 and 31 December 2022.

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The pay for each Academy Headteacher was initially set by the CEO, having regard to the appropriate headteacher group of the academy as set out in the STPCD (School teachers' pay and conditions document) and the requirements of the role and candidate. Performance related pay increases thereafter are made by the CEO and ratified by the Pay Committee in line with the Trust's Performance Review Policy.

Pay for the central Trust Heads of Department in post during the accounting period (including the Head of Finance, Head of Marketing, Head of People, Facilities Manager, IT Manager) was set by the CEO, having regard to pay advertised for similar roles in other Trusts and the pay scales of other senior Trust employees. Performance related pay increases thereafter are made by the CEO and ratified by the Pay Committee in line with the Trust's Performance Review Policy.

Trade union facility time

The Trusts buys into the Local Facilities time arrangements run through the Local Authority. The Trust paid £3,295 for this arrangement during the accounting period. Therefore, the Trust does not need to provide release time for employees to participate in relevant trade union activities as instead, designated local trade union officials deliver the statutory facility time requirements.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facilities time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£3,295
Provide the total pay bill	£5,783,248
Provide the percentage of the total pay bill spent	0.06%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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Related Parties and other Connected Charities and Organisations

The Trust is not part of a wider network.

Further information on related party transactions is disclosed in the notes to the financial statements and displayed on the Trust's website under Key Documents (see 'Register of Business Pecuniary Interests'). The Board of Trustees always ensures that relationships with connected parties are properly managed in order to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with its duties under the Academy Trust Handbook and charity law.

Engagement with Employees (including disabled persons)

In order to ensure engagement with all employees, the Trust works closely with the trade unions.

The Trust is an equal opportunities employer, committed to creating a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment in accordance with its Equal Opportunities and Diversity Policy. This includes supporting the employment of disabled persons, through both recruitment and the retention of employees who become disabled during the course of their employment.

Engagement with Suppliers, Customers and Others in a Business Relationship with the Trust

The Trust highly values its stakeholder relationships and has particular regard to those relationships with suppliers, pupils and their parents, and employees. The Trust has certain key suppliers who it works closely with on an informal basis to share knowledge and best practice in order to contribute to product enhancement for the benefit of the whole academies sector. Where suppliers do not perform to the standard expected by the Trust, the Trust will challenge this and seek resolution in order to ensure value for money for public funds. In selecting new suppliers, the Trust takes a partnership approach with those it chooses to work with, fostering new relationships that it sees as long term investments in the Trust's future. The Trust also has high expectations of its suppliers in relation to their sustainability goals and those of their wider supply networks.

In relation to pupils and parents, the Trust seeks to obtain feedback where appropriate, in order to ensure it is providing value.

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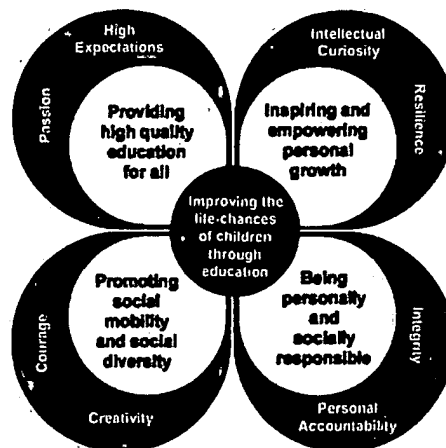
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2. Objectives and Activities

Objects and Aims

The Trust is a charity under s.12 Academies Act 2010. Its purpose is to **improve the life-chances of children through education**. It does this through its charitable objectives, which are set out in Article 4 of its Articles of Association:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools;
- b) to promote for the benefit of the inhabitants of the areas served by the Academies, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.



We believe that we are here to provide better life-chances for children. Everything we do is about improving the futures of the most disadvantaged children. We believe in high quality, inclusive education that does not limit aspiration. We hold relentlessly high expectations for all, with a focus on the personal development of each individual. We aim to grow children who are resilient and courageous. We believe that education extends beyond the classroom, and teach our children to be creative thinkers who are always intellectually curious. We want our children to develop a lifetime passion for learning. We aim to provide our children with a toolkit for self-awareness and self-improvement that they can utilise in their adult life to build the best possible futures for themselves. Our children are the future, and regardless of their starting points in life, they will change the world. We believe it is our role to prepare them for this by instilling within them a sense of integrity and personal accountability that will inspire them to build a more sustainable world for all.

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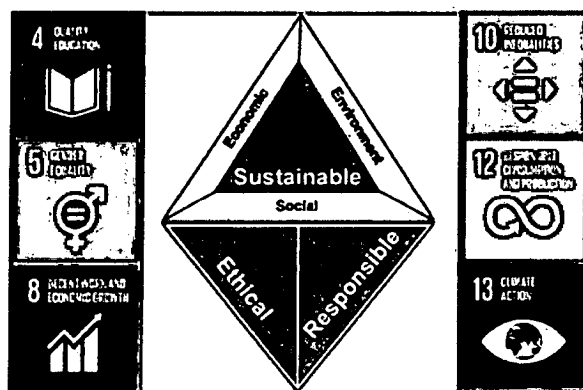
Our values are:

- Providing high quality education for all
- Inspiring and empowering personal growth
- Promoting social mobility and social diversity
- Being personally and socially responsible

Our behaviours are:

- High expectations
- Resilience
- Courage
- Creativity
- Intellectual curiosity
- Passion
- Integrity
- Personal accountability

For the Trust to fulfil its vision and achieve its purpose, corporate social responsibility is imperative. The Trust cannot improve the life-chances of pupils if it does not work with them to achieve, and role model to them, social responsibility. To contribute to societal sustainable development, the Trust must be a sustainable business. To be a sustainable business, the Trust must be a responsible business, carrying out responsible business management. To be a responsible business, the Trust must be an ethical business.



The Trust has considered both its operational impact on society, and the societal factors that affect its competitiveness, and identified the points of intersection where shared value (for both the Trust and society) can be created. These points of interdependence between the Trust and society are represented by six of the United Nation's seventeen sustainable development goals:

- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: Achieve gender equality and empower all women and girls

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- Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 10: Reduce inequality within and among countries
- Goal 12: Ensure sustainable consumption and production patterns
- Goal 13: Take urgent action to combat climate change and its impacts

Corporate social responsibility underpins the Trust's strategy and every decision it makes. In furtherance of its corporate social responsibility, the Trust has identified the following key social causes in which it wishes to have a voice, and that it will work to advance through the decisions it makes:

- Climate action
- Anti-racism
- Women's rights
- Neurodiversity
- Mental health

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Objectives, Strategies and Activities

The Trust is regulated by the Department for Education (DfE) and Ofsted in relation to educational performance, and the ESFA in relation to financial performance and governance. It recognises that in order to achieve its strategic purpose and vision, whilst meeting the requirements of its regulators, there are four critical perspectives across which its strategic objectives must be balanced:



By remaining financially strong, the Trust will be able to invest more into its people who then deliver high quality education for all. In turn, the pupils receiving that education (which extends beyond the academic) will go on to build the best possible futures for themselves a more sustainable world for all in realisation of the Trust's vision. The Trust has therefore identified ten strategic objectives across these four critical perspectives:

Perspective	Strategic Objective
Financial Performance	Improve financial efficiency
	Increase income
	Maintain a balanced budget
Leadership & People	Optimise whole staff wellbeing
	Provide high quality staff development and training
	Attract and retain employees who share our values and behaviours
Quality of Education	Pupils are physically and mentally healthy
	All pupils make progress from their starting points
	All pupils consistently receive high quality teaching
Sustainable Environment	Reduce our negative operational impacts on the environment

During the accounting period, the Trust employed the following strategies to further these objectives:

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Improve financial efficiency

- The trust participated in an SRMA review to seek advice on any further financial efficiencies that this expert could identify.

Increase Income

- The Trust invested a significant amount of time in applying for Element 3 funding prior to April 2023, then completing the INDES to secure this funding under Norfolk County Council's revised process for accessing support for children and young people with SEND in mainstream settings.
- The Trust engaged a Head of Marketing for the majority of the year to support the academies with increasing pupil numbers through parental choice.

Maintain a balanced budget

- The Trust continued to engage a CFO and produce monthly management information to headteachers and other budget holders to enable them to maintain their balanced budget.
- The Trust engaged an internal audit of key financial controls to ensure the continuation of robust financial controls and budget management following changes to the leadership of the finance department.

Optimise whole staff wellbeing

- The Trust continued to provide its staff with access to a BUPA employee assistance programme and provided vouchers for flu vaccinations to employees wanting these.
- The Trust consulted with teaching staff to seek their views prior to finalising the staffing structure for the next academic year, balancing staff preferences, career development opportunities and school improvement priorities.
- The Trust employed an HR Advisor to specifically support with staff absent management

Provide high quality staff development and training

- The Trust invested in the professional development of staff and in particular, CPD relating to the implementation of the CUSP curriculum.

