

Report of the Trustees and
Consolidated Financial Statements
for the Year Ended 31 August 2022
for
Herefordshire Marches Federation of
Academies

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

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MEMBERS: J M A Lunn (Independent Member) (appointed 24.11.21)
C M Hayes (Member Trustee)
E Klein (Independent Member) (resigned 30.6.22)
S K F Elwine (Member Trustee)
D A Greenough (Independent Member)
L Conod (Member Trustee) (resigned 24.11.21)

TRUSTEES P Box (resigned 31.12.21) *
L Conod (Vice Chair of Trustees) *
S K F Elwine *
H W G Patterson
M A Williams (resigned 31.12.21) *
M Ashcroft
C M Hayes (Chair of Trustees) *
R Williams
A Taylor (Accounting Officer & CEO) (appointed 1.1.22) *

* members of the finance and general purpose committee

LOCAL ADVISORY BOARD # - also Member or Trustees of the Academy

Lord Scudamore Academy

L Conod # (Chair)
A Blackburne
J M McColl
K E Higgins
P Rusher
R Rider (resigned 15.02.22)
S Morris-Davies
Z Beecham
A Bridgewater
R Williams

Sutton Primary Academy

M Ashcroft # (Chair)
L Orton
Z Beecham
W Scott-Howes (resigned 31.01.22)
K Lawton
V Bloore

Kings Caple Primary Academy

S Elwine # (Chair)
C Wardle (resigned 31.08.22)
D Harding
J Gittins
M Fellows
B Garrod (appointed 26.05.22)
K Miller

St Weonards

R J Williams # (Chair)
A Clarke
S Talboys
J Balderson
G Miller (appointed 01.12.21)

Herefordshire Marches Federation of Academies

Reference and Administrative Details
for the Year Ended 31 August 2022

SENIOR MANAGEMENT TEAM	P Box - CEO & Headteacher (resigned 31.12.21) A Taylor - CEO (appt 01.01.22)/Headteacher (appt 01.09.21) L Orton - Headteacher at Sutton C Watkins - Director of HR J Brace - Director of IT J M McColl - Director of Safeguarding N J Jones - Finance Director Z Beecham - Director of SEND A White - Head of School at Lord Scudamore S Morris-Davies - Head of School at Lord Scudamore R Wargen - Head of School at Lord Scudamore A Colledge - Head of School at Lord Scudamore (resigned 31.12.21) K Johnson - Acting Head of School at Lord Scudamore J Gittins - Head of School at Kings Caple K Miller - Acting Head of School at Kings Caple A Clarke - Head of School at St Weonards V Bloore - Deputy Head at Sutton
COMPANY NAME	Hereford Marches Federation of Academies
COMPANY SECRETARY	C Watkins
REGISTERED OFFICE	Lord Scudamore Academy Friars Street Hereford Herefordshire HR4 0AS
REGISTERED COMPANY NUMBER	07578861 (England and Wales)
SENIOR STATUTORY AUDITOR	Mrs Lisa Weaver FCCA
INDEPENDENT AUDITORS	Thorne Widgery Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
BANKERS	MAT bank account: HSBC, 35 High Town, Hereford HR1 2AQ Lord Scudamore School Fund: Natwest, 12 Broad Street, Hereford HR4 9AH Sutton School Fund: HSBC, 35 High Town, Hereford HR1 2AQ St Weonards School Fund: Lloyds Bank, 8 High Town, Hereford HR1 2AE

Report of the Trustees
for the Year Ended 31 August 2022

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2022. The trustees have adopted the provisions of 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) (effective 1 January 2019) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities.

The principal object and activity of the Charitable Company is the operation of Hereford Marches Federation of Academies to provide free education and care for pupils of different abilities between the ages of 2 and 11.

The aims of the Academy during the year ended 31 August 2022 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra-curricular activities.
- to develop students as more effective learners.
- to develop the Academy sites so that it enables students to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, teaching, support and care.
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review.
- to provide value for money for the funds expended.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- to manage the coronavirus outbreak in terms of Health & Safety requirements, adhering to government guidelines re: 'Bubble' closures and facilitating home learning for pupils and remote working for staff.

At HMFA we aim to get the best for, and from, each child. We intend to enable each child to begin a lifelong love of learning and to begin to realise their academic, creative and physical potential, and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

- To maintain Outstanding provision at Sutton.
- To continue to strive for highest standards at Lord Scudamore, Kings Caple and St Weonards.
- To ensure the progress of all groups of pupils in our care remains high.
- To continue to develop our curriculum. To provide pupils with a broad and balanced curriculum and provide opportunities beyond the National Curriculum, such as Forest School activities.
- To ensure the use of technology is integrated into our curriculum, especially to support home learning.
- To develop strategies which will enable pupils to catch-up on lost teaching time disrupted by Coronavirus outbreak
- To continue to adapt School working practices to comply with Government Guidelines to ensure the safety of staff and pupils during the Coronavirus outbreak.
- To consider the growth and development of the MAT.

Key priorities for the year for core curriculum areas are contained in the Strategic Development Plans which are available from each school.

OBJECTIVES AND ACTIVITIES

Public benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties.

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

ACHIEVEMENT AND PERFORMANCE

Charitable activities

	<u>Kings Cople</u>	<u>Lord Scudamore</u>	<u>Sutton</u>
Pupil Achievement	Outstanding	Good	Outstanding
Quality of Teaching	Outstanding	Good	Outstanding
Behaviour and Safety	Outstanding	Good	Outstanding
Leadership and Management	Outstanding	Good	Outstanding

	<u>St Weonards</u>
Pupil Achievement	Outstanding
Quality of Teaching	Outstanding
Behaviour and Safety	Outstanding
Leadership and Management	Outstanding

Joint activities resumed between the schools in the Summer Term.

The development of all curriculum areas has been monitored, evaluated and amended as necessary by Subject Leaders.

The Covid-19 pandemic has created the following priorities:

- Upgrade of ICT equipment for pupils to ensure that every child has access to a device
- Implementation of Google Classroom as the vehicle for remote learning and to support homework and communication between school and home.
- Appropriate IT infrastructure to ensure that children in school and those at home can access learning
- Ensuring data returns ref Covid absences/tests were recorded and submitted
- Extra vigilance with regard to cleaning/hygiene and measures in place to limit spread of the virus

Senior staff have been involved in managing the performance of staff and mentoring ECTs despite the pandemic, with new focuses addressed due to new leadership.

The SATs test results have not been published but are used for internal development only.

A Recovery Curriculum Action Plan focused on Speech and Language with extra support provided to the EYFS pupils as their limited vocabulary and speech development were identified as real areas of concern. Covid 19 was still predominate throughout the Autumn and Spring Terms with Google Classroom a key tool to continuing children's learning at home if they were well enough to work

Fundraising activities

There were a wide range of charitable fundraising activities despite the restrictions of lockdown. The PTA at Lord Scudamore was reintroduced.

Key performance indicators

- Throughout the pandemic, children's opportunities for extended writing was limited - this is a focus to provide children with varied writing styles.
- The sequential development of skills and knowledge throughout all non-core curriculum subjects.
- Clear opportunities for children to revise and practice new knowledge so they know more and remember more.

FINANCIAL REVIEW

Financial position

Majority of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2022 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE and these are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

At 31 August 2022 the net book value of fixed assets was £4,017,512 (2021: £4,146,930) and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

During the year ended 31 August 2022, total expenditure of £3,707,297 (2021: £3,271,691) was covered by recurrent grant funding from the DfE. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds) was £102,626 (2021: £139,609)

The land and buildings for Lord Scudamore School were transferred to the Academy upon conversion in June 2011. Land and buildings for Sutton & Kings Ciple and St Weonards Schools were transferred on a 125yr lease.

DfE land and building valuations have been provided as at 31/08/21 for Lord Scudamore at £3,715,000 and Sutton at £2,220,000

DfE land and building valuations have been provided as at 31/08/20 for St Weonards at £445,000 and Kings Ciple at £485,000.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in the notes to the financial statements.

Key financial policies are in place which reflect the requirements of the Academy Trust Handbook, these include HMFA Financial Regulations and and HMFA Financial Delegation Scheme which lay out the framework for financial management, including financial responsibilities of the Board, CEO, Accounting Officer, Finance staff and budget holders, as well as delegated authority for spending.

Investment policy and objectives

The Trust has an Investment Policy in place.

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short-term requirements. Trustees have authorised the transfer of funds surplus to immediate cash requirements to low risk deposit accounts (regulated by Financial Conduct Authority), normally for a fixed term that does not exceed one year, unless there is a clear rationale for longer-term investment that would benefit the Trust. No other form of investment is authorised.

Reserves policy

The Directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £680,476 (2021: £499,748), all of which is free reserves. The level of general restricted reserves is £57,816 (2021: £148,856).

