



THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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Reference and Administrative Details

Members

- Rev. Canon P Howard
- M Porter
- J Crofts
- M Tait
- T Payne

Trustees

- J Winyard, Chair of Trustees
- M Tait, Vice Chair of Trustees
- H Cabbage, Interim Chief Executive Officer (appointed 18 July 2022)
- C Kenna, (resigned 18 July 2022)
- M Goodman, Chair of Audit & Risk Committee (appointed 3 February 2021, resigned 25 October 2022)
- L Myles, Chair of Finance Committee
- R Betts, Parent Trustee
- J Crofts, Chair of Education Committee
- C Charlwood, Parent Trustee (appointed 21 July 2022)
- A Mohammed, Parent Trustee (appointed 21 July 2022)
- J Tindall (appointed 21 July 2022)

Company Secretary

- A Small

Executive Board

- H Cabbage (Interim Chief Executive Officer)
- C Kenna (Interim Director of Education)

Company Name

The HEART Education Trust

Principal and Registered Office

Heartsease Primary Academy
Rider Haggard Road
Norwich
Norfolk NR7 9UE

Company Registration Number

08286818

THE HEART EDUCATION TRUST
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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

Birketts LLP
Kingfisher House
1 Gilders Way
Norwich
NR3 1UB

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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 2021 to 31 August 2022. 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 946 in the Autumn 2022 school census.

1. Structure, Governance and Management

Constitution

The academy 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 HEART Education 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 Interim Chief Executive Officer 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, trust Executive Board, 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 Interim Chief Executive Officer also has delegated authority to appoint a trustee in exceptional circumstances, and such appointment is then ratified by the Board of Trustees at the next fully quorate

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Board meeting. The Trust's Chair of Trustees and Executive Board will usually conduct an interview with the proposed trustee. The Board of Trustees then resolves to appoint a trustee based on this interview and verbal or written 'pen portraits' outlined by the proposed trustee and / or the existing trustee who is recommending the proposed trustee. These pen portraits identify the proposed trustee's background, qualifications, skills and experience and specify what value the proposed trustee can add to the Board.

Trustees will also sit on one of the Trust's central four committees, based on their particular skills and interests. These four committees cover Education, Finance, Risk and Audit and Pay.

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 and a skills audit matrix. New trustees are expected to visit all Trust academies during the months following their appointment and meet with key personnel such as the Academy Headteachers and Trust Central Heads of Department.

All trustees must complete compliance training provided by the Trust in respect of health and safety, safeguarding, prevent duty, whistleblowing, data protection, cyber security, code of conduct and equality and diversity. Decisions as to what additional internal and external training may be required by trustees are made by the Board with advice from the Interim Chief Executive Officer.

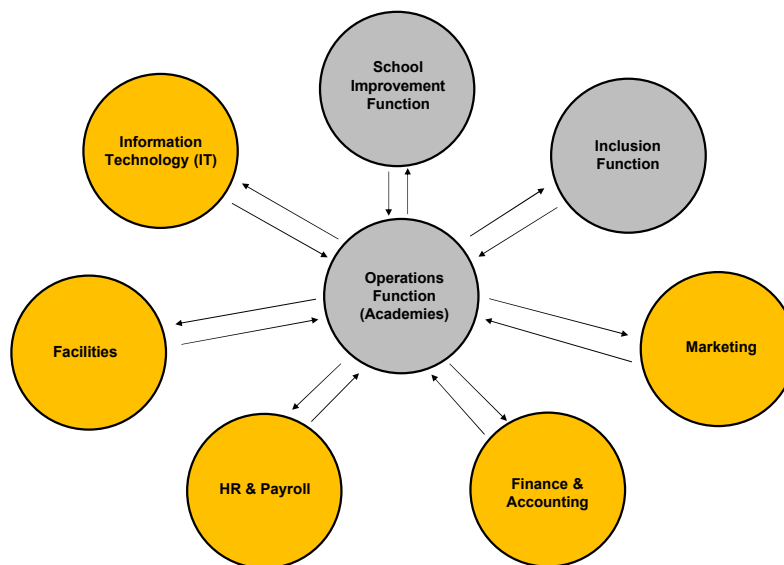
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Organisational Structure

The Trust's core operations function is comprised of its four academies. These are supported by the Trust's central Business Support Units:

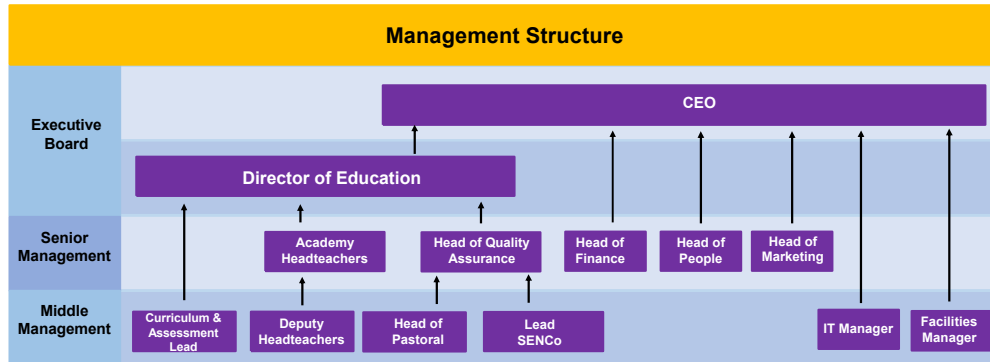
- Finance & Accounting
- HR and Payroll
- Facilities
- Information Technology (IT)
- Marketing

The Trust has a centralised School Improvement function, dealing with matters such as quality assurance and the development of curriculum, assessment systems and professional development programmes. It also has a centralised Inclusion function, which supports with SEND, Behaviour, Attendance and Safeguarding across the four Trust academies.



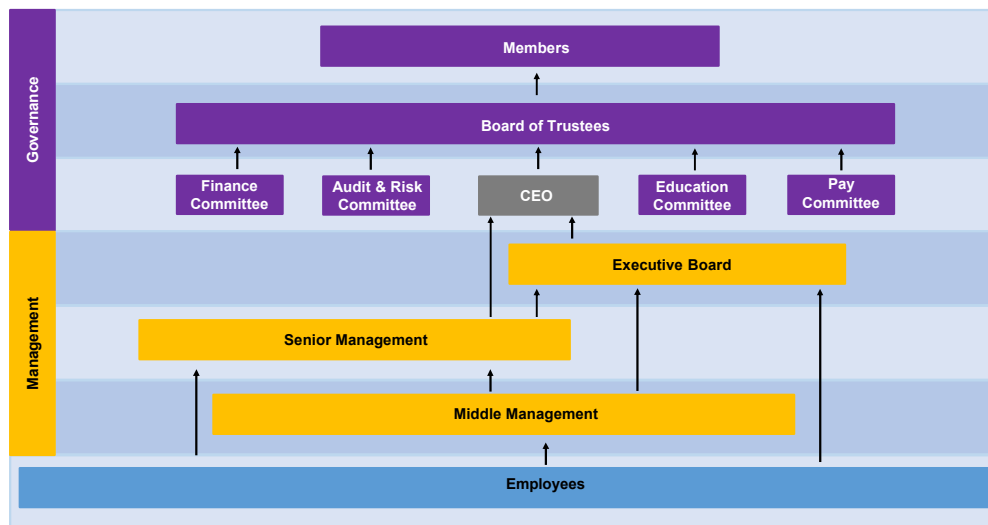
The Interim Chief Executive Officer and the Interim Director of Education are responsible for the day-to-day running of the Trust and comprise the Executive Board. The Interim Chief Executive Officer is also the Accounting Officer of the Trust.