Attract and retain employees who share our values and behaviours

- A significant proportion of senior management time was invested in improving culture and in people management during the year. In particular, the Trust worked with valued employees that were considering career development opportunities elsewhere to ensure their retention. The Trust also addressed issues with employees whose values and behaviours were not consistent with those of the organisation.

Pupils are physically and mentally healthy

- The Trust continued to invest in pastoral staff across all its academies and delivering Thrive (including employing Thrive trained staff).
- The Trust continued to invest in outdoor learning and karate across its academies to enhance the PE curriculum.

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All pupils make progress from their starting points

- The Trust opened two additional SEND unit classrooms for its highest needs pupils, in addition to the two already running, to ensure that pupils unable to access the mainstream curriculum still make progress from their starting points.
- The Trust continued to invest in intervention staff for those pupils who were not making expected progress.

All pupils consistently receive high quality teaching

- The Trust invested significantly in bringing in the CUSP curriculum to improve the quality of teaching and learning across its academies.
- The Trust invested in a new phonics programme (Read Write Inc) in two of its school (Heartsease and Lingwood) from September 2022.

Reduce our negative operational impacts on the environment

- The Trust continued to avoid serving beef in school meals to reduce its carbon footprint.
- The Trust continued to invest in renewable electricity across its academies.
- All academies opened uniform swap shops to reduce old uniform going to land fill and support parents with the rising cost of living.
- The Trust added a food waste service to its existing waste management service.
- In October 2022, pupils across the Trust took part in the Just One Tree non-uniform day. With the money raised, 531 trees were planted: Heartsease (109), Henderson Green (128), Lingwood (154), Valley (140).
- All Trust academies signed up to Energy Sparks, a platform to help the pupils and staff manage, monitor and reduce energy usage in school. During the period, Lingwood received a £500 prize for being the Energy Sparks Scoreboard Champions.

Public Benefit

The Trust has continued to work towards its charitable objectives as set out in its Articles of Association. Throughout the period, the Trust has continued to deliver mainstream education to primary aged pupils for the purpose of public benefit. It has also operated its two nurseries, SRB (specialist resource base) and letting out its swimming pool facilities to other local schools and swimming groups. The Trust has continued to lease facilities to a local preschool.

In setting our objectives and planning our activities, the trustees have carefully considered the Charity Commission's general guidance on public benefit.

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3. Strategic Report

ACHIEVEMENTS AND PERFORMANCE

The key achievements for the Trust this year have been:

- **Leadership management restructure to increase capacity**

The Trust had teaching deputies at all of its academies. During the period, it carried out a reorganisation to convert these posts to non-teaching deputy posts some of which also have Trust wide school improvement lead responsibilities. This added significant leadership capacity at all four academies, and along with the engagement of an external school improvement partner and external curriculum consultants, has increased central school improvement team capacity despite the retirement of the Director of Education. The restructure enabled the Trust to make best use of its existing leaders and provided career development opportunities within the Trust.

- **Introduction of a new curriculum (CUSP)**

The Trust identified two problems: firstly, the curriculum in place was not ambitious nor coherently planned and sequenced towards cumulatively sufficient knowledge and skills for pupils. Secondly, weakness in the quality of teaching and learning. However, due to several years of curriculum change, staff were suffering from change fatigue. Trust leaders needed to not only identify a curriculum solution, but ensure that it was one that would support the professional development of teachers and not disengage them with yet more change. Through research and carefully planned change management strategies, Trust leaders have successfully implemented the CUSP curriculum. The Trust introduced Art in February 2023, Science in April 2023 and all intended other subjects (DT, History, Geography, French, English) in September 2023. The positive impact of this decision was observed in both Ofsted inspections that took place since the implementation began.

- **Introduction of a new systematic synthetic phonics programme at Heartsease and Lingwood (Read Write Inc)**

The Year 1 Phonics Screen outcomes for 2022/23 evidence the impact of this investment, with both Heartsease and Lingwood achieving well above national average.

- **Achieving a “good” grading in the Heartsease Ofsted inspection, and a “good” in all areas but quality of education at the Valley Ofsted inspection.**

Although Heartsease had been graded “outstanding” in 2016 and was sitting on this historic judgement, significant changes in leadership since that time had adversely impacted the academy and the Ofsted framework has of course changed significantly since. The 2022 ungraded Ofsted identified that the inspection grade might not be as high as previously if a full inspection were carried out, and internal assessments at that time were that the school required improvement. Therefore, achieving this “good” grading shows the huge improvement and impact of the new leadership team at the academy.

Although Valley received an RI grading in its inspection overall (due to the quality of education grade being “RI”, despite all other areas being “good”), this shows significant evidence of school

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improvement since the "RI" grading in 2019. Between the 2019 inspection and the 2023 inspection, the COVID19 pandemic hit and had a national impact. There is a misconception that the pandemic is a great equaliser – all schools experienced it, pupil outcomes nationally are based on averages, and therefore the pandemic cannot be used to explain differences between schools. However, it is now becoming better understood that this theory does not have regard to the disproportionate impact of the pandemic on disadvantaged children, particularly in relation to their social, emotional and mental health needs. It is this inequality of the impact of the pandemic on a school like Valley that contributed to the much slower pace of school improvement in relation to the quality of education during the 2019-2023 period. Instead, during the pandemic and post-pandemic period, Trust and school leaders needed to prioritise pupils' social, emotional and mental health needs, rebuilding much of the pre-2019 work that the pandemic had undone.

This was recognised by inspectors during the 2023 inspection, who were able to award "good" gradings to behaviour and attitudes, personal development and crucially, to leadership and management. Had inspectors believed that more rapid improvement was possible in the timeframe, they could not have identified leadership as "good". To keep a school like Valley at "good" for both personal development and behaviour and attitudes in a post-pandemic period, given the disproportionate impact of the pandemic on its pupils and community, was a real achievement. To at the same time, move Early Years from "RI" to "good" is an even greater achievement. Even despite the impact of the pandemic, and the change to the Ofsted framework, evidenced improvements have been made to the quality of education. Yet there is still further to go, as progress has been too slow due to these circumstances beyond the Trust's control. Leaders recognise the need for further improvement, and have the knowledge of how to bring this about at the required pace. In the circumstance, the Trust considers this "RI" grading a success, and a key step in Valley's school improvement journey. The majority of the post-pandemic school improvement work at Valley occurred during the accounting period, through a Trust focus on SEND support, workforce and curriculum.

- **Ensuring business continuity despite several critical issues occurring that had the potential to adversely impact the Trust**

These critical issues were:

- One academy being without a headteacher for a full term due to a long term absence (Lingwood). The Trust kept the school open and safe despite its limited capacity as a small Trust.
- Termination of catering contract by external caterer on one term's notice due to profitability concerns from that caterer. The Trust ensured no disruption to the meals service to its pupils and still complied with value for money requirements in line with the Academy Trust Handbook.
- Unplanned retirement of the substantive CEO on half a term's notice. The Trust continued strong and stable leadership with an interim CEO already in place prior to this retirement.
- Continuation of trustee board meetings throughout the year, despite being without a clerk to the Board for the majority of the period.
- Continuation of the Trust's business support services despite capacity issues caused by high turnover in finance, ICT and HR middle managers during the period.
- Resignation of the Interim CFO (with immediate effect) on 4 October 2023, two weeks prior to the financial audit following an (as yet) unsubstantiated whistleblowing allegation to the Trust's regulators. That Interim CFO had joined the Trust after the

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budget setting period (1 August 2023), and so both budget and audit for the accounting period were managed by the Trust without a CFO in place and without any extension to deadlines required.

- **Generating High Needs Income**

Additional high needs funding income for the period was £657,405 (2022: £443,273).

KEY PERFORMANCE INDICATORS

1) Pupil Numbers on Roll

Academy	Autumn 2021 Census	Autumn 2022 Census	Autumn 2023 Census	Gain/(Loss) 2022-2023
Heartsease Primary	450	452	433	(19)
Henderson Green Primary	190	187	187	0
Lingwood Primary	214	222	203	(19)
Valley Primary	156	172	164	(8)

Pupil numbers at Heartsease decreased in line with capacity, as the final year group with a PAN of 90 left the school reducing capacity by 30 places.

Overall, the Trust roll has decreased by 46 pupils from Autumn 2022 to Autumn 2023, which will have a significant adverse financial impact on the 2024-25 GAG allocation. However, this is partially mitigated by the cost-savings from the reduction of one class teacher from the structure at Heartsease Primary from September 2023.

2) Pupil Attendance 1 September 2022 to 31 August 2023

Academy	Attendance	Unauthorised Absence	Persistent Absence
Heartsease Primary	93.4%	1.6%	18.9%
Henderson Primary	92.1%	2.7%	25.5%
Lingwood Primary	94.3%	1.7%	11.9%
Valley Primary	93.2%	1.8%	20.0%
National	94.0%	1.7%	17.2%

Attendance and persistent absence continue to be a challenge for leaders of Heartsease, Henderson Green and Valley.