Plans for the future use of reserves is to support in-year deficit school budgets in the short term where particular circumstances such as falling pupil numbers, long-term staff absences, removal of DfE support grants and unexpected events (such as Covid-19 pandemic) have a detrimental impact. The Board of Trustees have agreed that a reasonable minimum level of reserves equates to 1 month's salary costs (£303,000 Aug22). Other plans for use of reserves include IT hardware and premises works as per the Estates Strategy 2022.

FINANCIAL REVIEW

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.

HMFA Board of Trustees regularly review long term plans to ensure the future financial stability of the Trust. Action has been taken to mitigate financial losses relating to reduced GAG funding as a result of falling pupil numbers. This has stabilised the forecasted financial position of the Trust over the next 3 years. Trustees have also considered the effects of Covid19 in their assessment.

FUTURE DEVELOPMENTS

Please see HMFA Strategic plan and curriculum recovery plan per the website

Core Purposes

- Ensure that all children are protected from harm; both physically and emotionally.
- Provide the highest quality of education so that every child achieves their full potential, both academically as well as in artistic and sporting endeavour.
- Ensure that vulnerable and disadvantaged children receive the support they need to achieve their full potential.
- Ensure that children are equipped to cope with the pressures of life including effective management of social media.
- Enable children to make the best use of technology without allowing it to take over their lives.

Key Priorities

- Ensuring high quality teaching and learning
- Ensure that all teachers are using Talk4Writing, Talk4Reading and Developing Reasoning in Maths.
- Ensure that assessment is a dialogue between teacher and child which moves learning forward.
- Provide high quality intervention in the Early Years to address speech and language issues; particularly the deficit in vocabulary for disadvantaged children.
- To provide intervention and support for older children to minimise gaps in reading and vocabulary.

Developing the creative curriculum

- Ensure that every opportunity to further enhance the already very creative curriculum is taken.
- Review the current curriculum and ensure the clear progression of skills and knowledge.

Strengthen leadership

- Ensure that all Senior Leaders have a good understanding of financial policies and procedures, and are engaged in the setting of balanced budgets.
- Develop strategic awareness for Heads of School.
- Develop the work scrutiny cycle for Trustees and Local Advisory Body Members.
- Trust supports the development of the CEO's role to allow opportunities to future proof the strategy and growth of HMFA.

Ensure clear accountability and highly effective communication

- Ensure that Heads of School contribute to the Heads Report as the key accountability document for Trustees and Local Advisory Body members.
- Ensure that progress data is available each term for all groups of children.
- Ensure that Senior Leaders meet regularly, and that communication is effective between the leadership team and with all stakeholders.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated on 25th March 2011 and opened as an Academy on 1st June 2011 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 company officers act as the Trustees for the charitable activities of Herefordshire Marches Federation of Academies. The Charitable Company is known as HMFA.

HMFA is a charitable company and is responsible for the strategic direction of the Academies within the HMFA MAT. It has 2 layers of governance: Members of the Trust and the Board of Trustees.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administration Details on page 1.

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 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 cease to be a member.

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover their liability which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees of the Academy Trust. The limit of this indemnity is £5million.

Principal activities

The principal activity is to advance for the public benefit by maintaining, managing and developing primary schools and their associated nursery schools offering a broad and balanced curriculum for the development of the complete child.

Recruitment and appointment of new trustees

The Academy's Governing Body (Board of Trustees) comprises the CEO, 2 Independent Members, 3 Member Trustees (currently 2 plus 1 vacancy) and 5 Trustees (including the CEO).

When appointing new Trustees, consideration is given to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills set to contribute fully to the Academy's development. The Board comprises of Trustees primarily elected by the Members.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Board of Trustees meets once each term as do the Finance, Audit & Risk Committee.

The Board establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The HMFA Scheme of Delegation has been developed to clarify the responsibilities and powers of Members, Trustees, CEO, Chair of Trustees and Local Advisory Boards in respect of key aspects of the management of the Trust and its Academies, and to ensure compliance with legal requirements.

The Members and Board of Trustees have devolved responsibility for day to day management of the Academy to the CEO and Senior Leadership Team (SLT). The SLT comprises of the CEO, Headteacher, Heads of School, Finance Director, HR Director and Company Secretary, Director of Safeguarding, Director of SEND, and Director of IT and DPO. The SLT implement the policies laid down by the Board of Trustees and report back to them on performance. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

CEO; Alison Taylor is the Accounting Officer.

The Academy Trust comprises four primary schools - Lord Scudamore, Sutton, Kings Caple and St Weonards. Each school has its own Local Advisory Body who accepts reports relating to their school, staff and pupils. Please refer to the MAT Scheme of Delegation for detail of key areas of responsibility.

The Trust has a subsidiary company; HMFA Enterprises Ltd.

This company facilitates the trading of services connected to the Trust and includes; Extended Day kidsclubs, Holiday kidsclubs, Catering service, Schools Direct (Teacher training). The Directors of HMFA Enterprises Ltd meet once a term. They review and approve the annual budget plan, policies, pricing structure and are responsible for day-to-day management. Strategic and staffing decisions are made in accordance with HMFA Scheme of Delegation.

Minutes of the Enterprises Board meetings are presented to the HMFA Board for comment at each of the 3 termly meetings.

The Academy Trust has associated links with 4 other primary schools: Llangrove CE Academy, Marden Primary Academy, Pencombe C of E Primary School and Clehonger C of E Primary School.

Through the HMFA collaboration agreement all schools benefit from the use of shared expertise, staffing, resources and group purchasing discounts.

Induction and training of new trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include an invitation to tour the Academy and a chance to meet staff and pupils. All Trustees are encouraged to access the induction pack which is available on Governor Hub for reference when required. Governor Quality Assurance days are held for Trustees and Local Advisory Body members where they visit the schools and involves work scrutiny, talking to pupils, learning walks and observations.

Our annual review of Governance provides an opportunity for Trustees to highlight any training requirements they feel would be of benefit to them. Trustees and Local Advisory Body members are encouraged to enrol on relevant courses to support their role.

Key management remuneration

1. Performance pay review is completed by the HMFA pay review committee, comprising 4 elected Trustees.
2. Performance Management in each school takes place on an annual cycle of review. It is undertaken by the senior leaders, Deputy Head teachers and Head teacher.
3. Targets are related to current school key areas as well as individual targets and are linked to the new teacher standards.
4. Staff underperforming are given clear agreed targets with appropriate timescale for review, and a mentor from the leadership team.

Trade union facility time

The multi academy trust has a SLA in place to cover trade union services.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

Related Party relationships are recorded on a Declarations of Interest Register and any additional declarations noted at the start of each Board of Trustees Meeting.

The following companies have been identified as having a Related Party relationship with HMFA Academy Trust; Llangrove CE Academy, Marden Primary Academy, Clehonger CofE Primary School, Pencombe C of E Primary School and HMFA Enterprises Ltd.

HMFA MAT CEO; Alison Taylor is Executive Headteacher at Clehonger CofE Primary School via a Service Level Agreement.

Sutton Headteacher; Liz Orton is Executive Headteacher at Marden Primary Academy & Pencombe CofE Primary School via a Service Level Agreement.

Related Party transactions are disclosed to ESFA via DfE Sign-in portal and where applicable requests for approval are submitted. ESFA approved all Related Party disclosures for FY 21/22. The regulations do not currently apply to income transactions.

Related Party Agreements are reviewed and approved by Trustees annually prior to commencement of the service/contract.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust assesses the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas through the Risk Register (a working document). The Trust has implemented a number of systems to assess and minimise those risks, through policy reviews and internal controls. Where significant financial risk still remains, there is adequate insurance cover in place.

Lord Scudamore Academy pupil numbers are slowly increasing since the decline in 20/21. A pre-school opened at St Weonards Academy in January 2022. There has been a positive response with 6 pupils attending. At present there isn't a need for Extended day services at St Weonards.

National pay awards for teachers and support staff are putting significant pressure on already restricted budgets. It is important to note that despite increased employment and premises costs the DfE funding that schools receive is not increasing relatively in real terms. Emerging new costs such as Cyber Security, GDPR, Ill Health Liability and independent scrutiny services add further strain to tight budgets.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all Board meetings and Finance, Audit & Risk Committee meetings.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 92% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Financial - HMFA Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the notes to the financial statements, represents a significant potential liability. Due to the deficit position of the LGPS valuation November 2019, sizable lump sum deficit contributions have been imposed on the Academy over the last few years. The latest valuation carried out in March 2022 shows a decrease in the overall deficit position and a longer recovery period which means a significant reduction in deficit contribution amounts payable from April 2023. The Academy will continue to take into consideration the uncertainty of future LGPS fund valuations.

At this point in time the Academy is able to meet the set LGPS annual contributions; however, the Board are aware there will be revisions of Employer rates in the future. The Board has relevant skill set to inform Trustees of policy and impact of the LGPS.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that pupil's success and achievement are closely monitored and reviewed.