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The Heads of Department are responsible for the day-to-day running of their departments, and are held accountable by the Trust’s Executive Board. The Academy Headteachers are responsible for the day-to-day running of each academy, and are held accountable by the Trust’s Executive Board.

The Executive Board is in turn held to account by the Board of Trustees via the Interim Chief Executive Officer.



The Trust regularly reviews its governance structure to ensure continuous improvement and effectiveness. Throughout the accounting period, the Executive Board were in turn held to account by the Strategic Board of Trustees and its central committees. Those central committees comprised of:

- Audit & Risk
- Finance
- Education
- Pay

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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 Interim Chief Executive Officer, Interim Director of Education, Heads of Department 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.
- 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.
- Receiving updates and monitoring management of the COVID-19 pandemic and the Trust's recovery from this.

Arrangements for setting pay and remuneration of key management personnel

The Trust's key management personnel are H Cabbage (Interim Chief Executive Officer) and C Kenna (Interim Director of Education), who together comprise the Trust's Executive Board.

H Cabbage is not remunerated for her role as a trustee. However, she is remunerated for her employment as Interim Chief Executive Officer and her remuneration is based upon the Trust's Support Staff Pay Scale. C Kenna's remuneration is based upon the Leadership Pay Spine and STPCD. H Cabbage and C Kenna were not awarded any performance related pay awards or other pay increases during the accounting period, save as to H Cabbage benefiting from the Trust-wide inflationary uplift to the Trust's Support Staff Pay Scale on 1 April 2022 (c. 0.6%).

The pay for each Academy Headteacher is initially set by the Executive Board, 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 Executive Board and ratified by the Pay Committee in line with the Trust's Performance Review Policy.

Pay for central Trust Heads of Department is set by the Executive Board, 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 Executive Board 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 £3,387 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.

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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	£3,387
Provide the total pay bill	£5,386,422
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 although its academies do continue to work within their local clusters (as allocated by the Local Authority prior to conversion).

Further information on related party transactions is disclosed in Note 30 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. Termly JCC meetings resumed during the course of the year (having paused during the COVID-19 pandemic), with a particular focus being on a whole-staff consultation relating to pay and performance management. The Trust continues to work closely with the trade unions on this matter.

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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 in order to ensure it is providing value.

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2. Objectives and Activities

Objects and Aims

The Trust's object is set out in Article 4 of the Company's 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.

The Trust's aims are set out in its mission statement, vision and organisational values and behaviours, which are as follows:



Mission

To improve the life-chances of children through education.

Vision

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 constantly focus on personal development, in order to grow children who are resilient, determined and confident. We believe that education extends beyond the classroom, and teach our children to be independent and creative thinkers who are always curious. We want our children to develop a lifetime passion for learning and self-awareness. We aim to provide

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our children with a toolkit for metacognition and self-improvement that they can utilise in their adult life to build better 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 responsibility by instilling within them a sense of social responsibility that will inspire them to build a more sustainable world for all.

Organisational Values

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

Organisational Behaviours

❖ Passion

Working in education, we have the ability to profoundly change children's lives. With such high stakes, our academies must always be prepared to provide our pupils with the same standards that each member of staff would want for their own children. When teachers are passionate about teaching children become passionate about their learning and apply themselves with enthusiasm and excitement. At the Trust we are passionate about ensuring our children have the best possible education and that they are scaffolded and challenged to challenge limitations and open doors to their future.

❖ Confidence

When people are confident they are not afraid to tackle new challenges and ideas, share their opinions and be innovative but so much of our programming in our early years can limit our confidence as adults leading us to impose limitations on ourselves and curtail our achievements and ambitions. Our goal is to ensure that children grow up with a positive self-image by giving them tools to question facts and opinions, make their own judgements and confidently make and stand by their own decisions.

❖ Creative Thinking

We believe that children's learning will be enhanced when leaders and staff evaluate their own performance and are committed to the professional development of themselves and others. This will include Academies keeping abreast of educational research into effective teaching and learning, and continually improving the educational experience of their pupils. The Trust takes an action research approach to innovation and is committed to ensuring our academies are equipped with up to date technology. Our Blended Learning approach is key to our innovation.

❖ Curiosity

Education is the gateway to the future and curiosity stimulates a thirst for education. We believe in a growth mindset for pupils and staff alike. Everyone at the Trust is encouraged to be curious, ask

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questions, understand the world around them and use that information to grow and develop as a person.

❖ **Commitment**

The Trust holds its staff in high regard. We invest heavily in staff training, professional development and staff well-being. We expect staff to be prepared to go the extra mile to provide the best possible education for our pupils and in return we are committed to go the extra mile for our employees.

❖ **Responsibility**

The time children spend in education is finite. We have a responsibility to ensure that every moment a child spends in one of our Academies is spent productively. Once wasted, a pupil's time is irretrievable. In addition, every member of staff has a personal responsibility to be positive and supportive of each other. This leads to high expectation and a culture where excuses are not tolerated. Everyone is accountable. Everyone must take responsibility. From the earliest age, pupils at the Trust are taught that they have choices and that with choices comes responsibility. Pupils are taught to react positively and enthusiastically to challenge and responsibility.

❖ **Aspiration**

Every person within our Trust, whether staff or pupil, should consistently aim for excellence in their individual roles. We encourage adults and pupils to challenge self and externally imposed restrictions and to hold ambitious and high aspirations.

❖ **Resilience**

Our past experiences can make or break us. We want children to understand that whilst they may find themselves in challenging situations, they always have a choice about how they respond to it. We aim to help them develop the capacity to recover quickly from setbacks and learn from mistakes and negative experiences. We encourage children to accept that failure is an opportunity for feedback, growth and learning - it can make them stronger, wiser and better prepared to succeed. Enabling children to see challenges as opportunities will develop their skills of endurance and resilience, making them strong leaders and contributors to society. By being resilient themselves, staff become role models - outstanding CPD and attention to wellbeing and work-life balance are central to making this happen.

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Objectives, Strategies and Activities

At the start of the accounting period, the Trust set out seven strategic objectives for the year, outlined below with the strategies the Trust has employed to make progress towards those objectives:

Trust Perspectives	Corporate Strategic Objectives	Associated Strategic Plans
Finance	Improve financial efficiency	<ul style="list-style-type: none"> ● Increase pupil numbers across the academies ● Reduce pupil-to-teacher ratio by moving non-teaching deputies back into class ● Improvements to procurement processes to ensure better value for money
	Increase level of unrestricted reserves	<ul style="list-style-type: none"> ● Improved debt management, particularly in relation to the Bishy nurseries and staff / pupil meals
	Increase high needs and deprivation income	<ul style="list-style-type: none"> ● Continue to attract SEND pupils through quality of SEND provision ● Continue to provide curriculum enhancement through the Trust's pupil premium strategy
Leadership & People	Optimise whole staff wellbeing	<ul style="list-style-type: none"> ● Continue to make efficiency improvements wherever possible to reduce workload ● Continue to facilitate individual professional autonomy
	Provide high quality staff development and training	<ul style="list-style-type: none"> ● Implement a new approach to performance management ● Invest in coaching training for management team ● Invest in subject leader training for subject specialists
Quality of Education	High pupil outcomes for disadvantage / SEND	<ul style="list-style-type: none"> ● Open more inclusion units for KS1 and KS2 SEND pupils ● Appoint additional leadership post in relation to curriculum ● Continue to invest in IT for pupils and staff
Sustainability	Creation of a more sustainable environment	<ul style="list-style-type: none"> ● Incorporate sustainability into the curriculum ● Continue to procure 100% renewable electricity

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		<ul style="list-style-type: none">• Procure a more sustainable waste management service in order to increase recycling and reduce waste
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Performance against these objectives is set out in the Strategic Report below (Achievements and Performance).