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3) Permanent Exclusions

Academy	Permanent Exclusions (PEX)
Heartsease Primary	2
Henderson Green Primary	0
Lingwood Primary	0
Valley Primary	1

The two Heartsease exclusions actually occurred in summer term 2022 but were reported in the 2022/23 academic year. Therefore, there was actually only one permanent exclusion across the Trust during the course of the academic year.

4) Key Stage 2 Outcomes 2022-23

Academy	Combined	Greater Depth
Heartsease Primary	44%	6%
Henderson Primary	36%	0%
Lingwood Primary	53%	3%
Valley Primary	38%	0%
<i>National</i>	59%	8%
<i>Norfolk</i>	51%	4%

Norfolk remains below national, with all but Lingwood below even Norfolk for Key Stage 2 outcomes. Writing continues to be a weakness across all Trust academies. The Trust has introduced a new curriculum of CUSP Reading, Writing and Spelling from September 2023 in order to address this, and is now participating in the DfE's KS2 writing project for Norwich (to the extent that it does not overlap with CUSP).

5) Key Stage 1 Outcomes 2022-23

Academy	Reading	Writing	Maths
Heartsease Primary	54%	24%	28%
Henderson Primary	53%	50%	53%
Lingwood Primary	68%	59%	68%
Valley Primary	41%	37%	41%
<i>National</i>	68%	60%	70%
<i>Norfolk</i>	65%	54%	67%

Key stage 1 outcomes remain low across the academies. This is expected to be addressed through improved teaching and learning following the introduction of the new CUSP curriculum.

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6) Year 4 Multiplication Check 2022-23

Academy	Mean Average Score
Heartsease Primary	16.6
Henderson Primary	18.9
Lingwood Primary	20.0
Valley Primary	16.5
National	19.9
Norfolk	18.2

These outcomes remain low at Heartsease and Valley, with the teaching of times tables continuing to be a key focus of the Trust's maths improvement strategy across all its academies.

7) Year 1 Phonics Screen 2022-23

Academy	Expected Standard
Heartsease Primary	84%
Henderson Primary	55%
Lingwood Primary	94%
Valley Primary	50%
National	79%
Norfolk	76%

Early reading remains the chief school improvement priority at Henderson Green and Valley.

8) Ofsted Inspections During 2022-23

- The Ofsted inspection of Heartsease Primary Academy (July 2023) identified the academy as "good" in all areas. This was the academy's first graded inspection under the new framework.
- The Ofsted Inspection of Valley Primary Academy (June 2023) identified the academy as "good" in all areas but Quality of Education, where it was noted that leaders are working diligently to bring about necessary improvements to the school curriculum and that these changes were in the process of being implemented.

9) GLD 2022-23

Academy	% Year R pupils achieving GLD
Heartsease Primary	64%
Henderson Green Primary	67%
Lingwood Primary	84%
Valley Primary	55%

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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 Trustees ensure that they act in a way most likely to promote the success of the company. Decisions are made having regard to the long term consequences of that decision, the impact of that decision on stakeholders (including employees and the wider community), the equalities impact of that decision, the environmental impact, and the impact on the Trust's reputation and brand identity. Employees and trustees are expected to make ethical decisions that are always in the best interests of the Trust's pupils, both now and in the future. Such decisions relate to policies, procurement and overall strategy. Examples during the period include:

- Reducing the price of school uniform and meals being charged to parents to better support them with the cost of living crisis.
- Following the *Brazel v Harpur* case, paying term-time only staff the full 6 weeks holiday entitlement of their all-year round colleagues, rather than the statutory 5.6 weeks, to follow the spirit rather than the letter of the law in relation to the Supreme Court's judgment.
- Terminating an external clerking service when the conduct of that clerk caused disruption to the relationship between the Board of Trustees and the management team, which could have adversely impacted the effective leadership of the organisation if allowed to continue. This arose from the clerk's complaints about their personal working preferences rather than from matters relevant to good governance. This left the Trust without clerking support, creating additional strain on the management team during the year, but was the right thing to do in the best interests of the organisation.

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4. Financial Review

The Trust receives funding directly from the Secretary of State for Education on a monthly basis in the form of the General Annual Grant, in consideration for the Trust undertaking to establish and maintain, and carry on or provide for the carrying on of a number of Academies. Total GAG received for the period was **£4,686,097** as shown in the Statement of Financial Activities. The Trust also receives funding from the Local Authority and additional ESFA funding. The Trust generated a further **£75,981** (2022: **£71,960**) during the period in respect of lettings and **£62,712** (2022: **£55,884**) for services it provided. The total income for the year to 31 August 2023 was **£7,035,028** and the total expenditure was **£10,662,211**, which therefore exceeded incoming resources and resulted in a total deficit (before actuarial surplus) of **£3,627,183**. This deficit includes depreciation charged during the year on fixed assets of **£269,574** and impairment of **£3,014,153** and actuarial movements on the defined benefit pension scheme of **£442,000**. Without these charges included, the Trust generated a surplus overall of **£98,544**. This deficit was significantly reduced by additional SEN grants secured by the Trust.

Reserves Policy

The balance sheet as at 31 August 2023 shows that the Trust has total funds of **£11,253,804** of which:

- **£8,673,057** relates to restricted fixed asset funds
- **£Nil** relates to the restricted pension fund
- **£368,804** relates to restricted general funds
- **£2,211,943** relates to unrestricted general funds

The Trust's reserves policy requires the trustees to carry forward a prudent level of unrestricted funds for medium to long term requirements of the Trust's Academies and in relation to the Trust's 'staff contingency fund'. The trustees have resolved to hold 3 months' payroll across the Trust in this contingency fund during the next accounting period and, on the basis of the budgeted staff costs for 1 September 2023 to 31 August 2024. This amounts to a staff contingency fund balance for the upcoming year of **£1,524,468**.

The unrestricted reserves as at 31 August 2023 represent 31.4% of total annual income. The Trust is carrying a larger than usual unrestricted reserve fund to support the Board's current growth strategy. This is a three phase growth strategy, with the first phase being to strengthen the Trust over the course of 2023/24 through improved education and financial performance, in order to position it for long-term growth by acquisition (phase 3). The plan to strengthen the Trust under phase 1 is twofold:

- Investment into a sustainable school improvement strategy
- A finance strategy of increased income generation and reduced expenditure

The Board anticipates that the full three-phase growth strategy will take 3 years to achieve, and has therefore approved a deficit budget to support the continued investment into school improvement whilst that growth strategy is fully realised.

Budgeted revenue deficit for 23/24: **£247,851**
Budgeted revenue deficit for 24/25: **£349,204**
Budgeted revenue deficit for 25/26: **£782,204**

Total reserves therefore required to support growth strategy for three years: **£1,379,259**.

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Therefore, the current level of reserves ensures the Trust has sufficient funds available to support the growth strategy, with enough reserves at the end of the three years to still hold a Trust pay contingency of between 1 and 2 months (a budgeted requirement of around £540K to £1m).

Investment Policy

The Trust will regularly monitor its cashflow and bank accounts to ensure that adequate cash balances are maintained across all of its current accounts to cover the Trust's day-to-day working capital requirements without becoming overdrawn. The Strategic Board may only consider the investment of funds that are surplus to these working capital requirements. The Strategic Board shall only make an investment where it is persuaded that there is no risk of loss in the capital value of any of the cash funds invested.

When considering making an investment, the Strategic Board shall:

- act within its powers to invest as set out in Article 5 of the Trust's Articles of Association;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser or someone experienced in investment matters (unless there is a good reason not to);
- ensure that all investment decisions are in the best interests of the Trust and command broad public support;
- ensure that the investment will achieve value for money for the Trust (within the context of the risk appetite set out in this Investment Policy);
- ensure that the decision follows the Charity Commission's guidance "CC14 Charities and investment matters: A guide for trustees" and the ESFA's Academy Trust Handbook (as amended from time to time).

The Strategic Board will manage, control and track the Trust's financial exposure by reviewing its portfolio of investments at least annually. As part of this review, the Strategic Board shall:

- consider how suitable the investments are for the Trust (both individually and as a whole);
- consider the need to diversify (or further diversify) the investments;
- ensure that the capital value of those invested funds continues to be protected against inflation;
- ensure that the investments continue to optimise returns within the risk appetite identified in this policy;
- ensure that the investments continue to achieve value for money;
- ensure that the investments continue to comply with the Trust's Investment Policy in place at the time of review and any relevant guidance of the ESFA and Charities Commission in effect at that time.

Principal Risks and Uncertainties

The Trust regularly reviews and manages risk at both management and governance levels.

The Trust categorises risks into three types, each of which is managed differently.

Category 1: Preventable Risks

These are the risks, arising from within the Trust, that are controllable. These include risks arising from employee or manager behaviours and breakdowns in routine operational processes.