Opportunities - the Trustees ensure wider learning opportunities and experiences are available to all children whilst being fully aware that smaller schools with less staff face more restrictions and limitations.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. Relevant staff receive safer recruitment training and all staff receive relevant safeguarding training, including Prevent, and are issued with relevant documents.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

The MAT follows the STPCD and local policy guidelines. Any significant government legislative changes to teachers pay and conditions will therefore have an impact.

Fraud and mismanagement of funds - HMFA opt for a bought-in internal audit service to provide independent assurance to the board that its financial and non-financial controls and risk management procedures are operating effectively, as required by the Academy Trust Handbook. The function of the audit & risk committee is combined with the finance committee who direct the trust's programme of internal scrutiny, ensure risks are being addressed appropriately and report to the Board of Trustees.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the group and charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the group and charitable company's auditors are aware of that information.

AUDITORS

The auditors, Thorne Widgey Accountants, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees Report, incorporating a strategic report, was approved by order of the members of the Board of Trustees on 5th December 2022 and signed on the boards behalf by:

C M Hayes
C M Hayes - Chair of Trustees

Governance Statement
for the Year Ended 31 August 2022

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Herefordshire Marches Federation of Academies 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 Trust has delegated the day-to-day responsibility to the CEO /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 HMFA and the Secretary of State for Education. They are also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The Trustees' consider that the Board and its Committees combined, meet adequately and regularly over the course of the year in order to discharge their responsibilities and have robust and effective management arrangements.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Trustees' Responsibilities Statement. To minimise the spread of Covid-19 due to local outbreaks in schools, 2 of the 3 Board meetings were held remotely via Teams.

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

Trustee		Meetings Attended	Out of a possible
P Box	CEO/Accounting Officer - Autumn (resigned 31.12.21)	1	1
Alison Taylor	CEO/Accounting Officer - Spring/Summer	3	3
C Hayes (Member Trustee)	Chair	3	3
L Conod (Member Trustee)	Vice Chair (resigned 24.11.21)	2	3
S Elwine (Member Trustee)		3	3
D Greenough (Member)		2	3
E Klein (Member)	(resigned 30.06.22)	0	2
J Lunn (Member)	(appointed 24.11.21)	1	3
H Patterson		3	3
M Ashcroft		3	3
M Williams	(resigned 31.12.21)	1	1
R J Williams		3	3

In addition to this, the Local Advisory Body of the individual schools meet termly.

Managing Conflicts of Interest

The Trust follows appropriate action to ensure there is independent accountability and transparency in decision making. Declarations of Interest are shared with other Trustees via GovHub and the Register circulated and published on the organisation's websites. Those with connections relating to a particular agenda item absent themselves from that part of the meeting and this is minuted as such. The Trust specifies how transactions with its subsidiary company should be managed in the HMFA Financial Regulations Manual which is reviewed and approved by the Board of Trustees.

Review of Governance 2021-22

Following on from last years' review of the HMFA Board constitution, we have welcomed a new Member to the HMFA Board, Julie Lunn. Since appointing Julie, another Member has had to resign so, again, we have a vacancy for an independent Member to bring the number of Members back to 5 in total. We are currently exploring our options and the vacancy will be filled at the earliest opportunity.

The NGA skills audit has been sent out to both Members and Trustees to ensure that all information is updated. The data will be collated using the NGA Matrix to highlight any gaps in the skills set across the Board, also to highlight any areas where training is required. It is also a useful tool when considering the skills required prior to the appointment of new trustees.

In addition to the skills audit, we have also circulated the NGA MAT Governance self-evaluation questions. The questions are presented as a set of statements for both Members and Trustees to reflect on, to help the Trust evaluate its effectiveness and identify areas for development. Results will be collated and presented to the Board for discussion and to formulate an action plan to address any concerns identified within the process.

Governance Statement
for the Year Ended 31 August 2022

The DfE 'strong preference' with regard to Governance is that an external review of governance (ERG) is also carried out routinely (every 3 years) as part of a wider program of self-assessment and improvement. This is something that we have been exploring, looking at costs, providers, scope etc.

Finance, Audit & Risk Committee - meets once a term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with regulatory requirements and reporting, and examining the annual budget.

From September 2020, all academies must have an Audit & Risk Committee to maintain an oversight of the Academy Trust's financial, governance, risk management and internal control systems. HMFA have combined this with the Finance Committee under the new title of Finance, Audit and Risk Committee.

The terms of reference of the Finance Audit & Risk committee also include responsibility for; reviewing the risks to internal financial controls, reviewing the Risk Register annually, reviewing internal audit reports.

During the year the committee reviewed; the programme and outcomes of Internal Scrutiny, Banking services and opening of new bank accounts, Contract Register, External Auditor service, Estates Strategy & Asset Management Plans, Related Party SLA's, Pre-School fees, Investment Policy, DfE Benchmarking, KPI's and the completely revised HMFA Financial Regulations Manual. In addition to reviewing the draft annual accounts, proposed budget plans, pupil number forecasts, long-term finance projections and MAT reserve balances.

It is the committee's preference to hold these meetings via Teams so that the detailed reports uploaded to Governor Hub portal can be shared on screen without the need to print or bring along personal devices and connect to school's networks. Also, as the meetings take place during the day some members would find it difficult to attend in person due to work commitments.

Attendance at meetings in the year was as follows:

Trustee		Meetings Attended	Out of a possible
P Box	CEO/Accounting Officer - Autumn Term	1	1
A Taylor	CEO/Accounting Officer - Spring onwards	3	3
L Conod	FAR Committee Chair	3	3
S Elwine		3	3
M Williams		1	1
C Hayes		3	3
N Jones	Finance Director	3	3
D Greenough	(by invitation, no voting rights)	3	3

Pay Review Committee - meets at least annually to perform all staff salary review, agree salary scales, awards & honorarium payments, review HMFA Pay Policy,

Attendance at meetings in the year was as follows:

Committee Member		Meetings Attended	Out of a possible
P Box	CEO/Accounting Officer - Autumn Term	1	1
L Conod	CEO/Accounting Officer - Spring onwards	1	1
S Elwine		1	1
A Taylor	Headteacher	1	1
L Orton	Headteacher	1	1
C Hayes		1	1
H Patterson		1	1
N Jones	Finance Director	1	1
C Watkins	HR Director	1	1

Governance Statement
for the Year Ended 31 August 2022

Review of Value for Money

As accounting officer, the CEO; Alison Taylor (P.Box for Autumn term) 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's resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The academy trust has delivered improved value for money during the year by:

Banking Services Review - all HMFA linked accounts including subsidiary company

The trust's main account had remained with the same bank since it converted to a MAT in 2011. School Fund accounts were held with various different high street banks which had been in place prior to joining the MAT. Banking charges had been applied to accounts previously offering free banking. Some accounts did not have an online banking facility. Local branches were closing or counter services removed.

In order to streamline and ensure banking procedures, policy and management were consistent across all bank accounts held by the Trust, the Board carried out a tender exercise of business banking services offered by 3 main high street banks.

The decision to open new bank accounts with Lloyds was based on cost (Lloyds offer free banking to Academy schools), specialist education sector knowledge (Lloyds have over 70% Academy market share nationally), free corporate card services and link to streamlined sub-accounts for school fund accounts and subsidiary company under the one MAT umbrella.

An online resolution was approved in June 2022. As well as improved efficiency & internal control, the savings over the next 5 years are estimated to be over £10,000

External Auditor Service Review

Academy Trusts should re-tender their external audit service at least every 5 years. This exercise was carried out in Nov 2021 and the Board and its FAR committee reviewed proposals from 4 specialist accountancy firms in addition to the current external auditors; Thorne Widgey Accountancy.

Cost differences between the quotes were marginal, which reassured the Trust that fees currently being charged were competitive. The Trust also put great value on the consideration of education sector expertise, locality and a proven track record of excellent customer service in particular communication, support & advice.

The Trust appoints external auditors annually at the AGM, however due regard will be given to the outcome of this review where Thorne Widgey Accountancy Ltd were favourable and offered excellent value for money.

PE specialist services

Lord Scudamore had used a bought-in PE service for quite a few years and since the Covid pandemic had increased the contracted hours as the positive impact on pupil's well-being was evident. The school had built up a good working relationship with the sports coach and during 2022 decided to negotiate out of the contract so that they were in a position to offer employment. Annually this will save upwards of £4,000.

Pro-active purchasing re impact of Ukraine War

Aware that the war in Ukraine was affecting the supply chain on production of IT hardware (Ukraine produces 70% of the global supply of neon - the key raw material in microchips) the Trustees reviewed the IT development plan and agreed to a bulk advance purchase of IT hardware planned for purchase the following year 22.23. This decision meant that items could be purchased at a reasonable price from stock already held by distributors, before prices increased significantly due to shortages.

Russia & Ukraine are also key suppliers of timber which has hugely affected the cost of paper. As well as switching to lower cost recycled paper the Trust has ensured staff are aware of the shortages and cost increases so they are careful in their usage and avoid wastefulness.