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

3.1 ACHIEVEMENTS AND PERFORMANCE

This section sets out the Trust's achievements and performance against its seven strategic objectives for the 2021-22 period, having regard to the relevant KPIs.

1) Improve financial efficiency

The Trust forecast an in year deficit budget for the period 2021-22. It therefore resolved to clear this deficit during the course of the year in two ways: reducing teaching costs by moving non-teaching deputies back into class and increasing income through increasing pupil numbers on roll.

Throughout the course of the year, all of the Trust's non-teaching deputies were moved back into class. In addition, pupil numbers increased very slightly from Autumn 2021 to Autumn 2022.

Numbers on Roll:

Academy	Autumn 2021 Census	Autumn 2022 Census	Gain/(Loss)
Heartsease Primary	450	452	2
Henderson Green Primary	190	187	(3)
Lingwood Primary	214	222	8
Valley Primary	156	172	16

2) Increase level of unrestricted reserves

All the Trust's Academies have increased their revenue reserves position (i.e. excluding fixed asset and pensions reserves) by a combined £12,945. See Note 20 "total funds analysis by academy".

The Trust has maintained its healthy free reserves position, amounting to £2,252,578 as at 31 August 2022 (2021: £2,206,596) and strong cash position, with cash held in the Trust bank accounts amounting to £3,165,574 as at 31 August 2022 (2021: £3,071,409).

3) Increase high needs and deprivation income

SEN income for the period was £443,273 (2021: £223,468). Pupil premium and Covid Recovery Premium income for the period was £520,713 (2021: £469,706).

4) Optimise whole staff wellbeing

The Trust continued to provide staff with access to an employee assistance programme. Approaches were trialled to reduce teacher workload such as shared planning across Trust-wide year groups.

5) Provide high quality staff development and training

Throughout the year, the Trust has been working with employees and trade union representatives on changes to its performance management processes, with the aim of improving professional development. A formal consultation was carried out with employees and the trade unions between 20 July and 21 September 2022. The Trust is currently reviewing changes to its policies arising from

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consultation feedback, and aims to bring in the improvements to performance management in early 2023.

6) High pupil outcomes for disadvantage / SEND

In order to monitor pupil outcomes, trustees have monitored KPIs in relation to attendance, exclusions, pupil attainment data and Ofsted gradings.

Only one academy made permanent exclusions during the period. This low number of exclusions is reflective of the impact of the Trust's investment in the Head of Pastoral role created during the period, as part of its pupil premium strategy – as well as the ongoing investment in pastoral assistants, its centralised inclusion team and its inclusion units.

Pupil Exclusions

Academy	Fixed Term Exclusions			Permanent Exclusions		
	Autumn 21	Spring 22	Summer 22	Autumn 21	Spring 22	Summer 22
Heartsease Primary	9	7	7	0	0	2
Henderson Green Primary	0	1	4	0	0	0
Lingwood Primary	0	0	0	0	0	0
Valley Primary	2	3	2	0	0	0

Pupil attendance, whilst lower than previous years due to COVID-19, remained high in the circumstances:

Pupil Attendance

Academy	Attendance
Heartsease Primary	92.2%
Henderson Green Primary	91.5%
Lingwood Primary	92.9%
Valley Primary	92.2%

These levels of attendance are reflective of the positive impact of the Trust's investment in an attendance officer as part of its pupil premium strategy.

Pupil attainment data for 2022 showed the impact of the pandemic across all of the academies. Whilst all below national, half of the academies remained above Norfolk's average for KS2 combined.

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Attainment Data

	Henderson Green	Heartsease	Lingwood	Valley	National Average
EYFS GLD	40%	70%	87%	47%	65.2%
Year 1 Phonics	52%	33%	82%	71%	75%
KS1 Reading	44%	60%	79%	44%	68%
KS1 Writing	19%	28%	79%	50%	59%
KS1 Maths	48%	50%	79%	44%	70%
KS2 Reading	54%	70%	78%	50%	74%
KS2 Writing	57%	68%	41%	55%	69%
KS2 Maths	46%	66.6%	63%	52%	71%
KS2 Combined	32%	57%	41%	50%	59%
KS2 Grammar, Punctuation & Spelling	50%	69%	67%	42%	72%
KS2 Science	71%	67%	67%	63%	79%
Reading average scaled score	99	103	104	99.5	105
Maths average scaled score	93	103	102	94.2	104
Grammar Punctuation & Spelling average scaled score	98	104	104	96.9	105

The Trust has applied grant funding from the government for the purpose of closing the gaps arising from the COVID-19 pandemic. It has used this to invest in teachers and academic mentors for one-to-one and small group tuition. The Trust has now invested in a systematic synthetic phonics programme across all four of its academies (Read Write Inc). Following these results, the Trust also made some internal changes to its management structure to enable the substantive CEO (C Kenna) to take on a school improvement role as Director of Education. The Trust also invested in creating a Curriculum Lead role in April 2022.

Ofsted Gradings:

A section 8 inspection of Heartsease Primary Academy took place on 5 and 6 May 2022. This identified that there has been no change to the academy's grade of Outstanding. However, it was noted that the grade might not be as high if a full inspection were carried out. No further inspections occurred at the other Trust academies, whose grades are as follows:

- Henderson Green Primary Academy: Good (2018)
- Lingwood Primary Academy: Good (2018)
- Valley Primary Academy: Requires Improvement (2019)

7) Creation of a more sustainable environment

The Trust's CO2e reduced very slightly to 0.361 tonnes per pupil (2021: 0.385). See the SECR section below for further information. This demonstrates the impact of the more efficient boilers installed in Henderson Green and Valley in the previous accounting period, through Condition Improvement

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Fund (CIF) funding. The Trust has also continued to participate in the Renewable Energy Guarantees of Origin (REGO) scheme throughout the period.

The Trust has identified six of the UN's sustainable development goals most align with its business and values:

- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- 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

These six goals form the basis of the Trust's CSR strategy going forward.



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.

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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:

- Re-opening the swimming pool at Heartsease following the COVID-19 related closure, to support other schools and businesses in the community who also use the pool.
- Consulting with parents on school uniform and removing the branding from one item of school uniform, in order to reduce costs to parents (changes implemented September 2022).
- Planning and preparing for two more inclusion units (Rocket and Starship) at Henderson Green Primary and Valley Primary Academy, to enhance SEND provision to the Trust's pupils and better contribute to its purpose of improving the life chances of children. These units opened shortly after the close of the accounting period.
- Shortly after the close of the accounting period, the Board resolved to enter into early termination of a supplier contract that was not in the interests of pupils or staff to continue, due to the conduct of the supplier not aligning with the Trust's values.