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The current principal preventable risks identified by the Trust are:

- Insufficient capacity within the finance team due to the absence of a CFO. The CEO is therefore covering this role on an interim basis in addition to her normal duties. However, the Academy Trust Handbook states that the Accounting Officer and CFO posts should not be held by the same person. The Board has now mitigated this risk by confirming H Cubbage as the permanent CEO of the Trust as at 5 December 2023, thus enabling the Board to consider the appropriate management structure and permanently appoint to the CFO role (part of H Cubbage's previous substantive post as COO).
- Pupil progress and attainment. Pupil outcomes are too low and improvement to date has not been rapid enough, but the Board's investment of reserves into its school improvement strategy (e.g. Read Write Inc and the CUSP curriculum and associated training / consultancy) will mitigate this.
- Following its second RI grading since it has been in the Trust, and notwithstanding the evidence of school improvement identified by Ofsted (particularly in relation to leadership), the Regional Director has informed the Trust that he will be issuing a Termination Warning Notice on Valley Primary Academy. This threatens the sustainability of the entire organisation, and increases the risk of high staff turnover and consequential low pupil outcomes. The Trust has invested a significant proportion of management time into building a strong culture across the organisation and particularly at Valley, and staff have pulled together in response to the RD's decision (a decision which Trust leaders do not support). The Trust has a robust school improvement strategy for Valley and sufficient school improvement capacity to make sustainable improvement, in order that the RD can be confident to withdraw the notice at the appropriate time, and so the Trust considers that this risk can be fully mitigated.
- There are current weaknesses in governance following the previous administration, which the newly elected Chair and Vice Chair are supporting the Board to mitigate. See Report on Governance for further information.

The trustees recognise their responsibilities to ensure the trust's estate is safe, well maintained and complies with relevant regulations. As such, with the increased national concerns around reinforced autoclaved aerated concrete (RAAC) towards the end of the accounting period, the Trust commissioned independent surveys at its two older schools to manage this risk. The surveys confirmed there was no risk from RAAC in those schools.

Category 2: Strategic Risk

These risks are those that may occur during the Trust's pursuit of its strategy. The aim is to reduce the probability that assumed risks will occur, and to manage or contain them if they do occur, in a cost-effective way. These risks are not inherently undesirable, as taking on some carefully managed risk enables the Trust to further its strategy and achieve its purpose.

The current principal strategic risks identified by the Trust are:

- In pursuit of its school improvement strategy and growth strategy, the Trust is investing reserves to support an in-year deficit (see information in Reserves Policy above).
- With changes to the SEND strategy at County level (April 2023), there is a risk that the Trust's differentiation focus competitive strategy will no longer offer competitive advantage.
- As the Trust's reputation for high quality SEND provision becomes known and more SEND pupils are attracted into Trust academies, it may not have the resources to continue to maintain the quality of SEND provision.

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- As the Trust attracts more SEND pupils, this could deter parents of non-SEND pupils from selecting Trust academies or cause existing parents to remove their children from Trust academies. This would reduce pupil numbers on roll and therefore income.
- As the Trust pursues a growth strategy by acquisition, culture could be harmed if sufficient regard is not paid to both strategic and organisational fit.

Category 3: External Risk

These are the risks that arise outside the Trust and are beyond its influence or control – for example, natural and political disasters and major macroeconomic shifts. As they are not preventable, the aim of the Trust is to identify and mitigate these risks, by planning how to reduce the impact of the risks cost-effectively should they occur.

The current principal external risks identified by the Trust are:

- Cyber Attack
- COVID-19 and other pandemics
- Cost-of-living crisis
- Inflation
- Tight labour market
- Changes to legislation and regulation
- Climate change
- Declining national birth rate
- Acquisition attempts by unsuitable MATs (e.g. poor organisational / strategic fit, lack of value for Trust pupils, empire-building designs)

Fundraising

Throughout the accounting period, the Trust has periodically facilitated fundraising events for other charitable bodies. Fundraising on behalf of the schools themselves is carried out by Friends associations and not by the Trust itself. The Trust accepts voluntary donations from parents of its pupils in respect of educational visits and similar activities in line with its Charging and Remissions Policy.

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5. Plans For Future Periods

The Trust will continue to deliver against its strategic objectives through its school improvement strategy, people strategy, sustainability strategy and financial strategy. In particular it intends to:

- Continue investment in its curriculum and phonics programme, and the training / consultancy to support the successful implementation and impact of this.
- Continue delivering its SEND and pupil premium strategies, including running its SEND inclusion unit classes and enhanced pastoral and attendance support.
- Continue to invest in increased leadership capacity through non-teaching deputies in each school. In 2021/22 the Trust had moved all deputies into teaching roles as a cost saving measure, but the adverse impact of the reduced leadership capacity led the Board to reflect on its allocation of resources in this regard.
- Continue to invest in the enhanced skills mix at each academy (with high numbers of UPS teachers and low levels of ECTs) in order to bring about school improvement more rapidly.
- Invest in recruitment support and strategies so that capacity issues following resignations or long term sickness absences do not adversely impact pupil outcomes.
- Invest in external school improvement support and the professional development of academy leaders, teachers and educational support staff to drive up the quality of teaching across the Trust.
- Reduce the number of non-educational management posts in the central business support teams as compared to 2022/23, in order to limit the cultural disruption caused by the high turnover associated with these posts (which require higher calibre post holders than a Trust of this size can afford).
- Move Valley Primary from "RI" to "Good", working with the DfE to have the Termination Warning Notice withdrawn.
- Invest in carbon reduction opportunities, including the continued investment in renewable electricity, and planned investment in LED lightning and solar panels.
- Continue to invest significant proportions of management time into people management and relationship building through a revised performance management policy and continually improving workplace culture.

The Trust is a learning organisation, and will reflect upon, and review strategic plans regularly before deciding whether or not to continue with them in future periods. The Trust identified that its investment into a Head of Marketing did not provide a return by increasing numbers on roll (in fact, these have decreased from Autumn 2022 to Autumn 2023). Therefore, the Board has resolved to end this investment and remove the Head of Marketing post from the management structure going forward.

The Trust has also identified that the investment into the Head of People post has not succeeded in supporting the CEO to drive forward the cultural improvements in line with her vision. In fact, the existence of this post in the management structure had an adverse impact on culture during the period. Therefore, the Trust has outsourced HR advisory services from September 2023 to meet business requirements without such enhanced investment.

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The Trust tried to deliver cost savings during the period by moving payment management from a paid-for cashless software system to its MIS system. However, the functionality of the MIS system in relation to meals payment created significant additional administrative work and allergy-management risk, and so this cost saving was ceased and a specialist catering payment system is now being provided by the external catering company.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

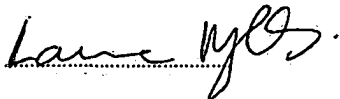
The Trust does not currently hold any funds on behalf of others as a custodian trustee.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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, was approved by order of the Board of Trustees, as the company directors, on 14 December 2023 and signed on the board's behalf by:



L Myles

Chair of Trustees

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Governance Statement

Scope of Responsibility

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met five times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee Name	No. Meetings Attended
Julie Winyard	8/8
Michael Tait	8/8
Hazel Cubbage	8/8
John Crofts	6/8
Laura Myles	8/8
Alaa Mohammed	5/8
Claire Charlwood	7/8
Michael Goodman	1/2
Rebecca Betts	2/2
John Tindall	3/6

Key changes to the Board of Trustees include:

- The resignation of three trustees during the course of the year due to other work or personal commitments (J Tindall, M Goodman, R Betts)
- The resignation of the Chair and Vice Chair following the end of the accounting period, due to work commitments (Chair) and a difference in opinion with the wider Board and management team in relation to the Trust's agreed growth strategy (Vice Chair).
- The resignation of C Charlwood following the end of the accounting period, due to another trustee's new status as a Local Authority Associated Person (J Crofts) meaning that only one LAAP could continue in post based on the numbers of trustees, to ensure the LAAP

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percentage was below 20%. This did result in a brief period where J Croft's post terminated and he had to be reappointed after the matter was resolved and C Charlwood agreed to step down.

The Board regularly assesses its own effectiveness and upon the advice arising from the SRMA review, resolved to combine the Finance and Audit Committees into a single committee following the close of the accounting period to reduce the burden on governance and management personnel.

The biggest challenges for the Board have been:

- Recruitment of a trustee with a financial /accounting background
- Engagement of a suitable clerk
- Establishing a local governance tier (resolved September 2023)

Following the end of the accounting period, additional challenges have arisen:

- Sufficient number of trustees to achieve a quorum if all are not present
- Recruitment of a trustee with a school improvement background
- Recruitment of a trustee with a risk management background

The Trust continues to work to meet these challenges. The Trust is currently seeking a clerk and additional trustees with the requisite skillsets.

The work that the Board carried out during the course of the year is set out in the Trustee's Report under Organisational Structure. The Board is satisfied with the quality of financial data and summative assessment data which are the two sets of data it reviews most regularly. However, the Trust always seeks improvement and continues to refine its reporting arrangements.

During the course of the year, the Trust engaged an external review on governance and an SRMA review to support its evaluation of its governance arrangements.