Governance Statement
for the Year Ended 31 August 2022

Cleaning Contract

A tender exercise was undertaken for the cleaning contract at Sutton Primary Academy. Local companies were invited to quote and consideration was also given to reliability of service in particular regarding replacement of staff in the event of absences. The new company chosen was Knightsbridge Ltd and meant a saving of circa £6,000 over the 3 year contract period.

Staffing Review

HMFA undertake an annual review of Educational Support Staff hours taking into consideration flexibility within existing staff contracts, terms of employment and pupil's needs in order to ascertain whether current staffing levels were suitable and affordable. HMFA recognise that staffing costs contribute to 80% of total expenditure so this is monitored and benchmarking exercises completed to ensure within appropriate levels. HMFA continue to cover staff absence where possible from within existing contracted hours which has led to significant savings.

Benchmarking

HMFA regularly undertake various benchmarking exercises using DfE toolkits and ESFA self-assessment tools in order to evaluate the financial efficiency of the trust, its use of funding, pupil's attainment and the money used to achieve it. This year Trustees received the Kreston Academies Benchmark report which provided useful data more comparable to HMFA organisation (includes 300 Multi Academy Trusts)

HMFA Trust regularly consider/review opportunities to self-generate income.

Procurement

Good Practice on-going scrutiny of quotes and pricing by the Finance department, ensuring best value is obtained at all times by sourcing and suggesting alternative suppliers and alternative products where necessary, securing discounts and group purchasing reductions. Utilising consortiums where possible to secure best price.

Bulk Discount Purchasing

For consecutive years we secured discounts with our high value suppliers; Staffing/HR/Payroll SLA's and Stationary providers - we estimate this to have saved over £10,000 year on year.

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 charitable company 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 Herefordshire Marches Federation of Academies 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 charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company'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.

Governance Statement
for the Year Ended 31 August 2022

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, Audit & Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management risks.

The Board of Trustees complies with Academy Trust Handbook requirements for Internal Audit and sourced a bought-in internal audit service to review financial & non-financial controls and risk management procedures.

During the course of the year internal audit was conducted remotely and covered:

- Financial governance; reporting, scheme of delegation, financial planning and monitoring
- Income; review of controls and processes
- Single Central Record; recording of appropriate information relating to pre-employment

The findings were reported to the Board of Trustees. No matters of significance were identified.

Review of Effectiveness

As Accounting Officer, the Headteacher/CEO has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Internal Audit Scrutiny, carried out by Juniper Education;
- the financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the Staff Directors within the academy trust who have responsibility for the development and maintenance of the internal control framework
- the work of the external auditor
- correspondence from ESFA e.g. FNI/NtI and 'minded to' letters.

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

Approved by order of the members of the board of trustees on 5th December 2022 and signed on its behalf by:

C M Hayes
C M Hayes - Chair of Trustees

A Taylor
A Taylor - Accounting Officer

Herefordshire Marches Federation of
Academies

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2022

As accounting officer of Herefordshire Marches Federation of Academies I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial 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.

.....
A Taylor - Accounting Officer

Date: 31/2/22

Trustees' Responsibility Statement
for the Year Ended 31 August 2022

The trustees (who act as governors of Herefordshire Marches Federation of Academies and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

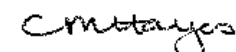
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements 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 the ESFA/DfE have been applied for the purposes intended.

In preparing these financial statements, the trustees are required to state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Approved by order of the members of the board of trustees on 5th December 2022 and signed on its behalf by:



.....
C M Hayes - Chair of Trustees

Opinion

We have audited the financial statements of Herefordshire Marches Federation of Academies (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group's and of the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the group's and of the parent charitable company 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 group's and of the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

We obtained an understanding of the legal and regulatory framework applicable to both the Academy itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Department for Education, the Education and Schools Funding Agency, the Academies Financial Handbook 2021, the Academies Accounts Direction 2022, Companies Act legislation and Charities Act and FRS102 SORP legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- Making enquiries of management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- Obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Assessing the design effectiveness of the controls in place to prevent and detect fraud;
- Assessing the risk of management override including identifying and testing journal entries;
- Challenging the assumptions and judgements made by management in its significant accounting estimates.

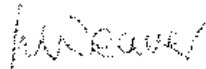
Whilst our audit did not identify any significant matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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 Report of the Independent Auditors.

Report of the Independent Auditors to the Members of
Herefordshire Marches Federation of
Academies

Use of our report

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



Mrs Lisa Weaver FCCA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: 19/02/23

Note:

The maintenance and integrity of the Herefordshire Marches Federation of Academies website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to
Herefordshire Marches Federation of
Academies
and the Education and Skills Funding Agency

In accordance with the terms of our engagement 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 Herefordshire Marches Federation of Academies during the period 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 Herefordshire Marches Federation of Academies and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Herefordshire Marches Federation of Academies and the 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 Herefordshire Marches Federation of Academies and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Herefordshire Marches Federation of Academies accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Herefordshire Marches Federation of Academies' funding agreement with the Secretary of State for Education and the Academies Financial 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 period 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 Academies Accounts Direction 2021 to 2022 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purpose intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal control procedures for establishing and maintaining systems of control and documentation regarding these matters

This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

Independent Reporting Accountant's Assurance Report on Regularity to
Herefordshire Marches Federation of
Academies
and the Education and Skills Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

Thorne Widgery

Thorne Widgery Accountancy Ltd
Chartered Accountants
Reporting Accountant
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date: *31/2/22*

Herefordshire Marches Federation of
Academies

Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2022

					31.8.22	31.8.21
	Notes	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	22,460	49,546	-	72,006	35,186
Charitable activities						
Funding for the academy's educational operations	3	61,962	-	4,410,966	4,472,928	4,386,293
Other trading activities	4	<u>395,515</u>	<u>-</u>	<u>-</u>	<u>395,515</u>	<u>352,941</u>
Total		479,937	49,546	4,410,966	4,940,449	4,774,420
EXPENDITURE ON						
Raising funds	5	287,227	-	-	287,227	235,496
Charitable activities						
Academy's educational operations	6	<u>11,982</u>	<u>183,571</u>	<u>4,747,068</u>	<u>4,942,621</u>	<u>4,736,998</u>
Total	5	<u>299,209</u>	<u>183,571</u>	<u>4,747,068</u>	<u>5,229,848</u>	<u>4,972,494</u>
NET INCOME/(EXPENDITURE)		180,728	(134,025)	(336,102)	(289,399)	(198,074)
Transfers between funds	18	<u>-</u>	<u>15,938</u>	<u>(15,938)</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Gains/(losses) on revaluation of fixed assets		-	-	-	-	(563,780)
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>-</u>	<u>2,939,000</u>	<u>2,939,000</u>	<u>(292,000)</u>
Net movement in funds		180,728	(118,087)	2,586,960	2,649,601	(1,053,854)
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>499,748</u>	<u>4,122,773</u>	<u>(3,087,144)</u>	<u>1,535,377</u>	<u>2,589,231</u>
TOTAL FUNDS CARRIED FORWARD		<u>680,476</u>	<u>4,004,686</u>	<u>(500,184)</u>	<u>4,184,978</u>	<u>1,535,377</u>

The notes form part of these financial statements

Consolidated Balance Sheet
At 31 August 2022

	Notes	31.8.22 £	31.8.21 £
FIXED ASSETS			
Tangible assets	12	4,017,512	4,146,930
Investments	13	-	-
		<u>4,017,512</u>	<u>4,146,930</u>
CURRENT ASSETS			
Stock		641	1,719
Debtors	14	107,684	91,367
Cash at bank and in hand		<u>980,985</u>	<u>835,992</u>
		1,089,312	929,078
CREDITORS			
Amounts falling due within one year	15	(363,846)	(304,631)
NET CURRENT ASSETS		<u>725,466</u>	<u>624,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,742,978	4,771,377
PENSION LIABILITY	19	(558,000)	(3,236,000)
NET ASSETS		<u>4,184,978</u>	<u>1,535,377</u>
FUNDS	18		
Restricted funds:			
General Annual Grant		29,053	123,820
Other DfE/ESFA Grants		28,763	-
Other restricted		-	4,002
Restricted Pension Reserve		(558,000)	(3,236,000)
DfE/ESFA capital grants		79,952	90,412
Fixed Assets on Conversion		3,795,668	3,868,986
Fixed Assets funded by GAG/other sources		129,066	163,375
DfE/ESFA Universal infant free school meals		-	2,198
DfE/ESFA PE and sports		-	12,199
DfE/ESFA Catch-up premium		-	6,637
		<u>3,504,502</u>	<u>1,035,629</u>
Unrestricted funds:			
General fund		<u>680,476</u>	<u>499,748</u>
TOTAL FUNDS		<u>4,184,978</u>	<u>1,535,377</u>

The financial statements were approved by the Board of Trustees on 5th December 2022 and were signed on its behalf by:

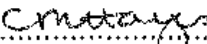
C M Hayes
C M Hayes - Chair of Trustees

The notes form part of these financial statements

Balance Sheet
31 August 2022

	Notes	31.8.22 £	31.8.21 £
FIXED ASSETS			
Tangible assets	12	4,004,687	4,130,508
Investments	13	<u>1</u>	<u>1</u>
		4,004,688	4,130,509
CURRENT ASSETS			
Debtors	14	117,804	115,207
Cash at bank and in hand		<u>954,102</u>	<u>792,927</u>
		1,071,906	908,134
CREDITORS			
Amounts falling due within one year	15	<u>(337,526)</u>	<u>(274,741)</u>
NET CURRENT ASSETS		<u>734,380</u>	<u>633,393</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,739,068	4,763,902
PENSION LIABILITY	19	<u>(558,000)</u>	<u>(3,236,000)</u>
NET ASSETS		<u>4,181,068</u>	<u>1,527,902</u>
FUNDS	18		
Restricted funds:			
General Annual Grant		29,053	123,820
Other DfE/ESFA Grants		28,763	-
Other restricted		-	4,002
Restricted Pension Reserve		(558,000)	(3,236,000)
DfE/ESFA capital grants		79,952	90,412
Fixed Assets on Conversion		3,795,668	3,868,986
Fixed Assets funded by GAG/other sources		129,066	163,375
DfE/ESFA Universal infant free school meals		-	2,198
DfE/ESFA PE and sports		-	12,199
DfE/ESFA Catch-up premium		-	6,637
		<u>3,504,502</u>	<u>1,035,629</u>
Unrestricted funds:			
General fund		<u>676,566</u>	<u>492,273</u>
TOTAL FUNDS		<u>4,181,068</u>	<u>1,527,902</u>

The financial statements were approved by the Board of Trustees and authorised for issue on
..5th December 2022..... and were signed on its behalf by:


.....
C M Hayes - Chair of Trustees

Herefordshire Marches Federation of
Academies

Consolidated Cash Flow Statement
for the Year Ended 31 August 2022

	Notes	31.8.22 £	31.8.21 £
Cash flows from operating activities			
Cash generated from operations	1	<u>116,271</u>	<u>125,257</u>
Net cash provided by/(used in) operating activities		<u>116,271</u>	<u>125,257</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(20,823)	(143,506)
Capital grants from DfE/EFA		<u>49,545</u>	<u>25,966</u>
Net cash used in investing activities		<u>28,722</u>	<u>(117,540)</u>
Change in cash and cash equivalents in the reporting period		144,993	7,717
Cash and cash equivalents at the beginning of the reporting period		<u>835,992</u>	<u>828,275</u>
Cash and cash equivalents at the end of the reporting period		<u>980,985</u>	<u>835,992</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2022

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.22 £	31.8.21 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(289,399)	(198,084)
Adjustments for:		
Depreciation charges	150,240	159,028
Capital grants from DfE/ESFA	(49,546)	(25,966)
Decrease/(increase) in stock	1,078	(105)
Decrease/(increase) in debtors	(16,317)	(11,217)
Increase/(decrease) in creditors	59,215	24,591
Difference between pension charge and cash contributions	<u>261,000</u>	<u>177,000</u>
Net cash provided by/(used in) operations	<u>116,271</u>	<u>125,257</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.21 £	Cash flow £	At 31.8.22 £
Net cash			
Cash at bank and in hand	<u>835,992</u>	<u>144,993</u>	<u>980,985</u>
	<u>835,992</u>	<u>144,993</u>	<u>980,985</u>
Total	<u>835,992</u>	<u>144,993</u>	<u>980,985</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2020 to 2021 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

Herefordshire Marches Federation of Academies meets the definition of a public benefit entity under FRS 102.

Group Financial Statements

The results of Herefordshire Marches Federation of Academies and its wholly owned subsidiary HMFA Enterprises Ltd have been consolidated and group accounts have been presented. All transactions between the Academy and its subsidiary have been eliminated on consolidation. A separate statement of financial activities and income and expenditure account for the Charity itself are not presented because the Academy has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

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 Company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Trustees have considered the ongoing effects of Covid 19 and the current economic inflationary pressures on their financial future and are confident there will be no significant effect on them continuing as a going concern.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the accounts, 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 the year end. 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.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received 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.

1. ACCOUNTING POLICIES - continued

Grants

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 period is deducted from income and recognised as a liability.

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

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Long Leasehold Property	-	2% Straight line
Motor Vehicles	-	20% Straight line
Fixtures and Fittings	-	20% Straight line
Computer Equipment	-	33.3% Straight line
Motor vehicles	-	20% Straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

Long leasehold land and buildings are subject to a 125 year lease with the local authority. Land and buildings were valued by the ESFA on conversion to academy status. Depreciation on the buildings element is included within expenditure in the SOFA in accordance with the above policies.

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.

Stocks

Catering stocks are valued at the lower of cost or net realisable value.

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Investments

The academy's shareholding in the wholly owned subsidiary, HMFA Enterprises Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

1. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the accounts. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes to the accounts. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary 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.

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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 assumptions used by the actuaries in the year end LGPS pension valuation do not take account of the current inflation rates. Although this would adjust the valuation, the Trustees feel this is an arbitrary exercise which would add unnecessary additional cost in these already financially challenging times. A full triennial valuation was performed in 2022, the results of which will come into effect from 1 April 2023. Preliminary results indicate that employer contributions will fall from this date.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.22 Total funds £	31.8.21 Total funds £
Donations	22,460	-	22,460	9,220
Grants	-	49,546	49,546	25,966
	<u>22,460</u>	<u>49,546</u>	<u>72,006</u>	<u>35,186</u>

The comparatives include unrestricted funds of £9,220, restricted fixed asset funds of £25,966 and restricted funds of £nil giving a total of £35,186.

Grants received, included in the above, are as follows:

	31.8.22 £	31.8.21 £
Capital Grants	<u>49,546</u>	<u>26,966</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.22 Total funds £	31.8.21 Total funds £
DfE/ESFA grants				
General Annual Grant(GAG)	-	3,628,465	3,628,465	3,393,443
Universal infant fee school meals	-	93,860	93,860	111,818
Pupil premium	-	174,606	174,606	174,378
Teachers' pay	-	3,001	3,001	47,529
Teachers' pension	-	8,481	8,481	134,300
PE and sports	-	71,030	71,030	71,070
School supplementary grant	-	41,630	41,630	-
Others	-	19,125	19,125	21,115
	-	<u>4,040,198</u>	<u>4,040,198</u>	<u>3,953,653</u>
Other Government grants				
Local authority - SEN/LAC	-	146,673	146,673	110,707
Local authority - Nursery education fundings	-	<u>205,305</u>	<u>205,305</u>	<u>213,530</u>
	-	<u>351,978</u>	<u>351,978</u>	<u>324,237</u>
Covid-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	-	-	2,135
Covid-19 additional funding (DfE/ESFA)s				
Other DfE/ESFA Covid-19 funding	-	-	-	11,908
Catch-up premium	-	<u>18,790</u>	<u>18,790</u>	<u>63,680</u>
	-	<u>370,768</u>	<u>370,768</u>	<u>401,960</u>
Other income from the academy's educational operations	<u>61,962</u>	-	<u>61,962</u>	<u>30,680</u>
	<u>61,962</u>	<u>4,410,966</u>	<u>4,472,928</u>	<u>4,386,293</u>

The comparatives include unrestricted funds of £30,680, restricted fixed asset funds of £nil and restricted funds of £4,355,613 giving a total of £4,386,293.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.22 Total funds £	31.8.21 Total funds £
Lettings	-	-	-	-
Other income from facilities and services	185,025	-	185,025	146,352
Staff insurance claims	17,536	-	17,536	9,405
Other	4,230	-	4,230	3,113
HMFA Enterprises Ltd	<u>188,724</u>	<u>-</u>	<u>188,724</u>	<u>194,071</u>
	<u>395,515</u>	<u>-</u>	<u>395,515</u>	<u>352,941</u>

All amounts included in the comparative related to unrestricted fund.

5. EXPENDITURE

	Non-pay expenditure			31.8.22	31.8.21
	Staff costs £	Premises £	Other costs £	Total £	Total £
Raising funds					
HMFA Enterprises Ltd	177,188	11,505	98,534	287,227	235,496
Charitable activities					
Academy's educational operations					
Direct costs	3,101,134	70,842	563,842	3,735,818	3,570,498
Allocated support costs	<u>709,667</u>	<u>220,730</u>	<u>276,406</u>	<u>1,206,803</u>	<u>1,166,500</u>
	<u>3,987,989</u>	<u>303,077</u>	<u>938,782</u>	<u>5,229,848</u>	<u>4,972,494</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.22 £	31.8.21 £
Auditors' remuneration	17,588	19,181
Auditors' remuneration for non audit work	2,285	3,770
Depreciation - owned assets	150,240	159,028
Hire of plant and machinery	6,500	14,560
Operating leases	<u>4,980</u>	<u>5,970</u>

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.22 Total funds £	31.8.21 Total funds £
Direct costs	11,982	3,723,836	3,735,818	3,570,498
Support costs	<u>-</u>	<u>1,206,803</u>	<u>1,206,803</u>	<u>1,166,500</u>
	<u>11,982</u>	<u>4,930,639</u>	<u>4,942,621</u>	<u>4,736,998</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

6. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31.8.22 Total £	31.8.21 Total £
Analysis of support costs		
Support staff costs	709,667	698,711
Depreciation	3,999	4,002
Technology costs	68,895	56,775
Premises costs	220,730	215,327
Legal costs - other	84,657	71,295
Other support costs	100,770	100,975
Governance costs	18,085	19,415
Total support costs	1,206,803	1,166,500

The comparatives include unrestricted funds of £119,024, restricted fixed asset funds of £189,649 and restricted funds of £4,428,325 giving a total of £4,736,998.

7. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The headteacher 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.

			2022	2021
P Box	Headteacher & Trustee (retired and resigned 31.12.21)	Remuneration Er Pension Contributions	£40,000 - £45,000 £0 - £5,000	£120,000 - £125,000 £15,000 - £20,000
A Taylor	Headteacher & Trustee (appointed 1.1.22)	Remuneration Er Pension Contributions	£85,000 - £90,000 £20,000 - £25,000	-

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2022 nor for the year ended 31 August 2021.

8. STAFF COSTS

Group	31.8.22 £	31.8.21 £
Wages and salaries	2,986,567	2,902,532
Social security costs	244,433	233,959
Operating costs of defined benefit pension schemes	691,737	670,005
	3,922,737	3,806,496
Supply teacher costs	65,252	65,628
	3,987,989	3,872,124
Academy		
	31.8.22 £	31.8.21 £
Wages and salaries	2,791,787	2,718,884
Social security costs	244,128	233,523
Operating costs of defined benefit pension schemes	690,866	669,391
	3,726,781	3,621,798
Supply teacher costs	65,252	65,628
	3,792,033	3,687,426

8. STAFF COSTS - continued

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31.8.22	31.8.21
Teachers	36	40
Administration and support	82	84
Management	16	13
Academy	134	137
Trading company	31	26
Consolidated	165	163

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

	31.8.22	31.8.21
£60,001 - £70,000	2	1
£80,001 - £90,000	1	-
£120,001 - £130,000	1	1
	4	2

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,026,509 (2021: £918,820).

9. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 (2021: £5,000,000) on any one claim and the cost for the year ended 31 August 2022 are included within total insurance costs.

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	9,220	25,966	-	35,186
Charitable activities				
Funding for the academy's educational operations	30,680	-	4,355,613	4,386,293
Other trading activities	352,941	-	-	352,941
Total	392,841	25,966	4,355,613	4,774,420

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	General Fund	Restricted Fixed Assets Fund	Restricted General Fund	Total funds
EXPENDITURE ON				
	£	£	£	£
Raising funds	235,496	-	-	235,496
Charitable activities				
Academy's educational operations	<u>119,024</u>	<u>189,649</u>	<u>4,428,325</u>	<u>4,736,998</u>
Total	<u>354,520</u>	<u>189,649</u>	<u>4,428,325</u>	<u>4,972,494</u>
NET INCOME/(EXPENDITURE)	38,321	(163,683)	(72,712)	(198,074)
Transfers between funds	<u>(38,771)</u>	<u>124,225</u>	<u>(85,454)</u>	<u>-</u>
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	-	-	(292,000)	(292,000)
Gains/(losses) on revaluation of fixed assets	<u>-</u>	<u>(563,780)</u>	<u>-</u>	<u>(563,780)</u>
Net movement in funds	(450)	(603,238)	(450,166)	(1,053,854)
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>500,198</u>	<u>4,726,011</u>	<u>(2,636,978)</u>	<u>2,589,231</u>
TOTAL FUNDS CARRIED FORWARD	<u>499,748</u>	<u>4,122,773</u>	<u>(3,087,144)</u>	<u>1,535,377</u>

11. CENTRAL SERVICES

The academy trust are purchasing central services and recharging to its academies during the year:

- IT
- Property Management
- Legal and Professional Services
- Marketing
- Administration

The trust charges for these services on a individual basis per expenses.

Most are split based on the following:

Lord Scudamore Primary Academy	70%
Sutton Primary Academy	20%
Kings Cagle Academy	6%
St Weonards	4%

The actual amounts charged during the year were as follows:

	31.8.22 £000's	31.8.21 £000's
Lord Scudamore Primary Academy	36	31
Sutton Primary Academy	13	14
Kings Cagle Academy	7	8
St Weonards	<u>7</u>	<u>8</u>
	<u>63</u>	<u>61</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

12. TANGIBLE FIXED ASSETS

ACADEMY	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2021	2,043,467	2,571,675	796,114
Additions	-	-	20,823
At 31 August 2022	<u>2,043,467</u>	<u>2,571,675</u>	<u>816,937</u>
DEPRECIATION			
At 1 September 2021	284,769	365,622	701,389
Charge for year	<u>29,402</u>	<u>41,438</u>	<u>34,468</u>
At 31 August 2022	<u>314,171</u>	<u>407,060</u>	<u>735,857</u>
NET BOOK VALUE			
At 31 August 2022	<u>1,729,296</u>	<u>2,164,615</u>	<u>81,080</u>
At 31 August 2021	<u>1,758,698</u>	<u>2,206,053</u>	<u>94,725</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2021	70,176	347,437	5,828,869
Additions	-	-	20,823
At 31 August 2022	<u>70,176</u>	<u>347,437</u>	<u>5,849,692</u>
DEPRECIATION			
At 1 September 2021	61,512	285,069	1,698,361
Charge for year	<u>3,999</u>	<u>37,337</u>	<u>146,644</u>
At 31 August 2022	<u>65,511</u>	<u>322,406</u>	<u>1,845,005</u>
NET BOOK VALUE			
At 31 August 2022	<u>4,665</u>	<u>25,031</u>	<u>4,004,687</u>
At 31 August 2021	<u>8,664</u>	<u>62,368</u>	<u>4,130,508</u>

Included in cost or valuation of freehold and leasehold land and buildings if land of £1,073,057 (2021: £1,073,057) which is not depreciated.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

12. TANGIBLE FIXED ASSETS - continued

GROUP	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2021	2,043,467	2,571,675	798,316
Additions	-	-	20,823
At 31 August 2022	<u>2,043,467</u>	<u>2,571,675</u>	<u>819,139</u>
DEPRECIATION			
At 1 September 2021	284,769	365,622	703,591
Charge for year	<u>29,402</u>	<u>41,438</u>	<u>34,468</u>
At 31 August 2022	<u>314,171</u>	<u>407,060</u>	<u>738,059</u>
NET BOOK VALUE			
At 31 August 2022	<u>1,729,296</u>	<u>2,164,615</u>	<u>81,080</u>
At 31 August 2021	<u>1,758,698</u>	<u>2,206,053</u>	<u>94,725</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2021	88,071	353,097	5,854,626
Additions	-	-	20,823
At 31 August 2022	<u>88,071</u>	<u>353,097</u>	<u>5,875,449</u>
DEPRECIATION			
At 1 September 2021	63,003	290,711	1,707,696
Charge for year	<u>7,578</u>	<u>37,355</u>	<u>150,241</u>
At 31 August 2022	<u>70,581</u>	<u>328,066</u>	<u>1,857,937</u>
NET BOOK VALUE			
At 31 August 2022	<u>17,490</u>	<u>25,031</u>	<u>4,017,512</u>
At 31 August 2021	<u>25,068</u>	<u>62,386</u>	<u>4,146,930</u>

Included in cost or valuation of freehold and leasehold land and buildings if land of £1,073,057 (2021: £1,073,057) which is not depreciated.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
MARKET VALUE	
At 1 September 2021 and 31 August 2022	<u>1</u>
NET BOOK VALUE	
At 31 August 2021 and 31 August 2022	<u>1</u>

There were no investment assets outside the UK.

The company's investments at the balance sheet date in the share capital of companies include the following:

HMFA Enterprises Limited

Registered office: Lord Scudamore Academy, Friars Street, Hereford, HR4 0AS

Nature of business: Catering, extended school services, teaching school

	% holding	31.8.22 £	31.8.21 £
Class of share:			
Ordinary	100		
Aggregate capital and reserves		3,911	7,476
Profit for the year		<u>7,553</u>	<u>7,783</u>

The Academy's shareholding in the wholly owned subsidiary, HMFA Enterprises Limited (company number 09242303) is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

The company covenants its taxable profits to Herefordshire Marches Federation of Academies (HMFA). A summary of trading results is shown below. Audited accounts are filed with the Registrar of Companies. This summary includes transactions with HMFA which have been eliminated on consolidation.