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3.2 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 **£4,511,273** 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 **£71,960** (2021: £33,857) during the period in respect of lettings and **£55,884** (2021: £21,419) for services it provided. These revenues were higher than prior year actuals predominantly due an increase in school club activities following the COVID19 pandemic. The total income for the year to 31 August 2022 was **£6,570,537** and the total expenditure was **£7,288,472**, which therefore exceeded incoming resources and resulted in a total deficit (before actuarial losses) of **£717,935**. This deficit includes depreciation charged during the year on fixed assets of **£352,608** and actuarial movements on the defined benefit pension scheme of **£773,000**. Without these charges included, the Trust generated a surplus overall of **£407,673**. This surplus was significantly contributed to by additional SEN grants secured by the Trust, the Bishy's nurseries running at a surplus, additional funding received from the new Schools Supplementary grant and a delay in teacher pay awards until the 2022-23 academic year.

Reserves Policy

The balance sheet as at 31 August 2022 shows that the Trust has total funds of **£14,236,987** of which:

- **£11,708,339** relates to restricted fixed asset funds
- **£523,000** relates to the restricted pension fund
- **£647,317** relates to restricted general funds
- **£2,404,331** 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 resolved to hold 3 months' payroll across the Trust in this contingency fund during the accounting period and, on the basis of the budgeted staff costs for the period 1 September 2021 to 31 August 2022, this amounted to a staff contingency fund balance of **£1,197,661**.

In addition, the Trust has set aside **£150,000** of the unrestricted funds in a 'building maintenance contingency fund'. Two of the Trust's schools have very old buildings and the Trust also has a swimming pool. Therefore, the Board has resolved that it is prudent to set aside funds in respect of the ongoing maintenance requirements of these assets in future periods.

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:

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- 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 Board of Trustees is supported by an Audit and Risk Committee that advises the Board on the adequacy of risk management arrangements.

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.

The current principal preventable risks identified by the Trust are:

- People risk. There are currently several changes occurring within the senior management team, which is diverting resources and placing a strain on capacity as a result of recruitment and induction activities.
- Ofsted Risk. The pupil learning gaps resulting from the COVID-19 lock-downs continue to impair pupil progress, whilst the interruption to teacher training and CPD caused by the pandemic has adversely impacted on the current quality of teaching and learning across Trust academies.

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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:

- Academy accountability measures for pupil attainment falling below national
In pursuit of the Trust's objective that all pupils will make progress from their starting points, the Trust strategy is to provide high quality education provision to SEND pupils. Activities include the opening of an inclusion unit in each Trust academy. Consequently, the increasing numbers of SEND pupils increase the risk that whilst all pupils make progress, the academies may not be able to meet national standards compared to those schools who have lower numbers of SEND pupils.
- Revenue deficit
In pursuit of its growth strategy, the Trust has increased staffing capacity at head office level. This investment in growth means that some of its reserves are required to support an in-year revenue deficit.

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

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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Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2021 to 31 August 2022	Current Year 2021/22	Previous Year 2020/21
Energy consumption used to calculate emissions (kWh)	1,828,561.17	1902828.006
Energy Consumption Breakdown (kWh)		
Gas	1,454,378.00	1538420.051
Electricity	343,813.900	339605.433
Transport Fuel	30,369.270	24802.522
Scope 1 emissions in metric tonnes CO2e		
Gas consumption	266.500	283.654
Owned transport – mini-buses	0.521	0.425
Total Scope 1	267.021	284.079
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	66.487	72.108
Scope 3 emissions in metric tonnes CO2e		
Business travel in employee owned vehicles	0.236	0.049
Total gross emissions in metric tonnes CO2e	333.744	356.236
Intensity Ratio Tonnes CO2e per pupil	0.361	0.385

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government’s Conversion Factors for Company Reporting.

Intensity Measurement

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

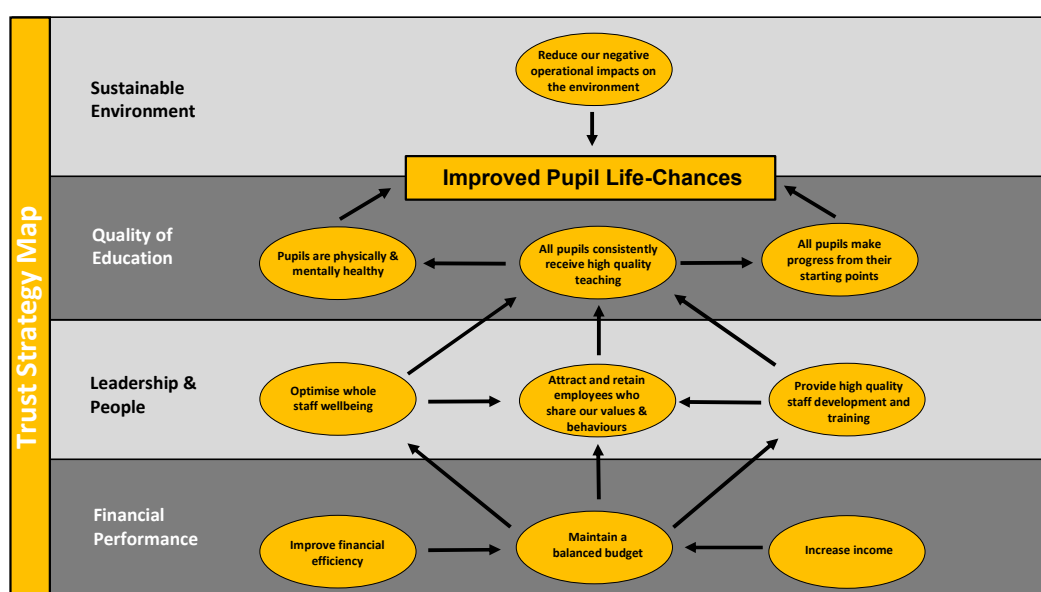
Measures Taken to Improve Energy Efficiency

Continued use of 100% renewable electricity supply.

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3.3 PLANS FOR FUTURE PERIODS

The Trust has set ten strategic objectives across four key perspectives. The Trust’s future plans are directly linked to its strategic objectives, in order to enable the Trust to further its corporate strategy and achieve its purpose of improving the life chances of children. Each function and department within the Trust has its own set of strategic objectives cascaded from the corporate level ones, and an associated strategy to achieve these.



The Trust’s strategic plans against these objectives can be summarised as follows:

Trust Perspectives	Corporate Strategic Objectives	Associated Strategic Plans
Financial Performance	Improve financial efficiency	<ul style="list-style-type: none"> Improvements to procurement process to ensure better value for money Ongoing reduction of waste and duplication in systems and processes. This includes ongoing review of key suppliers to obtain either costs reductions or enhanced quality of service.
	Increase income	<ul style="list-style-type: none"> Increase pupil numbers on roll Increase high needs funding
	Maintain a balanced budget	<ul style="list-style-type: none"> Continuation of robust financial controls and budget management

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Leadership & People	Optimise whole staff wellbeing	<ul style="list-style-type: none"> Implementation of Staff Wellbeing Strategy focused on 3 areas: Leadership, Attendance Management and Workplace Culture
	Provide high quality staff development and training	<ul style="list-style-type: none"> Implementation of revised performance management process that focuses on staff development rather than pay decisions
	Attract and retain employees who share our values and behaviours	<ul style="list-style-type: none"> Improve staff recruitment processes
Quality of Education	Pupils are physically and mentally healthy	<ul style="list-style-type: none"> Continued investment in pupil pastoral care and attendance management
	All pupils make progress from their starting points	<ul style="list-style-type: none"> Continue to provide curriculum enhancement through the Trust's pupil premium and sports premium strategies Continued investment in the Trust's inclusion units
	All pupils consistently receive high quality teaching	<ul style="list-style-type: none"> Continued investment in technology to improve the quality of education Continue to invest in teacher CPD
Sustainability	Reduce our negative operational impacts on the environment	<ul style="list-style-type: none"> Set targets to reduce the Trust's negative operational impacts on the environment (e.g. to reduce energy and fuel consumption, paper use and waste) (SDG 13). Introduce responsible procurement practices, to reduce unnecessary consumption (SDG 12) and indirect negative impact through the supply chain (SDG 13, SDG 8). Introduce sustainable HR management practices, reviewing policies and practices to ensure equality, fair income and job security (SDG 8), improved wellbeing (SDG 3), and a responsible and ethical culture. Apply ethical reasoning to review the impact of pupil policies (e.g. uniform and charging policies) on socio-economically disadvantaged families (SDG 10).