The **Audit and Risk Committee** is a sub-committee of the Board of Trustees. Its purpose is to advise the Board of Trustees on the adequacy of the Trust's financial and other controls and risk management arrangements, and to direct a programme of internal scrutiny and to consider the results and quality of external audit.

The Audit & Risk Committee did not meet during the course of the year as the Board did not have an adequately skilled trustee to take on the role of Chair following M Goodman's resignation and was unable to recruit a suitable replacement. Additional full Board meetings were convened to ensure adequate oversight of risk and audit functions and it was this situation that led to the decision to collapse the Finance and Audit Committees into one single committee following the end of the accounting period.

The **Pay Committee** is a sub-committee of the Board of Trustees. Its purpose is to consider remuneration proposals for senior management, on behalf of the Board of Trustees.

The Pay Committee met one time during the course of the year. Attendance at meetings in the year was as follows:

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Member Name	Attendance Ratio
Julie Winyard	1/1
Michael Tait	1/1

The Finance Committee is a sub-committee of the Board of Trustees. The purpose of the Committee is to advise the Board of Trustees on matters of financial scrutiny and oversight, and to support the Board in maintaining the Trust as a going concern.

The Finance Committee met three times during the course of the year. Attendance at meetings in the year was as follows:

Member Name	Attendance Ratio
Michael Tait	3/3
Laura Myles	3/3
John Tindall	0/2
Claire Charlwood	1/1

Conflicts of interest

The Trust has processes in place to ensure that conflicts of interest are managed, as follows:

Identify

- All new management level employees and governance members complete a declaration of interests form on appointment
- Updated conflicts forms are sent to management employees and trustees annually
- All governance meetings have a standing agenda item to declare and new conflicts
- Application forms ask candidates if they are related to employees or governance members of the Trust
- New supplier forms ask suppliers if they consider themselves to be a related party
- Related Parties are denoted by an appropriate field on the purchase ledger for ease of identification

Prevent

Trustees consider any conflict of interest to prevent any potential effect on their decision making in the best interests of the trust.

In more serious cases, trustees consider removing the conflict by:

- not pursuing the course of action;

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- proceeding in a different way (e.g. not using the trustee or their company);
- securing the resignation or removal a trustee; or
- not appointing a trustee.

Serious cases include where:

- conflicts of interests are present in significant or high risk decisions;
- there is inappropriate trustee benefit;
- trustees cannot act because a majority are conflicted on a particular issue;
- a large number of trustees have conflicts of interests (e.g. where several trustees, or their connected persons, have links with each other);
- the interests of one or more trustees are regularly in competition with the trust.

Where trustees wish to proceed without removing the conflict of interest, they will consider obtaining independent advice, appointing additional trustees (who are not conflicted) to help decide the issue, and avoiding the appointment of other conflicted trustees.

Trustees always absence themselves from any discussion where it is possible a conflict of interest will arise with their duty to act solely in the interests of the trust. They must not be counted when calculating the quorum for that part of the meeting.

Record

Trustees document any conflicts of interest raised during a meeting in the minutes, specifically noting:

- the nature of the conflict;
- which trustee or trustees was/were affected; and
- whether anyone withdrew from the discussion;

Meanwhile, the Trust maintains an up-to-date register that identifies:

- the relevant business and pecuniary interests of members, trustees and senior employees; and
- the relevant material interests from close family relationships between members or trustees and between those individuals and employees.

The Trust's website includes the relevant business and pecuniary interests of its members, trustees, and accounting officer (see Key documents > Register of Business and Pecuniary Interests).

Review of Value for Money

As accounting officer, the CEO has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to 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 academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of

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trustees where value for money can be improved, including the use of benchmarking data or by using a framework where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Ensuring robust procurement exercises are always undertaken in accordance with the Trust's Financial Scheme of Delegation.
- Maintaining strict fund accounting practices to ensure that all funds are spent for the purposes for which they were received and for the benefit of the particular pupils they were intended (particularly in respect of SEND, LAC and pupil premium funding).
- Ensuring that the Trust's assets are repaired and replaced in order to preserve their value and that robust procurement is undertaken in respect of all capital expenditure in this regard. This includes various revenue expenditure in respect of planned preventative maintenance and reactive maintenance of assets.

The Trust has also continued to invest in IT equipment and the repair and maintenance of its premises, in order to ensure that its resources have the most educational impact for its pupils, thereby ensuring value for money. The accounting officer ensures that sufficient funds are set aside for planned preventative maintenance and mandatory remedial works arising from out of this, to ensure the trust's estate is safe, well-maintained, and complies with regulations. It is the firm belief of the Board that the safety of staff and pupils should never be compromised for fiscal reasons.

The main procurement projects this year were the engagement of a new external caterer and the purchase of a new curriculum. The value of the curriculum purchase, and its impact on school improvement, was evident in the two Ofsted inspections in June / July 2023.

The catering procurement was the lowest price the Trust could obtain in unfavourable circumstances due to the unexpected early termination of its existing three year catering service by the supplier (Chartwells) on only one term's notice. This followed the supplier's evaluation of profitability. Controversially, the Trust achieved improved value for money by taking the bold decision to cease to access support from the DfE's Buying for Schools procurement service after three months of no progress, as continuing with this support would have led to an additional one or two months delay in procurement. In turn, this would have either led to increased out-of-contract costs from public funds or a potential interruption to business continuity.

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 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 the trust for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

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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 1 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.

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 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.
- identification and management of risks.

The Board of Trustees has decided to continue to buy-in an internal audit service from Price Bailey LLP. The internal auditor's role includes giving advice on financial and other matters, and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period included:

- *Review of sustainability and environmental impact (March 2023).*
- *Adequacy of key financial controls (May 2023).*

At least twice annually, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The internal auditor also prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

During the accounting period, the internal auditor delivered their schedule of work as planned. No material control issues arose, with the majority of recommendations identified being classed by the internal auditor as low to medium risk. Recommendations and best practice arising from those internal audits have been or are in the process of being implemented.

Review of Effectiveness

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

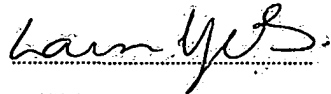
- the work of the internal auditor
- the work of the external auditor
- the school resource management self-assessment tool

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

- the work of the Trust's senior management team, who have responsibility for the development and maintenance of the internal control framework
- SRMA review and external review on governance
- Advice from the CFO

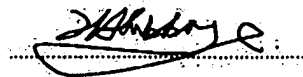
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees and ensures continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2023 and signed on its behalf by:



L. Myles

Chair of Trustees



H Cabbage

Accounting Officer

THE HEART EDUCATION TRUST
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Statement of Regularity, Propriety and Compliance

As accounting officer of The HEART Education Trust, I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between the 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 Board of Trustees are able to identify any material irregular or improper use of all 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.


H Cabbage

Accounting Officer

14 December 2023

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

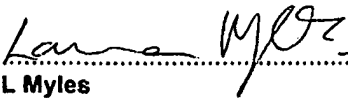
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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


.....
L Myles
Trustees

Date: 14 December 2023

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HEART EDUCATION TRUST**

Opinion

We have audited the financial statements of The HEART Education Trust (the 'Trust') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

THE HEART EDUCATION TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HEART EDUCATION TRUST (CONTINUED)**

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HEART EDUCATION TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Trust.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Trust and considered that the most significant are the Academies Accounts Direction 2022 to 2023, the Academy Trust Handbook 2022, the Charities SORP 2019, the Companies Act 2006, the Charities Act 2011, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the Trust complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HEART EDUCATION TRUST (CONTINUED)**

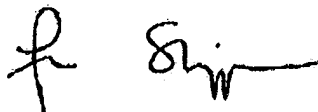
Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Frank Shippam BSc FCA DChA (Senior Statutory Auditor)
for and on behalf of
MA Partners Audit LLP
Chartered Accountants
Statutory Auditor

Date: 19 December 2023

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 7 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The HEART Education Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The HEART Education 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 Education Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The HEART Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The HEART Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The HEART Education Trust's funding agreement with the Secretary of State for Education dated 27 March 2013 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Our procedures included, but were not limited to, the following:

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of Trustees and management;
- Performing an evaluation of the general control environment;

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefited from any transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing of restricted income to ensure it has been spent as the purposes intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with Part 8: Schedule of requirements (the "musts") of the Academy Trust Handbook 2022.

Where applicable, this work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

In line with the Framework and guide for external auditors and reporting accountants of academy trusts issued April 2023, we have not performed any additional procedures regarding the Trust's compliance with safeguarding, health and safety and estates management.