	31.8.22 £	31.8.21 £
Turnover	319,694	258,991
Costs of sales	(2,132)	(2,516)
Gross Profit	<u>317,562</u>	<u>256,475</u>
Administrative expenses	(311,438)	(261,284)
Other income	1,429	12,592
Net profit / (loss) for the year	<u>7,553</u>	<u>7,783</u>
Profits transferred to academy	11,118	-

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Academy	
	31.8.22	31.8.21	31.8.22	31.8.21
	£	£	£	£
Trade debtors	15,957	6,591	11,634	6,591
Amounts owed by group undertakings	-	-	14,765	25,647
VAT	22,481	25,875	28,840	26,123
Prepayments and accrued income	69,246	58,901	62,565	56,846
	<u>107,684</u>	<u>91,367</u>	<u>117,804</u>	<u>115,207</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Academy	
	31.8.22	31.8.21	31.8.22	31.8.21
	£	£	£	£
Trade creditors	80,890	57,664	80,567	54,598
Social Security and other taxes	52,884	56,216	51,196	54,328
Other creditors	75,080	72,780	75,080	72,780
Deferred income	86,599	85,029	77,024	72,497
Accrued expenses	68,393	32,942	53,659	20,538
	<u>363,846</u>	<u>304,631</u>	<u>337,526</u>	<u>274,741</u>

DEFERRED INCOME

	31.8.22	31.8.21
	£	£
Academy		
Deferred Income at 1 September	72,497	75,567
Resources deferred in the year	77,024	72,497
Amounts released from previous years	<u>(72,497)</u>	<u>(75,567)</u>
Deferred Income at 31 August	<u>77,024</u>	<u>72,497</u>
Group		
Deferred Income at 1 September	85,029	97,724
Resources deferred in the year	86,599	85,029
Amounts released from previous years	<u>(85,029)</u>	<u>(97,724)</u>
Deferred Income at 31 August	<u>86,599</u>	<u>85,029</u>

Deferred income is made up of the following balances:

Academy	31.8.22	31.8.21	
£55,697		£65,228	Universal Infant Free School Meals Revenue Income
£20,417		£6,673	LA authority grant
£910		£596	School meal
£77,024		£72,497	
Group			
£9,576		£12,532	Children's club income
£86,599		£85,029	

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

16. 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 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 cease to be a member.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	31.8.22 Total funds £
Fixed assets	12,826	4,004,686	-	4,017,512
Investments	-	-	-	-
Current assets	697,628	5,121	386,563	1,089,312
Current liabilities	(29,978)	(5,121)	(328,747)	(363,846)
Pension liability	-	-	(558,000)	(558,000)
	<u>680,476</u>	<u>4,004,686</u>	<u>(500,184)</u>	<u>4,184,978</u>

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

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	31.8.21 Total funds £
Fixed assets	16,422	4,130,508	-	4,146,930
Investments	-	-	-	-
Current assets	513,812	25,865	389,401	929,078
Current liabilities	(30,486)	(33,600)	(240,545)	(304,631)
Pension liability	-	-	(3,236,000)	(3,236,000)
	<u>499,748</u>	<u>4,122,773</u>	<u>(3,087,144)</u>	<u>1,535,377</u>

18. MOVEMENT IN FUNDS

Net	At 1.9.21 £	movement in funds £	Transfers between funds £	At 31.8.22 £
Restricted general funds				
General Annual Grant	123,820	(78,829)	(15,938)	29,053
Other DfE/ESFA Grants	-	28,763	-	28,763
Other restricted	4,002	(4,002)	-	-
Restricted Pension Reserve	(3,236,000)	2,678,000	-	(558,000)
DfE/ESFA capital grants	90,412	(24,615)	14,155	79,952
Fixed Assets on Conversion	3,868,986	(73,318)	-	3,795,668
Fixed Assets funded by GAG/other sources	163,375	(36,092)	1,783	129,066
DfE/ESFA Universal infant free school meals	2,198	(2,198)	-	-
DfE/ESFA PE and sports	12,199	(12,199)	-	-
DfE/ESFA Other covid-19 funding	6,637	(6,637)	-	-
	<u>1,035,629</u>	<u>2,468,873</u>	<u>-</u>	<u>3,504,502</u>
Unrestricted fund				
General fund	499,748	180,728	-	680,476
	<u>1,535,377</u>	<u>2,649,601</u>	<u>-</u>	<u>4,184,978</u>
TOTAL FUNDS				
	<u>1,535,377</u>	<u>2,649,601</u>	<u>-</u>	<u>4,184,978</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

18. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant	3,628,468	(3,707,297)	-	(78,829)
Other DfE/ESFA Grants	79,545	(50,782)	-	28,763
Other restricted	351,976	(355,978)	-	(4,002)
Restricted Pension Reserve	-	(261,000)	2,939,000	2,678,000
DfE/ESFA capital grants	49,546	(74,161)	-	(24,615)
Fixed Assets on Conversion	-	(73,318)	-	(73,318)
Fixed Assets funded by GAG/other sources	-	(36,092)	-	(36,092)
DfE/ESFA Universal infant free school meals	93,860	(96,058)	-	(2,198)
DfE/ESFA Pupil premium	174,605	(174,605)	-	-
DfE/ESFA Teachers' pay	3,001	(3,001)	-	-
DfE/ESFA Teachers' pension	8,481	(8,481)	-	-
DfE/ESFA PE and sports	71,030	(83,229)	-	(12,199)
DfE/ESFA Other covid-19 funding	-	(6,637)	-	(6,637)
	<u>4,460,512</u>	<u>(4,930,639)</u>	<u>2,939,000</u>	<u>2,468,873</u>
Unrestricted fund				
General fund	479,937	(299,209)	-	180,728
	<u>4,940,449</u>	<u>(5,229,848)</u>	<u>2,939,000</u>	<u>2,649,601</u>

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

Restricted General Funds

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

Other DfE/ESFA Grants - Other grant income from the ESFA, which are used for the purposes intended.

Other Restricted - This fund includes income from local authority grants and any other sources of restricted income.

Restricted Pension Fund

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

Restricted Fixed Asset Funds

DfE/ESFA Capital Grants - These funds were received for direct expenditure on fixed asset projects. The balance at the year-end represents the NBV of assets and any unspent grant amounts.

Fixed Assets on Conversion - This represents the buildings and equipment donated to the school from the Local Authority on conversion to an Academy.

Fixed Assets funded by GAG - This represents capital expenditure that has been paid out of General Grant Income.

Unrestricted Funds

Are all those income and expenses for general use in the Academy.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

18. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.20 £	Net movement in funds £	Transfers between funds £	At 31.8.21 £
Restricted general funds				
General Annual Grant	7,098	121,751	(5,029)	123,820
Other restricted	92,856	(44,640)	(44,214)	4,002
Restricted Pension Reserve	(2,767,000)	(469,000)	-	(3,236,000)
DfE/ESFA capital grants	130,404	(45,021)	5,029	90,412
Fixed Assets on Conversion	4,506,086	(637,100)	-	3,868,986
Fixed Assets funded by GAG/other sources	80,954	(36,775)	119,196	163,375
Fixed Assets funded by local authority	8,567	(8,567)	-	-
DfE/ESFA Universal infant free school meals	12,153	(9,955)	-	2,198
DfE/ESFA PE and sports	17,915	(5,716)	-	12,199
DfE/ESFA Catch-up premium	-	42,848	(36,211)	6,637
	<u>2,089,033</u>	<u>(1,092,175)</u>	<u>38,771</u>	<u>1,035,629</u>
Unrestricted fund				
General fund	500,198	38,321	(38,771)	499,748
	<u>500,198</u>	<u>38,321</u>	<u>(38,771)</u>	<u>499,748</u>
TOTAL FUNDS	<u>2,589,231</u>	<u>(1,053,854)</u>	<u>-</u>	<u>1,535,377</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant	3,393,442	(3,271,691)	-	121,751
Other DfE/ESFA Grants	21,115	(21,115)	-	-
Other restricted	324,239	(368,879)	-	(44,640)
Restricted Pension Reserve	-	(177,000)	(292,000)	(469,000)
DfE/ESFA capital grants	25,966	(70,987)	-	(45,021)
Fixed Assets on Conversion	-	(73,320)	(563,780)	(637,100)
Fixed Assets funded by GAG/other sources	-	(36,775)	-	(36,775)
Fixed Assets funded by local authority	-	(8,567)	-	(8,567)
DfE/ESFA Universal infant free school meals	111,818	(121,773)	-	(9,955)
DfE/ESFA Pupil premium	174,378	(174,378)	-	-
DfE/ESFA Teachers' pay	47,529	(47,529)	-	-
DfE/ESFA Teachers' pension	134,300	(134,300)	-	-
DfE/ESFA PE and sports	71,070	(76,786)	-	(5,716)
DfE/ESFA Other covid-19 funding	11,908	(11,908)	-	-
Coronavirus job retention scheme grant	2,135	(2,135)	-	-
DfE/ESFA Catch-up premium	63,679	(20,831)	-	42,848
	<u>4,381,579</u>	<u>(4,617,974)</u>	<u>(855,780)</u>	<u>(1,092,175)</u>
Unrestricted fund				
General fund	392,841	(354,520)	-	38,321
	<u>392,841</u>	<u>(354,520)</u>	<u>-</u>	<u>38,321</u>
TOTAL FUNDS	<u>4,774,420</u>	<u>(4,972,494)</u>	<u>(855,780)</u>	<u>(1,053,854)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

18. MOVEMENT IN FUNDS - continued

Total funds analysed by academy:

	31.8.22 £	31.8.21 £
Fund balances at 31 August 2022 were allocated as follows:		
Lord Scudamore Academy	833,548	695,396
Sutton Primary Academy	(68,410)	(75,177)
Kings Caple Academy	(105,908)	(58,809)
St Weonards Academy	75,152	79,719
Total before fixed assets and pension reserve	734,382	641,129
Restricted Fixed Asset Fund	4,004,686	4,122,773
Pension reserve	(558,000)	(3,236,000)
Academy	4,181,068	1,527,902
Reserves of the subsidiary	3,910	7,475
Consolidated	4,184,978	1,535,377

Sutton Primary Academy is carrying a net deficit of £68,410 on these funds. The trust is taking the following action to return the academy to surplus:

- Careful budget monitoring and review of ongoing salary and other costs for the future.