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In the coming two years, the Trustees intend to move away from the previous objective around increasing the Trust's levels of unrestricted reserves. This reflects the fact that much of its unrestricted income was being generated from parents, through wrap around care, uniform, meals, etc. As the Trustees allocate more resources towards achieving sustainability and responsible business, and with the cost-of-living crisis impacting on the families of Trust pupils, this is no longer an appropriate objective for the Trust to hold. Instead, focus has shifted towards budget management and robust financial controls. In order to maintain a balanced budget long-term, the Trustees have resolved to grow the Trust. Financial reserves are therefore being applied in pursuit of the Trust's active growth strategy.

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.

3.4 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 15 December 2022 and signed on the board's behalf by:



J Winyard

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 Interim Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the 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	5/5
Michael Tait	4/5
Christina Kenna	4/4
Hazel Cabbage	1/1
John Crofts	5/5
Laura Myles	3/5
Michael Goodman	1/5
Rebecca Betts	3/5
Alaa Mohammed	1/1
John Tindall	0/1
Claire Charlwood	1/1

Key changes to the Board of Trustees include the appointment of H Cabbage on 18 July 2022 *Ex Officio* by taking on the position of Interim Chief Executive Officer. Consequently, by C Kenna taking on the role of Interim Director of Education and handing over the CEO role to H Cabbage on an interim basis, C Kenna resigned her Trustee position on the same date of 18 July 2022. Three new Trustees were appointed in July 2022, which comprised of two parent Trustees and a Trustee with financial qualifications and experience.

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The Board regularly assesses its own effectiveness and resolved to convene a separate Finance Committee following the close of the accounting period in order to improve financial oversight and efficiency. The biggest challenges for the Board have been:

- Recruitment of parent trustees (resolved July 2022)
- Recruitment of a trustee with a financial /accounting background (resolved July 2022)
- Resignation of the Clerk to Trustees in July 2022

The Trust continues to work to meet this challenge. The Trust is currently seeking a Governance Professional to carry out the Clerking role.

The work that the Board carried out during the course of the year is set out in Section 1 of this 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. Going forward, the Board of Trustees is working towards implementation of a balanced scorecard that will set out the KPIs across the Trust's four strategic perspectives.

The Trust completed one governance review in the form of the use of the school resource management self-assessment (SRMSA) tool. In addition, an audit of Governance is being undertaken throughout Autumn 2022 into Spring 2023 by the National Governance Association. This was therefore still underway as at the time of the approval of these financial statements.

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

Member Name	Attendance Ratio
Michael Goodman (Chair)	1/3
Rebecca Betts	3/3
John Crofts	3/3

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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:

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 two times during the course of the year. Attendance at meetings in the year was as follows:

Member Name	Attendance Ratio
Michael Tait	1/2
Laura Myles	2/2

The **Education Committee** is a sub-committee of the Board of Trustees. The purpose of the Committee is to advise the Board of Trustees on the educational performance of the Trust, and to support the Board in ensuring that high quality education is provided across its academies.

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

Member Name	Attendance Ratio
John Crofts	1/1
Julie Winyard	1/1

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Conflicts of interest

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

Identify

Trustees identify conflicts of interest at an early stage and have the declaration of conflicts of interest as an agenda item at the start of each meeting. A trustee who has or can have a conflict of interest is required to disclose that fact to the trustees as soon as they become aware of it.

If a trustee is aware of an undeclared conflict of interest affecting another trustee, they are required to notify the other trustees or the chair.

Prospective trustees are asked about potential conflicts of interest to identify any serious or frequent conflicts that would seriously question their appointment.

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;
- 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.

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Record

Trustees also maintain a written record of any conflicts of interest showing:

- the nature of the conflict;
- which trustee or trustees was/were affected;
- whether any conflicts of interest were declared in advance;
- an outline of the discussion;
- whether anyone withdrew from the discussion; and
- how the trustees took the decision in the best interests of the trust.

This will help trustees show they have acted properly and in the best interests of the trust.

Meanwhile, the Trust has an up-to-date register which 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).

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Review of Value for Money

As accounting officer, the Interim Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data 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 substantially in IT equipment and its outdoor areas in order to ensure that its resources have the most educational impact for its pupils, thereby ensuring value for money.

The main procurement project this year taken on by the Trust was to move to a new MIS system. The system selected allowed the Trust to bring together three existing systems (MIS, assessment and cashless payments) with the potential to combine further systems at a later date (safeguarding and SEND provision mapping). In addition to providing value for money compared to comparative quotes sourced during the procurement, this project ensures ongoing cost savings by reducing the number of separately purchased software systems used by the Trust going forward.

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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating

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and managing the academy trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 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 by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- setting targets to measure financial and other performance.
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- 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:

- Internal scrutiny report on **budgetary control** (June 2022).
- Adequacy of controls relating to **procurement** (March 2022).
- Internal controls, risk management and assurance processes in relation to **Cyber Security** (February 2022).

On a termly basis, the internal auditor reports to the board of trustees, through the Audit and Risk Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. 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 risk, and three recommendations classed medium risk across two of the audits. Recommendations and best practice arising from those internal audits have been implemented.

Review of Effectiveness

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

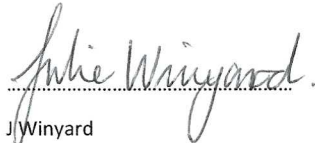
- the work of the internal auditor
- the work of the external auditor
- the school resource management self-assessment tool

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- the work of the Trust's Executive Board, who have responsibility for the development and maintenance of the internal control framework
- attending the meetings of the Audit and Risk Committee

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

Approved by order of the members of the board of trustees on 15 December 2022 and signed on its behalf by:



J Winyard

Chair of Trustees



H Cabbage

Accounting Officer


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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The HEART Education Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academy Trust Handbook 2021.

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

Date: 15 December 2022

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

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:

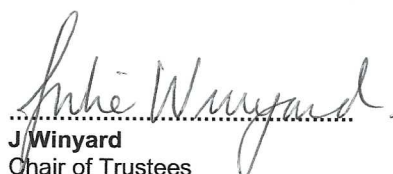
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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:


.....
J Winyard
Chair of Trustees

Date: 15 December 2022

THE HEART EDUCATION TRUST
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**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 2022 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 2021 to 2022 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 2022 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 2021 to 2022 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
(A Company Limited by Guarantee)

**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 2021 to 2022, the Academy Trust Handbook 2021, 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: 21 December 2022

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 2021 to 2022, 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 2021 to 31 August 2022 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 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 2021.

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.