Conclusion

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

MA Partners Audit LLP

MA Partners Audit LLP
Chartered Accountants
Statutory Auditor

Date: 19 December 2023

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and capital grants	3	2,652	-	86,866	89,518	45,945
Other trading activities	5	138,693	-	-	138,693	127,844
Investments	6	23,727	-	-	23,727	1,215
Charitable activities		78,013	6,705,077	-	6,783,090	6,395,533
Total income		243,085	6,705,077	86,866	7,035,028	6,570,537
Expenditure on:						
Charitable activities	9	3,139	7,378,484	266,435	7,648,058	7,288,472
Other expenditure	8	-	-	3,014,153	3,014,153	-
Total expenditure	7	3,139	7,378,484	3,280,588	10,662,211	7,288,472
Net income / (expenditure)		239,946	(673,407)	(3,193,722)	(3,627,183)	(717,935)
Transfers between funds	21	(406,382)	247,942	158,440	-	-
Net movement in funds before other recognised gains / (losses)		(166,436)	(425,465)	(3,035,282)	(3,627,183)	(717,935)
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	28	-	804,000	-	804,000	3,401,000
Pension surplus not recognised	28	-	(160,000)	-	(160,000)	-
Net movement in funds		(166,436)	218,535	(3,035,282)	(2,983,183)	2,683,065

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

		Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
	Note					
Reconciliation of funds:						
	21					
Total funds brought forward		2,404,331	124,317	11,708,339	14,236,987	11,553,922
Net movement in funds		(166,436)	218,535	(3,035,282)	(2,983,183)	2,683,065
Total funds carried forward		2,237,895	342,852	8,673,057	11,253,804	14,236,987

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

The notes on pages 48 to 82 form part of these financial statements.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08286818

BALANCE SHEET
AS AT 31 AUGUST 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	16	8,482,008	11,711,867
		<u>8,482,008</u>	<u>11,711,867</u>
Current assets			
Stocks	17	15,713	20,398
Debtors	18	399,684	253,276
Cash at bank and in hand		3,175,266	3,165,574
		<u>3,590,663</u>	<u>3,439,248</u>
Creditors: amounts falling due within one year	19	(799,096)	(369,709)
Net current assets		<u>2,791,567</u>	<u>3,069,539</u>
Total assets less current liabilities		<u>11,273,575</u>	<u>14,781,406</u>
Creditors: amounts falling due after more than one year	20	(19,771)	(21,419)
Net assets excluding pension asset / liability		<u>11,253,804</u>	<u>14,759,987</u>
Defined benefit pension scheme asset / liability	28	-	(523,000)
Total net assets		<u><u>11,253,804</u></u>	<u><u>14,236,987</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	21	8,673,057	11,708,339
Restricted income funds	21	342,852	647,317
Pension reserve	21	-	(523,000)
Total restricted funds	21	<u>9,015,909</u>	<u>11,832,656</u>
Unrestricted income funds	21	<u>2,237,895</u>	<u>2,404,331</u>
Total funds		<u><u>11,253,804</u></u>	<u><u>14,236,987</u></u>

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08286818

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2023

The financial statements on pages 43 to 82 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


.....
Laura Myles
Chair of Trustees

Date: 14 December 2023

The notes on pages 48 to 82 form part of these financial statements.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	(39,328)	250,103
Cash flows from investing activities	25	52,315	(154,153)
Cash flows from financing activities	24	(3,295)	(1,785)
Change in cash and cash equivalents in the year		9,692	94,165
Cash and cash equivalents at the beginning of the year		3,165,574	3,071,409
Cash and cash equivalents at the end of the year	26, 27	3,175,266	3,165,574

The notes on pages 48 to 82 form part of these financial statements

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Donated fixed assets (excluding transfers on conversion or into the Trust)**

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Charitable activities**

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

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Trust recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy.

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

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

1.7 Tangible fixed assets

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

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

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

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Leasehold buildings	- 50 years straight line
Leasehold land	- 125 years straight line
Furniture and equipment	- 4 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 5 years straight line

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.

The Trust is party to lease agreements with Norfolk County Council for the school property. The leases are for a period of 125 years and substantially all the risks and rewards of ownership have been transferred to the Trust for £Nil rental. As such, the school properties have been recognised as fixed assets in the balance sheet at a fair value. The fair values on transfer were based upon the values written out of Norfolk County Council's financial statements on conversion.

1.8 Stocks

Stocks comprise school uniforms and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities

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

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Operating leases

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

1.14 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1. Accounting policies (continued)

1.15 Fund accounting

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

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

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

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

1.16 Private Finance Initiative (PFI) Schemes

PFI contracts are agreements to receive services, where responsibility for making available property, plant and equipment needed to provide the services passes to the PFI contractor. Heartsease Primary Academy occupies its premises under a PFI scheme. Under the terms of the scheme, the Trust is not considered to have the significant risks and benefits of ownership of the premises, which are not therefore included within the balance sheet.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Trust 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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

In assessing the carrying values of tangible fixed assets the Trustees estimate the anticipated useful lives and residual values of the assets. Following desktop valuations undertaken on behalf of the Department for Education as at 31 August 2021, an impairment charge against land and buildings has been made as disclosed in note 8.

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

3. Income from donations and capital grants

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	2,652	-	-	2,652	44,321
Capital Grants	-	-	86,866	86,866	1,624
Total 2023	2,652	-	86,866	89,518	45,945
Total 2022	1,000	2,653	42,292	45,945	

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

4. Funding for the Trust's educational operations

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,686,097	4,686,097	4,511,273
Other DfE/ESFA grants				
Pupil Premium	-	488,125	488,125	471,091
Other DfE/ESFA	-	416,048	416,048	501,484
	-	5,590,270	5,590,270	5,483,848
Other Government grants				
SEN	-	657,405	657,405	443,273
Local Authority	-	352,398	352,398	307,617
Other	-	201	201	(10,442)
	-	1,010,004	1,010,004	740,448
Other income for the Trust's educational operations	78,013	-	78,013	89,048
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	49,426	49,426	49,622
School led tutoring	-	55,377	55,377	32,567
	-	104,803	104,803	82,189
Total 2023	78,013	6,705,077	6,783,090	6,395,533
Total 2022	89,048	6,306,485	6,395,533	

The Trust received £49,426 of funding for Covid catch-up and recovery premium and costs incurred in respect of this funding totalled £49,426.

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

5. Income from other trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Letting and hire income	75,981	75,981	71,960
Income from services provided	62,712	62,712	55,884
Total 2023	138,693	138,693	127,844
Total 2022	127,844	127,844	

6. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Investment income	23,727	23,727	1,215
Total 2022	1,215	1,215	

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

7. Expenditure

	Staff Costs 2023 £	Premises 2023 £	Other 2023 £	Total 2023 £	Total 2022 £
Educational operations:					
Direct costs	4,940,162	89,405	490,743	5,520,310	5,257,852
Support costs	843,086	876,614	408,048	2,127,748	2,030,620
Exceptional item (note 8)	-	3,014,153	-	3,014,153	-
Total 2023	5,783,248	3,980,172	898,791	10,662,211	7,288,472
Total 2022	5,386,422	985,187	916,863	7,288,472	

8. Exceptional item

	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Impairment of property	3,014,153	3,014,153	-

The Department for Education (DfE) commissioned professionally-qualified valuers to revalue the land and buildings at one of the schools within the Trust. The valuation was undertaken to enable the DfE to consolidate academies into the Sector Annual Report and Accounts (SARA). The valuation was a 'desktop' valuation without any on-site measurement. The Trustees have adopted the valuation and impaired the property, despite the inherent limitations in the valuation methodology.

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

9. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	Total funds 2022 £
Educational operations	5,520,310	2,127,748	7,648,058	7,288,472
<i>Total 2022</i>	<i>5,257,852</i>	<i>2,030,620</i>	<i>7,288,472</i>	

Analysis of direct costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	4,460,419	4,518,566
Agency staff	479,743	103,551
Educational support	194,415	249,120
Other educational supplies	146,738	92,099
ICT	89,405	98,743
Educational visits	49,498	69,934
Books, stationery and materials	39,647	36,651
Staff development	24,535	22,562
Pension interest	24,000	59,000
Recruitment	11,910	7,626
	5,520,310	5,257,852

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

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	843,086	764,305
Premises maintenance	324,385	312,746
Depreciation	269,574	352,607
Catering	292,862	271,037
Light and heat	164,657	111,922
Administration	58,988	57,195
Water rates	38,114	39,806
Governance costs	33,893	37,595
Cleaning	21,826	18,676
Insurance	19,666	18,968
School uniforms	14,020	11,872
Transport and travel	5,276	646
Professional fees	3,009	1,526
PFI management fee & affordability gap	38,392	31,719
	2,127,748	2,030,620

10. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Gifts made by the Trust	161	-	Not applicable

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023 £	2022 £
Operating lease rentals	2,610	5,220
Depreciation of tangible fixed assets	269,574	352,607
Fees paid to auditors for:		
- audit	8,975	8,500
- other services	4,850	4,650
	<u>8,975</u>	<u>4,650</u>

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £	2022 £
Wages and salaries	4,074,132	3,789,375
Social security costs	352,075	301,860
Pension costs	866,497	1,178,448
	<u>5,292,704</u>	<u>5,269,683</u>
Agency staff costs	479,743	103,551
Staff restructuring costs	10,801	13,188
	<u>5,783,248</u>	<u>5,386,422</u>

Staff restructuring costs comprise:

	2023 £	2022 £
Severance payments	10,801	13,188
	<u>10,801</u>	<u>13,188</u>

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

12. Staff (continued)

b. Severance payments

The Trust paid 2 severance payments in the year (2022 - 3), disclosed in the following bands:

	2023	2022
	No.	No.
£0 - £25,000	2	3

c. Special staff severance payments

One non-statutory/non-contractual severance payment of £1,500 (2022 - £391) was made in the year.

d. Staff numbers

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

	2023	2022
	No.	No.
Teachers	43	52
Support & Administration	114	122
Management	21	2
	178	176

e. Higher paid staff

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

	2023	2022
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	3	1
In the band £100,001 - £110,000	-	1

f. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 36. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £522,689 (2022 - £222,861).