Kings Caple Academy is carrying a net deficit of £105,908 on these funds. The trust is taking the following action to return the academy to surplus:

- Careful budget monitoring and review of ongoing costs and other costs for the future.

Analysis of academies by cost

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 £	31.8.22 Total £	31.8.21 Total £
Lord Scudamore Academy	1,993,269	503,334	22,173	515,040	3,033,816	2,996,208
Sutton Primary Academy	664,444	108,916	7,416	246,650	1,027,426	946,068
Kings Caple Academy	259,755	56,358	2,615	134,436	453,164	366,625
St Weonards Academy	178,164	27,795	6,222	112,237	324,418	307,261
	3,095,632	696,403	38,426	1,008,363	4,838,824	4,616,162
2021	3,013,019	674,407	49,320	879,416	4,616,162	

Transfers between funds

A transfer between general restricted and restricted fixed asset funds has been made during the year for fixed assets which have been funded by revenue funds.

19. PENSION AND SIMILAR OBLIGATIONS

The charity'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 Worcestershire Country 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 to the period ended 31 March 2019.

Contributions amounting to £74,929 were payable to the schemes at 31 August 2022 (2021 - £72,691) 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 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. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £406,855 (2021 - £384,398).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The charity has accounted for its contributions to the scheme as if it were a defined contribution scheme. The charity 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 £344,464 (2021 - £344,890), of which employer's contributions totalled £59,832 (2021 - £284,975), and employees' contributions totalled £284,632 (2021 - £59,915). The agreed contribution rates for future years are 18.20 per cent for employers and 12.50 per cent for employees.

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

As the scheme is in deficit, the academy has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

19. PENSION AND SIMILAR OBLIGATIONS - continued

The rates payable over a three year period will be the Future Service Rate of 18.2% of payroll plus phased lump sum deficit contributions starting at £99,500 for the year 2020/21 increasing by approximately 4% per annum. The rate payable from 1 April 2023 will be further revised following the valuation of the Pension Fund which will take place on 31 March 2022.

The current estimated recovery period is 5 years.

The assumptions used by the actuaries in the year end LGPS pension valuation do not take account of the current inflation rates. Although this would adjust the valuation, the Trustees feel this is an arbitrary exercise which would add unnecessary additional cost in these already financially challenging times. A full triennial valuation was performed in 2022, the results of which will come into effect from 1 April 2023. Preliminary results indicate that employer contributions will fall from this date.

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.8.22	31.8.21
	£	£
Present value of funded obligations	(4,251,000)	(6,771,000)
Fair value of plan assets	<u>3,693,000</u>	<u>3,535,000</u>
	(558,000)	(3,236,000)
Present value of unfunded obligations	-	-
Deficit	<u>(558,000)</u>	<u>(3,236,000)</u>
Net liability	<u>(558,000)</u>	<u>(3,236,000)</u>

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

	Defined benefit pension plans	
	31.8.22	31.8.21
	£	£
Current service cost	490,000	411,000
Net interest from net defined benefit asset/liability	52,000	47,000
Past service cost	-	-
Administration expenses	<u>4,000</u>	<u>4,000</u>
	<u>546,000</u>	<u>462,000</u>
Actual return on plan assets	<u>(83,000)</u>	<u>523,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.22	31.8.21
	£	£
Opening defined benefit obligation	6,771,000	5,450,000
Current service cost	490,000	411,000
Contributions by scheme participants	60,000	60,000
Interest cost	114,000	98,000
Actuarial losses/(gains)	(3,084,000)	764,000
Benefits paid	<u>(100,000)</u>	<u>(12,000)</u>
	<u>4,251,000</u>	<u>6,771,000</u>

19. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.22	31.8.21
	£	£
Opening fair value of scheme assets	3,535,000	2,683,000
Contributions by employer	285,000	285,000
Contributions by scheme participants	60,000	60,000
Expected return	62,000	51,000
Actuarial gains/(losses)	(145,000)	472,000
Benefits paid	(100,000)	(12,000)
Administration expenses	(4,000)	(4,000)
	<u>3,693,000</u>	<u>3,535,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.22	31.8.21
	£	£
Actuarial gains/(losses)	<u>2,939,000</u>	<u>(292,000)</u>
	<u>2,939,000</u>	<u>(292,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.22	31.8.21
Equities	73.40%	83.20%
Other Bonds	2.70%	-
Cash/liquidity	1.80%	2.50%
Other	13.80%	9.80%
Property	8.30%	4.40%
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	31.8.22	31.8.21
Discount rate	4.30%	1.70%
Future salary increases	4.30%	4.30%
Future pension increases	2.90%	2.90%
Inflation assumption (CPI)	2.80%	2.80%

Notes to the Financial Statements - continued
for the Year Ended 31 August 2022

19. PENSION AND SIMILAR OBLIGATIONS - continued

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

Retiring today		
Males	22.6	22.7
Females	25	25.1
Retiring in 20 years		
Males	24.1	24.4
Females	27	27.1
Sensitivity analysis		
	31.8.22	31.8.21
	£	£
Discount rate +0.1%	(95,000)	(152,000)
Discount rate -0.1%	97,000	155,000
Mortality assumption - 1 year increase	85,000	212,000
Mortality assumption - 1 year decrease	(83,000)	(206,000)
CPI rate +0.1%	98,000	155,000
CPI rate -0.1%	(96,000)	(152,000)

20. CONTINGENT LIABILITIES

There were no contingent liabilities at the year end.

21. CAPITAL COMMITMENTS

	31.8.22	31.8.21
	£	£
Contracted but not provided for in the financial statements	-	-

22. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.22	31.8.21
	£	£
Within one year	5,747	5,903
Between one and five years	7,184	11,995
	<u>12,931</u>	<u>17,898</u>

23. RELATED PARTY DISCLOSURES

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

HMFA Enterprises Ltd - wholly owned subsidiary of Hereford Marches Federation of Academies(HMFA)

During the year HMFA made payments to HMFA Enterprises of £115,456 (2021: £66,427) for supply of catering services and £17,135 (2021: £11,301) for the recharge of costs. Income was received from HMFA Enterprises Ltd of £4,000 (2021: £4,000) for rental of premises and £26,789 (2021: £24,849) in relation to recharged costs.

At the year end £14,765 (2021: £25,647 due from) was due from HMFA Enterprises Ltd.

The catering SLA with HMFA Enterprises Ltd commenced on 1 March 2019 and therefore was not required to be disclosed to the ESFA under the Academies Financial Handbook regulations for 2018/19.

HMFA Enterprises Ltd covenanted £11,118 (2020: £nil) of its profits to HMFA, all of which was due to the academy at the year end.

Transactions with wider federation academies/schools

During the year transactions have been made between Herefordshire Marches Federation of Academies and academies/school included within its wider federation. All these transactions related to recharge of expenditure across the federation.

	Income	Expenditure	Balance outstanding at year end
Canon Pyon CE Academy	£Nil (2021: £27,608)	£Nil (2021: £Nil)	£Nil (2021: £500)
Llangrove CE Academy	£23,468 (2021: £31,167)	£Nil (2021: £Nil)	£2,039 (2021: £2,005)
Marden Primary Academy	£34,981 (2021: £9,399)	£Nil (2021: £25,002)	£1,760 (2021: £792)
Pencombe C of E Primary School	£39,689 (2021: £10,087)	£Nil (2021: £Nil)	£2,046 (2021: £856)
Cleghonger C of E Primary School	£33,308 (2021: £28,434)	£Nil (2021: £Nil)	£4814 (2021: £433)

All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the charitable company's financial regulations and normal procurement procedures relating to connected and related party transactions.

24. ULTIMATE CONTROLLING PARTY

Due to the nature of entity, there is no overall controlling party.