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 2021 to 31 August 2022 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
Chartered Accountants
Statutory Auditor

Date: 21 December 2022

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and capital grants	3	1,000	2,653	42,292	45,945
Other trading activities	5	127,844	-	-	127,844
Investments	6	1,215	-	-	1,215
Charitable activities		89,048	6,306,485	-	6,395,533
Total income	219,107	6,309,138	42,292	6,570,537	6,665,798
Expenditure on:					
Charitable activities	7	3,139	6,935,865	349,468	7,288,472
Total expenditure	3,139	6,935,865	349,468	7,288,472	6,782,509
Net income / (expenditure)		215,968	(626,727)	(307,176)	(717,935)
Transfers between funds	20	(162,299)	48,003	114,296	-
Net movement in funds before other recognised gains / (losses)		53,669	(578,724)	(192,880)	(717,935)
Other recognised gains / (losses):					
Actuarial gains / (losses) on defined benefit pension schemes	26	-	3,401,000	-	3,401,000
Net movement in funds		53,669	2,822,276	(192,880)	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 2022

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Reconciliation of funds:					
Total funds brought forward	2,350,662	(2,697,959)	11,901,219	11,553,922	12,317,633
Net movement in funds	53,669	2,822,276	(192,880)	2,683,065	(763,711)
Total funds carried forward	2,404,331	124,317	11,708,339	14,236,987	11,553,922

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

The notes on pages 48 to 80 form part of these financial statements.

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

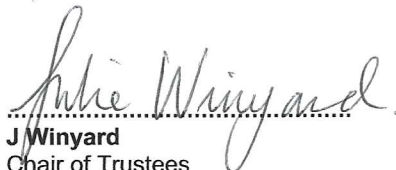
BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	11,711,867	11,909,250
		<u>11,711,867</u>	<u>11,909,250</u>
Current assets			
Stocks	16	20,398	14,323
Debtors	17	253,276	359,743
Cash at bank and in hand		3,165,574	3,071,409
		<u>3,439,248</u>	<u>3,445,475</u>
Creditors: amounts falling due within one year	18	(369,709)	(391,616)
Net current assets		<u>3,069,539</u>	<u>3,053,859</u>
Total assets less current liabilities		<u>14,781,406</u>	<u>14,963,109</u>
Creditors: amounts falling due after more than one year	19	(21,419)	(23,187)
Net assets excluding pension liability		<u>14,759,987</u>	<u>14,939,922</u>
Defined benefit pension scheme liability	26	(523,000)	(3,386,000)
Total net assets		<u><u>14,236,987</u></u>	<u><u>11,553,922</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	20	11,708,339	11,901,219
Restricted income funds	20	647,317	688,041
Pension reserve	20	(523,000)	(3,386,000)
Total restricted funds	20	<u>11,832,656</u>	<u>9,203,260</u>
Unrestricted income funds	20	<u>2,404,331</u>	<u>2,350,662</u>
Total funds		<u><u>14,236,987</u></u>	<u><u>11,553,922</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

The financial statements on pages 43 to 80 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


.....
J Winyard
Chair of Trustees

Date: 15 December 2022

The notes on pages 48 to 80 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 2022

	Note	2022 £	<i>2021</i> £
Cash flows from operating activities			
Net cash provided by operating activities	22	248,318	<i>165,901</i>
Cash flows from investing activities	23	(154,153)	<i>(293,057)</i>
Change in cash and cash equivalents in the year		94,165	<i>(127,156)</i>
Cash and cash equivalents at the beginning of the year		3,071,409	<i>3,198,565</i>
Cash and cash equivalents at the end of the year	24, 25	3,165,574	<i>3,071,409</i>

The notes on pages 48 to 80 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 2022

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 2022 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 2022

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 2022

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 2022

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 are 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 2022

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 17. 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 18 and 19. 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
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 26, 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 2022. 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 value of tangible fixed assets the Trustees estimate the anticipated useful lives and residual values of the assets. There have been no significant revisions to these estimations in the current financial year.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

3. Income from donations and capital grants

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Donations	1,000	2,653	40,668	44,321	72,464
Capital Grants	-	-	1,624	1,624	162,819
Total 2022	<u>1,000</u>	<u>2,653</u>	<u>42,292</u>	<u>45,945</u>	<u>235,283</u>
<i>Total 2021</i>	<u>-</u>	<u>9,457</u>	<u>225,826</u>	<u>235,283</u>	

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
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4. Funding for the Trust's educational operations

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,511,273	4,511,273	4,521,287
Other DfE/ESFA grants				
Pupil Premium	-	471,091	471,091	469,706
Other DfE/ESFA	-	501,484	501,484	480,787
	-	5,483,848	5,483,848	5,471,780
Other Government grants				
SEN	-	443,273	443,273	223,468
Local Authority	-	307,617	307,617	341,823
Other	-	(10,442)	(10,442)	169,934
	-	740,448	740,448	735,225
Other income for the Trust's educational operations	89,048	-	89,048	67,351
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	82,189	82,189	75,560
COVID meals	-	-	-	24,348
	-	82,189	82,189	99,908
Total 2022	89,048	6,306,485	6,395,533	6,374,264
<i>Total 2021</i>	<i>67,351</i>	<i>6,306,913</i>	<i>6,374,264</i>	

The academy received £82,189 of funding for school led tutoring and Covid recovery premium and costs incurred in respect of this funding totalled £82,189.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

5. Income from other trading activities

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Letting and hire income	71,960	71,960	33,857
Income from services provided	55,884	55,884	21,419
Total 2022	<u>127,844</u>	<u>127,844</u>	<u>55,276</u>
<i>Total 2021</i>	<u>55,276</u>	<u>55,276</u>	

6. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Investment income	1,215	1,215	975
<i>Total 2021</i>	<u>975</u>	<u>975</u>	

THE HEART EDUCATION TRUST
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7. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	<i>Total 2021 £</i>
Educational operations:					
Direct costs	4,622,117	98,743	536,992	5,257,852	4,916,117
Support costs	764,305	886,444	379,871	2,030,620	1,866,392
Total 2022	<u>5,386,422</u>	<u>985,187</u>	<u>916,863</u>	<u>7,288,472</u>	<u>6,782,509</u>
<i>Total 2021</i>	<u>5,044,734</u>	<u>983,681</u>	<u>754,094</u>	<u>6,782,509</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Educational operations	<u>5,257,852</u>	<u>2,030,620</u>	<u>7,288,472</u>	<u>6,782,509</u>
<i>Total 2021</i>	<u>4,916,117</u>	<u>1,866,392</u>	<u>6,782,509</u>	

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2022 £	<i>Total funds 2021 £</i>
Staff costs	4,518,566	4,318,930
Educational support	249,120	175,236
Agency staff	103,551	87,422
ICT	98,743	91,134
Other educational supplies	92,099	71,446
Educational visits	69,934	9,375
Pension interest	59,000	44,000
Books, stationery and materials	36,651	33,953
Staff development	22,562	68,291
Recruitment	7,626	16,330
	<hr/> 5,257,852 <hr/>	<hr/> 4,916,117 <hr/>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2022 £	<i>Total funds 2021 £</i>
Staff costs	764,305	638,382
Premises maintenance	312,746	291,309
Depreciation	352,607	366,205
Catering	271,037	220,552
Light and heat	111,922	109,282
Administration	57,195	64,285
Water rates	39,806	41,348
Governance costs	37,595	25,654
Cleaning	18,676	17,937
Insurance	18,968	19,577
School uniforms	11,872	21,213
Professional fees	1,526	3,309
Transport and travel	646	450
PFI management fee & affordability gap	31,719	46,889
	2,030,620	<i>1,866,392</i>

9. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Gifts made by the Trust	43	-	
Unrecoverable debts	2,510	-	