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

13. Central Services

The Trust pools its GAG income. A robust appeals mechanism is in place in accordance with the Academy Trust Handbook, should a constituent academy's Headteacher believe that their academy has been unfairly treated. The pooled GAG funds the provision of the central business support units and the services they provide to the academies, as well as Trust leadership, school improvement and governance.

In addition to pooling GAG, the Trust recharges those parts of the business that are not funded by GAG.

This includes a 15% total income top slice charge to each nursery unit. During 2022/23, this amounted to charges of:

Lingwood Primary Academy Bishys: £13,760
Heartsease Primary Academy Bishys: £38,182

The Trust received £96,000 of GAG in respect of its Specialist Resource Base (SRB) at Heartsease Primary Academy, which was not pooled but passed directly to the SRB. Therefore, a 10% top slice charge was also applied to the SRB amounting to £9,600.

The Trust also recharged the academies for the procurement of services under its Pupil Premium and SEN strategies. The total charges were £120,277 for Pupil Premium and £73,099 for SEN.

The total charges to individual academies in the year ended 31 August 2023 were therefore as follows:

	2023 £	2022 £
Heartsease Primary Academy	119,948	146,978
Henderson Green Primary Academy	59,649	74,203
Lingwood Primary Academy	34,626	55,804
Valley Primary Academy	55,592	102,716
	<u>269,815</u>	<u>379,701</u>

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

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The CEO / Interim CEO only receive remuneration in respect of services they provide undertaking the role under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2023 £	2022 £
C Kenna (CEO and Accounting Officer to 18 July 2022 - left December 2022)	Remuneration		85,000 - 90,000
	Pension contributions paid		20,000 - 25,000
H Cabbage (Interim CEO and Accounting Officer from 18 July 2022)	Remuneration	75,000 - 80,000	5,000 - 10,000
	Pension contributions paid	10,000 - 15,000	0 - 5,000

During the year ended 31 August 2023, expenses of £630 were reimbursed to 1 Trustee (2022 - £nil).

15. Trustees' and Officers' insurance

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

THE HEART EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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16. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2022	12,819,993	449,570	643,785	51,000	13,964,348
Additions	29,295	10,983	13,590	-	53,868
At 31 August 2023	12,849,288	460,553	657,375	51,000	14,018,216
Depreciation					
At 1 September 2022	1,283,254	371,852	546,375	51,000	2,252,481
Charge for the year	153,784	36,266	79,524	-	269,574
Impairment charge	3,014,153	-	-	-	3,014,153
At 31 August 2023	4,451,191	408,118	625,899	51,000	5,536,208
Net book value					
At 31 August 2023	8,398,097	52,435	31,476	-	8,482,008
At 31 August 2022	11,536,739	77,718	97,410	-	11,711,867

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2023 £	2022 £
Long-term leasehold land	3,938,764	3,972,298

17. Stocks

	2023 £	2022 £
Uniforms	15,713	20,398

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

18. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	5,870	5,422
Other debtors	1,260	558
Prepayments and accrued income	174,683	193,107
VAT recoverable	217,871	54,189
	<u>399,684</u>	<u>253,276</u>

19. Creditors: Amounts falling due within one year

	2023 £	2022 £
Salix loan	1,648	3,295
Trade creditors	193,409	120,609
Other creditors	90,720	26,018
Accruals and deferred income	513,319	219,787
	<u>799,096</u>	<u>369,709</u>

	2023 £	2022 £
Deferred income at 1 September 2022	95,530	91,258
Resources deferred during the year	414,501	95,530
Amounts released from previous periods	(95,530)	(91,258)
	<u>414,501</u>	<u>95,530</u>

Deferred income comprises Universal Infant Free School Meals, SEN, hire and lettings income, meals and club income and nursery income.

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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

	2023	2022
	£	£
Salix loan	19,771	21,419

Included within the above are amounts falling due as follows:

	2023	2022
	£	£
Between one and two years		
Salix loan	1,648	3,295
Between two and five years		
Salix loan	11,533	9,886
Over five years		
Salix loan	6,590	8,238

Salix loans totalling £26,499 were provided interest free and are to be repaid by way of deductions from the General Annual Grant.

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

21. Statement of funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Unrestricted funds						
General Funds	2,404,331	243,085	(3,139)	(406,382)	-	2,237,895
Restricted general funds						
General Annual Grant (GAG)	-	4,686,097	(4,600,102)	(85,995)	-	-
Other DfE/ESFA grants	22,279	422,250	(424,041)	(6,645)	-	13,843
Pupil Premium	169,767	488,125	(647,186)	29,474	-	40,180
SEN	300,122	657,405	(813,955)	3,488	-	147,060
Other grants and donations	155,149	346,397	(346,397)	(13,380)	-	141,769
Covid-19 additional funding	-	104,803	(104,803)	-	-	-
Pension reserve	(523,000)	-	(442,000)	321,000	644,000	-
	124,317	6,705,077	(7,378,484)	247,942	644,000	342,852

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

21. Statement of funds (continued)

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
Restricted fixed asset funds						
Fixed assets on conversion	9,748,054	-	(2,775,241)	-	-	6,972,813
Capital additions from GAG	139,597	-	(119,807)	7,225	-	27,015
Capital additions from Pupil Premium	64,345	-	(40,955)	815	-	24,205
Capital additions from PE and Sport Premium	477	-	(477)	-	-	-
Capital additions from Nursery grants	4,802	-	(4,505)	1,786	-	2,083
Capital additions from donations	6,968	-	(6,132)	-	-	836
Condition Improvement Fund	1,487,680	-	(280,228)	-	-	1,207,452
Devolved Formula Capital	179,674	86,866	(7,413)	-	-	259,127
Assets funded by unrestricted funds	-	-	-	148,614	-	148,614
Capital additions from SEN	2,993	-	(997)	-	-	1,996
DfE donated assets	48,115	-	(34,558)	-	-	13,557
Assets funded by DWP	2,150	-	(2,150)	-	-	-
Grants funded by other revenue grants	23,484	-	(8,125)	-	-	15,359

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

21. Statement of funds (continued)

	Balance at 1 September 2022 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2023 £
	11,708,339	86,866	(3,280,588)	158,440	-	8,673,057
Total Restricted funds	11,832,656	6,791,943	(10,659,072)	406,382	644,000	9,015,909
Total funds	14,236,987	7,035,028	(10,662,211)	-	644,000	11,253,804

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

The General Annual Grant (GAG) represents core funding for the educational activities of the schools that has been provided to the Trust via the Education and Skills Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Trust. The following transfers have been made from GAG during the year: £321,000 to the pension reserve in respect of employer contributions to the Local Government Pension Scheme and £7,225 to the restricted fixed asset fund in respect of capital expenditure from the GAG fund. Funds were transferred from unrestricted funds to clear the deficit on GAG.

The pension reserve represents the Trust's Local Government Pension Scheme liability.

The other government grants fund represents restricted grant funding received from the local authority to be used for the purpose of specific projects and assisting with the educational operations.

The restricted fixed assets fund represents tangible fixed assets gifted to the Trust by the local authority upon conversion and also those purchased by the Trust following conversion that have been funded from GAG and other capital grants and donations. Depreciation charged on those tangible assets is allocated to the fund.

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

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

21. Statement of funds (continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds	2,350,662	219,107	(3,139)	(162,299)	-	2,404,331
Restricted general funds						
General Annual Grant (GAG)	150,591	4,511,273	(4,550,557)	(111,307)	-	-
Other DfE/ESFA grants	86,167	534,051	(604,366)	6,427	-	22,279
Pupil Premium	76,847	471,091	(329,767)	(48,404)	-	169,767
SEN	199,973	443,273	(339,134)	(3,990)	-	300,122
Other grants and donations	174,463	299,828	(289,419)	(29,723)	-	155,149
Covid-19 additional funding	-	49,622	(49,622)	-	-	-
Pension reserve	(3,386,000)	-	(773,000)	235,000	3,401,000	(523,000)
	<u>(2,697,959)</u>	<u>6,309,138</u>	<u>(6,935,865)</u>	<u>48,003</u>	<u>3,401,000</u>	<u>124,317</u>

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

21. Statement of funds (continued)

	<i>Balance at 1 September 2021 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2022 £</i>
Restricted fixed asset funds						
Fixed assets on conversion	9,916,090	-	(168,036)	-	-	9,748,054
Capital additions from GAG	166,386	-	(33,740)	6,951	-	139,597
Capital additions from Pupil Premium	66,892	-	(50,951)	48,404	-	64,345
Capital additions from PE and Sport Premium	954	-	(477)	-	-	477
Capital additions from Nursery grants	6,033	-	(3,910)	2,679	-	4,802
Capital additions from donations	12,821	-	(5,853)	-	-	6,968
Condition Improvement Fund	1,518,100	(25,303)	(32,205)	27,088	-	1,487,680
Devolved Formula Capital	162,538	26,927	(3,364)	(6,427)	-	179,674
Capital additions from SEN	5,100	-	(6,097)	3,990	-	2,993
DfE donated assets	42,005	40,668	(34,558)	-	-	48,115
Assets funded by DWP	4,300	-	(2,150)	-	-	2,150
Grants funded by other revenue grants	-	-	(8,127)	31,611	-	23,484
	<u>11,901,219</u>	<u>42,292</u>	<u>(349,468)</u>	<u>114,296</u>	<u>-</u>	<u>11,708,339</u>

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

21. Statement of funds (continued)

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Total Restricted funds	9,203,260	6,351,430	(7,285,333)	162,299	3,401,000	11,832,656
	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Total funds	11,553,922	6,570,537	(7,288,472)	-	3,401,000	14,236,987

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2023 £	2022 £
Heartsease Primary Academy	737,587	699,093
Lingwood Primary Academy	360,449	437,462
Valley Primary Academy	309,530	344,666
Henderson Green Primary Academy	258,953	302,529
Central Services	914,228	1,267,898
Total before fixed asset funds and pension reserve	2,580,747	3,051,648
Restricted fixed asset fund	8,673,057	11,708,339
Pension reserve	-	(523,000)
Total	11,253,804	14,236,987

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2023 £	Total 2022 £
Heartsease Primary Academy	1,861,331	74,264	145,674	468,208	2,549,477	2,150,793
Lingwood Primary Academy	864,310	27,775	85,369	89,199	1,066,653	871,615
Valley Primary Academy	889,945	20,535	83,629	138,206	1,132,315	860,197
Henderson Green Primary Academy	856,563	26,491	81,150	167,891	1,132,095	885,984
Central Services	468,013	694,021	34,476	301,434	1,497,944	2,167,276
Valley Primary Academy impairment	-	-	-	3,014,153	3,014,153	-
Trust	4,940,162	843,086	430,298	4,179,091	10,392,637	6,935,865

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NOTES TO THE FINANCIAL STATEMENTS
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22. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Restricted fixed asset funds 2023 £	Total funds 2023 £
Tangible fixed assets	-	-	8,482,008	8,482,008
Current assets	2,248,715	1,129,480	212,468	3,590,663
Creditors due within one year	(10,820)	(786,628)	(1,648)	(799,096)
Creditors due in more than one year	-	-	(19,771)	(19,771)
Total	2,237,895	342,852	8,673,057	11,253,804

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	151,753	-	11,560,114	11,711,867
Current assets	2,268,812	997,497	172,939	3,439,248
Creditors due within one year	(16,234)	(350,180)	(3,295)	(369,709)
Creditors due in more than one year	-	-	(21,419)	(21,419)
Provisions for liabilities and charges	-	(523,000)	-	(523,000)
Total	2,404,331	124,317	11,708,339	14,236,987

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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

	2023 £	2022 £
Net expenditure for the year (as per Statement of Financial Activities)	(3,627,183)	(717,935)
Adjustments for:		
Depreciation	269,574	352,607
Capital grants from DfE and other capital income	(86,866)	(1,624)
Interest receivable	(19,317)	(1,215)
Defined benefit pension scheme cost less contributions payable	97,000	479,000
Defined benefit pension scheme finance cost	24,000	59,000
Decrease/(increase) in stocks	4,685	(6,075)
(Increase)/decrease in debtors	(146,408)	106,467
Increase/(decrease) in creditors	431,034	(20,122)
Impairment	3,014,153	-
Net cash (used in)/provided by operating activities	(39,328)	250,103

24. Cash flows from financing activities

	2023 £	2022 £
Repayments of borrowing	(3,295)	(1,785)
Net cash used in financing activities	(3,295)	(1,785)

25. Cash flows from investing activities

	2023 £	2022 £
Dividends, interest and rents from investments	19,317	975
Purchase of tangible fixed assets	(53,868)	(155,224)
Capital grants from DfE Group	86,866	96
Net cash provided by/(used in) investing activities	52,315	(154,153)

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**NOTES TO THE FINANCIAL STATEMENTS
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26. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand and at bank	1,648,171	1,662,033
Notice deposits (less than 3 months)	1,527,095	1,503,541
Total cash and cash equivalents	3,175,266	3,165,574

27. Analysis of changes in net debt

	At 1 September 2022 £	Cash flows £	Other non- cash changes £	At 31 August 2023 £
Cash at bank and in hand	3,165,574	9,692	-	3,175,266
Debt due within 1 year	(3,295)	3,295	(1,648)	(1,648)
Debt due after 1 year	(21,419)	-	1,648	(19,771)
	3,140,860	12,987	-	3,153,847

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

28. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2019.

Contributions amounting to Nil were payable to the schemes at 31 August 2023 (2022 - Nil) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth..

The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the year amounted to £466,226 (2022 - £453,704).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

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

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

28. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £419,000 (2022 - £305,000), of which employer's contributions totalled £321,000 (2022 - £235,000) and employees' contributions totalled £98,000 (2022 - £70,000). The agreed contribution rates for future years are 17.8 - 22.5 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note 1.14 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.65	3.75
Rate of increase for pensions in payment/inflation	2.95	3.05
Discount rate for scheme liabilities	5.20	4.25

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28. Pension commitments (continued)

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

	2023 Years	2022 Years
<i>Retiring today</i>		
Males	18.4	21.7
Females	24.4	24.1
<i>Retiring in 20 years</i>		
Males	20.6	22.9
Females	25.0	26.0

Sensitivity analysis

	2023 £000	2022 £000
Discount rate -0.5%	470	500
Salary rate +0.5%	25	35
Pension rate +0.5%	455	470

Share of scheme assets

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

	At 31 August 2023 £	At 31 August 2022 £
Equities	2,021,000	1,764,000
Corporate bonds	1,414,700	1,332,000
Property	485,040	432,000
Cash and other liquid assets	121,260	72,000
Total market value of assets	4,042,000	3,600,000

The actual return on scheme assets was £45,000 (2022 - £39,000).

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

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

	2023 £	2022 £
Current service cost	(418,000)	(714,000)
Interest income	161,000	57,000
Interest cost	(185,000)	(116,000)
Total amount recognised in the Statement of Financial Activities	(442,000)	(773,000)

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

	2023 £	2022 £
At 1 September	4,123,000	6,679,000
Current service cost	418,000	714,000
Interest cost	185,000	116,000
Employee contributions	98,000	70,000
Actuarial gains	(889,000)	(3,419,000)
Benefits paid	(53,000)	(37,000)
At 31 August	3,882,000	4,123,000

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

	2023 £	2022 £
At 1 September	3,600,000	3,293,000
Interest income	161,000	57,000
Actuarial losses	(85,000)	(18,000)
Employer contributions	321,000	235,000
Employee contributions	98,000	70,000
Benefits paid	(53,000)	(37,000)
At 31 August	4,042,000	3,600,000

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

The fair value of the pension plan assets at 31 August 2023 is in excess of the present value of the defined benefit obligation at that date. This gives rise to a surplus of £160,000.

The surplus is recognised in the financial statements only to the extent that the Trust can recover that surplus, either through a reduction in future contributions or through a refund to the Trust.

The Trust is unable to determine that future contributions will be reduced and it is not possible for the Trust to receive a refund, as the specific conditions for this have not been met. Therefore, the surplus of £160,000 is not recognised as an asset at 31 August 2023.

29. Operating lease commitments

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

	2023 £	2022 £
Not later than 1 year	8,822	2,610
Later than 1 year and not later than 5 years	17,643	-
	<u>26,465</u>	<u>2,610</u>

30. Other financial commitments

The Trust maintains some of its assets under a Private Finance Initiative (PFI) agreement. The amount due for the following financial year under this agreement is estimated to be £348,826 (2022: £307,017). The cost of the PFI agreement changes annually in line with the Retail Price Index (RPI). The cost of the PFI agreement for the remainder of the 25 year term would total approximately £3,846,351 (2022: £3,861,629) based on an estimated annual RPI of 5%.

31. Members' liability

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

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NOTES TO THE FINANCIAL STATEMENTS
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32. Related party transactions

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

During the year the spouse of M Porter, a Member of the Trust, continued to be employed by the Trust as Head of Quality Assurance. Her appointment was made in open competition and M Porter was not involved in the decision making process regarding his spouse's appointment. The Head of Quality Assurance is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to M Porter.