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022	<i>2021</i>
	£	£
Operating lease rentals	5,220	<i>5,220</i>
Depreciation of tangible fixed assets	352,607	<i>366,205</i>
Fees paid to auditors for:		
- audit	8,500	<i>8,000</i>
- other services	4,650	<i>6,150</i>
	<u>4,650</u>	<u><i>6,150</i></u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	3,789,375	3,648,140
Social security costs	301,860	302,781
Pension costs	1,178,448	991,391
	<u>5,269,683</u>	<u>4,942,312</u>
Agency staff costs	103,551	87,422
Staff restructuring costs	13,188	15,000
	<u>5,386,422</u>	<u>5,044,734</u>

Staff restructuring costs comprise:

	2022 £	2021 £
Severance payments	13,188	15,000
	<u>13,188</u>	<u>15,000</u>

b. Special staff severance payments

One non-statutory/non-contractual severance payment of £391 (2021 - £15,000) was made in the year.

c. Staff numbers

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

	2022 No.	2021 No.
Teachers	52	56
Support & Administration	122	104
Management	2	2
	<u>176</u>	<u>162</u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

11. Staff (continued)

d. Higher paid staff

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

	2022	<i>2021</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	2	<i>2</i>
In the band £70,001 - £80,000	1	<i>1</i>
In the band £100,001 - £110,000	1	<i>1</i>
	=====	<i>=====</i>

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 35. 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 £222,861 (2021 - £221,538).

12. 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 School Improvement and Governance (including the Executive Board and Head of Quality Assurance).

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 2021/22, this amounted to charges of:

LPA Bishys: £13,199
HPA Bishys: £30,606

The Trust received £100,000 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 £10,000.

The Trust also recharged the academies for the procurement of services under its Pupil Premium and SEN strategies. The total charges were £110,190 and £210,859 for Pupil Premium and SEN respectively.

And finally, the Trust charged Lingwood Primary Academy £4,020 for the use of the swimming pool at Heartsease and £828 of specific staff time for a Trust employee assisting at Henderson Green Primary Academy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

Central services (continued)

The total charges to individual academies in the year ended 31 August 2022 were therefore as follows:

	2022 £	2021 £
Heartsease Primary Academy	146,978	122,707
Henderson Green Primary Academy	74,203	45,231
Lingwood Primary Academy	55,804	50,890
Valley Primary Academy	102,716	51,393
	379,701	270,221

13. Trustees' remuneration and expenses

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

		2022 £	2021 £
C Kenna (CEO and Accounting Officer to 18 July 2022)	Remuneration	85,000 -	100,000 -
		90,000	105,000
	Pension contributions paid	20,000 -	20,000 -
		25,000	25,000
H Cabbage (Interim CEO and Accounting Officer from 18 July 2022)	Remuneration	5,000 -	
		10,000	
	Pension contributions paid	0 - 5,000	

During the year ended 31 August 2022, no expenses were reimbursed or paid directly to Trustees (2021 - £nil).

14. Trustees' and Officers' insurance

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

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NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2021	12,809,166	371,894	594,602	51,000	13,826,662
Additions	10,827	77,676	66,721	-	155,224
Disposals	-	-	(17,538)	-	(17,538)
At 31 August 2022	<u>12,819,993</u>	<u>449,570</u>	<u>643,785</u>	<u>51,000</u>	<u>13,964,348</u>
Depreciation					
At 1 September 2021	1,077,181	339,378	460,053	40,800	1,917,412
Charge for the year	206,073	32,474	103,860	10,200	352,607
On disposals	-	-	(17,538)	-	(17,538)
At 31 August 2022	<u>1,283,254</u>	<u>371,852</u>	<u>546,375</u>	<u>51,000</u>	<u>2,252,481</u>
Net book value					
At 31 August 2022	<u><u>11,536,739</u></u>	<u><u>77,718</u></u>	<u><u>97,410</u></u>	<u><u>-</u></u>	<u><u>11,711,867</u></u>
At 31 August 2021	<u><u>11,731,985</u></u>	<u><u>32,516</u></u>	<u><u>134,549</u></u>	<u><u>10,200</u></u>	<u><u>11,909,250</u></u>

16. Stocks

	2022 £	2021 £
Uniforms	<u><u>20,398</u></u>	<u><u>14,323</u></u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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17. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	5,422	24,554
Other debtors	558	244
Prepayments and accrued income	193,107	288,968
VAT recoverable	54,189	45,977
	253,276	359,743
	253,276	359,743

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Salix loan	3,295	3,312
Trade creditors	120,609	154,282
Other creditors	26,018	16,577
Accruals and deferred income	219,787	217,445
	369,709	391,616
	369,709	391,616

	2022 £	2021 £
Deferred income at 1 September 2021	91,258	88,081
Resources deferred during the year	95,530	91,258
Amounts released from previous periods	(91,258)	(88,081)
	95,530	91,258
	95,530	91,258

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

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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19. Creditors: Amounts falling due after more than one year

	2022	<i>2021</i>
	£	£
Salix loan	21,419	<i>23,187</i>

Included within the above are amounts falling due as follows:

	2022	<i>2021</i>
	£	£
Between one and two years		
Salix loan	3,295	<i>3,312</i>
Between two and five years		
Salix loan	9,886	<i>9,938</i>
Over five years		
Salix loan	8,238	<i>9,937</i>

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Statement of funds

	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 Recovery premium	-	49,622	(49,622)	-	-	-
Pension reserve	(3,386,000)	-	(773,000)	235,000	3,401,000	(523,000)
	(2,697,959)	6,309,138	(6,935,865)	48,003	3,401,000	124,317

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Statement of funds (continued)

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

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

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: £235,000 to the pension reserve in respect of employer contributions to the Local Government Pension Scheme and £6,951 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 pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

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 2022.

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

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

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
Unrestricted funds						
General Funds	2,233,821	123,602	(6,761)	-	-	2,350,662
Restricted general funds						
General Annual Grant (GAG)	162,055	4,521,287	(4,299,473)	(233,278)	-	150,591
Other DfE/ESFA grants	84,389	580,697	(578,919)	-	-	86,167
Pupil Premium	93,694	469,706	(401,515)	(85,038)	-	76,847
SEN	134,531	223,468	(158,026)	-	-	199,973
Other grants and donations	95,379	521,212	(435,678)	(6,450)	-	174,463
Pension reserve	(2,414,000)	-	(538,000)	213,000	(647,000)	(3,386,000)
	<u>(1,843,952)</u>	<u>6,316,370</u>	<u>(6,411,611)</u>	<u>(111,766)</u>	<u>(647,000)</u>	<u>(2,697,959)</u>

THE HEART EDUCATION TRUST
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20. Statement of funds (continued)

	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
Restricted fixed asset funds						
Fixed assets on conversion	10,081,803	-	(165,713)	-	-	9,916,090
Capital additions from GAG	231,645	-	(85,362)	20,103	-	166,386
Capital additions from Pupil Premium	24,939	-	(43,085)	85,038	-	66,892
Capital additions from PE and Sport Premium	2,568	-	(1,614)	-	-	954
Capital additions from Nursery grants	9,050	-	(3,017)	-	-	6,033
Capital additions from donations	20,943	-	(8,122)	-	-	12,821
Condition Improvement Fund	1,411,782	135,115	(28,972)	175	-	1,518,100
Devolved Formula Capital	134,834	27,704	-	-	-	162,538
Capital additions from SEN	10,200	-	(5,100)	-	-	5,100
DfE donated assets	-	63,007	(21,002)	-	-	42,005
Assets funded by DWP	-	-	(2,150)	6,450	-	4,300
	<u>11,927,764</u>	<u>225,826</u>	<u>(364,137)</u>	<u>111,766</u>	<u>-</u>	<u>11,901,219</u>
Total Restricted funds	<u>10,083,812</u>	<u>6,542,196</u>	<u>(6,775,748)</u>	<u>-</u>	<u>(647,000)</u>	<u>9,203,260</u>
	<i>Balance at 1 September 2020 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2021 £</i>
Total funds	<u>12,317,633</u>	<u>6,665,798</u>	<u>(6,782,509)</u>	<u>-</u>	<u>(647,000)</u>	<u>11,553,922</u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022	2021
	£	£
Heartsease Primary Academy	699,093	591,772
Lingwood Primary Academy	437,462	309,637
Valley Primary Academy	344,666	383,679
Henderson Green Primary Academy	302,529	314,983
Central Services	1,267,898	1,438,632
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	3,051,648	3,038,703
Restricted fixed asset fund	11,708,339	11,901,219
Pension reserve	(523,000)	(3,386,000)
	<hr/>	<hr/>
Total	14,236,987	11,553,922
	<hr/> <hr/>	<hr/> <hr/>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

20. 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 2022 £	Total 2021 £
Heartsease Primary Academy	1,583,731	49,169	112,689	405,204	2,150,793	2,079,723
Lingwood Primary Academy	745,512	22,443	63,028	40,632	871,615	745,910
Valley Primary Academy	638,675	22,355	68,728	130,439	860,197	852,968
Henderson Green Primary Academy	620,379	22,202	103,018	140,385	885,984	785,049
Central Services	1,033,820	648,136	100,341	384,979	2,167,276	1,952,654
Trust	4,622,117	764,305	447,804	1,101,639	6,935,865	6,416,304

21. Analysis of net assets between funds

Analysis of net assets between funds - current 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	2,252,578	1,013,731	172,939	3,439,248
Creditors due within one year	-	(366,414)	(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

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NOTES TO THE FINANCIAL STATEMENTS
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21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
Tangible fixed assets	144,066	-	11,765,184	11,909,250
Current assets	2,206,596	1,076,345	162,534	3,445,475
Creditors due within one year	-	(388,304)	(3,312)	(391,616)
Creditors due in more than one year	-	-	(23,187)	(23,187)
Provisions for liabilities and charges	-	(3,386,000)	-	(3,386,000)
Total	2,350,662	(2,697,959)	11,901,219	11,553,922

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

	2022 £	2021 £
Net expenditure for the year (as per Statement of Financial Activities)	(717,935)	(116,711)
Adjustments for:		
Depreciation	352,607	366,205
Capital grants from DfE and other capital income	(1,624)	(162,819)
Interest receivable	(1,215)	(975)
Defined benefit pension scheme cost less contributions payable	479,000	281,000
Defined benefit pension scheme finance cost	59,000	44,000
Increase in stocks	(6,075)	(1,280)
Decrease/(increase) in debtors	106,467	(90,063)
Decrease in creditors	(21,907)	(153,456)
Net cash provided by operating activities	248,318	165,901

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23. Cash flows from investing activities

	2022	2021
	£	£
Dividends, interest and rents from investments	975	975
Purchase of tangible fixed assets	(155,224)	(656,997)
Capital grants from DfE Group	96	362,965
Net cash used in investing activities	(154,153)	(293,057)

24. Analysis of cash and cash equivalents

	2022	2021
	£	£
Cash in hand and at bank	1,662,033	1,568,905
Notice deposits (less than 3 months)	1,503,541	1,502,504
Total cash and cash equivalents	3,165,574	3,071,409

25. Analysis of changes in net debt

	At 1 September 2021	Cash flows	Other non- cash changes	At 31 August 2022
	£	£	£	£
Cash at bank and in hand	3,071,409	94,165	-	3,165,574
Debt due within 1 year	(3,312)	1,785	(1,768)	(3,295)
Debt due after 1 year	(23,187)	-	1,768	(21,419)
	3,044,910	95,950	-	3,140,860

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26. 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 2016 and of the LGPS 31 March 2019.

Contributions amounting to Nil were payable to the schemes at 31 August 2022 (2021 - 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2024.

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26. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £453,704 (2021 - £497,391).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £305,000 (2021 - £276,000), of which employer's contributions totalled £235,000 (2021 - £213,000) and employees' contributions totalled £70,000 (2021 - £63,000). 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

	2022	<i>2021</i>
	%	%
Rate of increase in salaries	3.75	<i>3.60</i>
Rate of increase for pensions in payment/inflation	3.05	<i>2.90</i>
Discount rate for scheme liabilities	4.25	<i>1.65</i>

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26. 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:

	2022 Years	<i>2021</i> <i>Years</i>
<i>Retiring today</i>		
Males	21.7	21.9
Females	24.1	24.3
<i>Retiring in 20 years</i>		
Males	22.9	23.2
Females	26.0	26.2

Sensitivity analysis

	2022 £000	<i>2021</i> <i>£000</i>
Discount rate -0.5%	500	815
Salary rate +0.5%	35	60
Pension rate +0.5%	470	740

Share of scheme assets

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

	At 31 August 2022 £	<i>At 31 August</i> <i>2021</i> <i>£</i>
Equities	1,764,000	1,679,430
Corporate bonds	1,332,000	1,119,620
Property	432,000	362,230
Cash and other liquid assets	72,000	131,720
Total market value of assets	3,600,000	<i>3,293,000</i>

The actual return on scheme assets was £39,000 (2021 - £499,000).

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26. Pension commitments (continued)

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

	2022 £	2021 £
Current service cost	(714,000)	(494,000)
Interest income	57,000	45,000
Interest cost	(116,000)	(89,000)
Total amount recognised in the Statement of Financial Activities	(773,000)	(538,000)

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

	2022 £	2021 £
At 1 September	6,679,000	4,957,000
Current service cost	714,000	494,000
Interest cost	116,000	89,000
Employee contributions	70,000	63,000
Actuarial (gains)/losses	(3,419,000)	1,093,000
Benefits paid	(37,000)	(36,000)
Effect of business combinations and disposals	-	19,000
At 31 August	4,123,000	6,679,000

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

	2022 £	2021 £
At 1 September	3,293,000	2,543,000
Interest income	57,000	45,000
Actuarial (losses)/gains	(18,000)	454,000
Employer contributions	235,000	213,000
Employee contributions	70,000	63,000
Benefits paid	(37,000)	(36,000)
Effect of business combinations and disposals	-	11,000
At 31 August	3,600,000	3,293,000

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27. Operating lease commitments

At 31 August 2022 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	2,610	5,220
Later than 1 year and not later than 5 years	-	2,610
	<u>2,610</u>	<u>7,830</u>

28. Other financial commitments

The Trust maintains some of its assets under a PFI agreement. The amount due for the following financial year under this agreement is estimated to be **£307,017** (2021: £270,449). The cost of the PFI agreement changes annually in line with the Retail Price Index. As such, the cost of the PFI agreement for the remainder of the 25 year term would total approximately **£3,861,629** (2021: £3,376,137).

29. 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.

30. 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 daughter of C Kenna (Interim Director of Education) was employed as the Trust's Interim Chief Executive Officer. Her appointment was made in open competition and C Kenna was not involved in the decision making process regarding her family member's appointment. The Interim Chief Executive Officer is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to C Kenna.

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.