

Report of the Trustees and  
Consolidated Financial Statements  
for the Year Ended 31 August 2023  
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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for the Year Ended 31 August 2023

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Herefordshire Marches Federation of  
Academies

Reference and Administrative Details  
for the Year Ended 31 August 2023

**MEMBERS:**

M Ashcroft (Member Trustee) (appointed 21.7.23)  
H W G Patterson (Independent Member) (appointed 1.2.23)  
J M A Lunn (Independent Member)  
C M Hayes (Member Trustee) (resigned 21.7.23)  
S K F Elwine (Member Trustee)  
D A Greenough (Independent Member)

**TRUSTEES**

L Conod (Vice Chair of Trustees until 13.7.23) \*  
S K F Elwine \*  
H W G Patterson (resigned 1.2.23)  
M Ashcroft (Chair from 21.7.23)  
C M Hayes (Chair of Trustees) (resigned 21.7.23) \*  
R Williams (Vice Chair from 21.7.23)  
A Taylor (Accounting Officer & CEO) \*  
S Miles (appointed 5.12.22)  
E Tallis (appointed 3.11.23)

\* 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 Taylor # (Ex-officio)  
A Blackburne  
J M McColl  
K E Higgins  
P Rusher  
S Morris-Davies  
Z Beecham  
R Williams  
T Everard (appointed 21.3.23)  
H Horne (appointed 21.3.23)  
J A Warley (appointed 27.6.23)  
A Bridgewater (resigned 19.1.23)

**Sutton Primary Academy**

M Ashcroft # (Chair)  
L Orton (Ex-officio)  
Z Beecham  
K Lawton  
V Bloore  
S Lait (appointed 1.5.23)

**Kings Caple Primary Academy**

S Elwine # (Chair)  
A Taylor # (Ex-officio)  
D Harding  
R James (appointed 1.9.23)  
M Fellows  
B Garrod  
K Miller  
J Gittins (On sabbatical from 31.8.23)

**St Weonards**

R J Williams # (Chair)  
A Taylor # (Ex-officio)  
A Clarke  
S Talboys  
J Balderson  
G Miller

Herefordshire Marches Federation of Academies

Reference and Administrative Details  
for the Year Ended 31 August 2023

<b>SENIOR MANAGEMENT TEAM</b>	A Taylor - CEO & Headteacher L Orton - Deputy CEO/Headteacher at Sutton C Watkins - Director of HR (resigned 21.7.23) J Brace - Director of IT J M McColl - Director of Safeguarding N J Jones - CFO/Finance Director Z Beecham - Director of SEND S Morris-Davies - Head of School at Lord Scudamore R Wargen - Deputy Head at Lord Scudamore R James - Head of School at Kings Caple (appt 1.9.23) A Clarke - Head of School at St Weonards V Bloore - Deputy Head at Sutton J Gittins - Head of School at Kings Caple (Sabbatical Leave from 31.8.23)
<b>COMPANY NAME</b>	Hereford Marches Federation of Academies
<b>COMPANY SECRETARY</b>	S McGowan
<b>REGISTERED OFFICE</b>	Lord Scudamore Academy Friars Street Hereford Herefordshire HR4 0AS
<b>REGISTERED COMPANY NUMBER</b>	07578861 (England and Wales)
<b>SENIOR STATUTORY AUDITOR</b>	Mrs L Weaver FCCA
<b>INDEPENDENT AUDITORS</b>	Thorne Widgey Accountancy Ltd Chartered Accountants Statutory Auditors 2 Wyevale Business Park Kings Acre Hereford Herefordshire HR4 7BS
<b>BANKERS</b>	Trust bank accounts held with Lloyds Bank plc, Hereford Branch (30-80-55), 8 High Town, Hereford HR1 8AE <ul style="list-style-type: none"><li>Herefordshire Marches Federation of Academies</li><li>Lord Scudamore Primary Academy (School Fund)</li><li>Sutton Primary Academy (School Fund)</li><li>King's Caple Primary Academy (School Fund)</li><li>St Weonard's Academy (School Fund)" HMFA Enterprises Ltd</li></ul> Following bank accounts were active during the year to August 2023 but are now closed: <ul style="list-style-type: none"><li>Herefordshire Marches Federation of Academies: HSBC, 35 High Town, Hereford HR1 2AQ</li><li>Lord Scudamore School Fund: NatWest, 12 Broad Street, Hereford HR4 9AH</li><li>Sutton Primary School (School Fund): HSBC, 35 High Town, Hereford HR1 2AQ</li><li>Kings Caple Primary Academy (School Fund): Santander, Bootle, Merseyside L30 4GB</li><li>St Weonards Primary School Fund: Lloyds Bank, 8 High Town, Hereford HR1 2AE</li><li>HMFA Enterprises Ltd: HSBC, 6 Broad St, Worcester WR1 2EJ</li></ul>

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 2023. 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 objective and activity of the Trust is to provide and advance, for the public benefit, free education and care for all pupils between the ages of 2 and 11, in line with our vision.

**VISION:** Opening minds, creating opportunities in a safe and nurturing environment where children can explore and ignite a passion for a life-long curiosity to learn about themselves and the world around them.

**MISSION:** The HMFA Trust places children at the centre of everything we do. Our drive and focus is on creating and ensuring that an innovative and creative education is provided for all. We aim to nurture and develop resilience in every child, empowering them to build meaningful relationships and develop the confidence to explore their own potential.

### **VALUES:**

Integrity - the moral courage to be sincere, reliable, trustworthy, respectful and courteous at all times.

Inclusivity - having the confidence to be who you are, celebrating commonalities and differences.

Resilience - developing inner strength to face challenges and learn through failures to achieve success.

Kindness - the quality of being friendly, generous and considerate because it's the right thing to do.

Curiosity - encouraging to inquisitive thinking such as exploration, investigation and love of learning; acquiring knowledge and skill.

### **AIMS:**

- **To Provide High-Quality Education:** The primary aim of the academy trust is to deliver high-quality education that ensures the academic success and personal development of all students.
- **To Evaluate the curriculum:** Deliver a broad, balanced, cohesive and correctly sequenced curriculum including wider learning experiences and extra-curricular activities.
- **To Foster a Love for Learning:** Promote a love for learning among students by providing engaging and inspiring educational experiences.
- **To Achieve Academic Excellence:** Strive for academic excellence, helping students achieve their full potential and excel in their studies.
- **To Develop Character and Values:** Develop students' character, values, and personal qualities, including resilience, empathy, and responsibility.
- **To Promote Inclusivity:** Create an inclusive and welcoming learning environment where all students, regardless of background or ability, can thrive.
- **To Engage the Community:** Foster strong relationships with parents, families, and the wider community, engaging them in the educational process.
- **To Prepare for the Future:** Equip students with the knowledge, skills, and values needed to succeed in an ever-changing world.
- **To Promote Well-Being:** Prioritize the well-being and mental health of students and staff, creating a supportive and nurturing environment.
- **To Celebrate Diversity:** Celebrate and embrace the diversity of the school community and promote an inclusive and multicultural environment.
- **To Review Organisational Structure:** Continually develop the Trust's capacity to identify to identify and make required changes in accordance with the highest standards of integrity, probity and openness.

**OBJECTIVES:**

- Academic Achievement: Improve academic outcomes for all students, with specific targets for achievement and progress in core subjects.
- Inclusive Education: Ensure that students with special educational needs and disabilities receive the support they require to thrive.
- Effective Teaching and Learning: Promote effective teaching and learning strategies that engage students and lead to improved results.
- Professional Development: Provide ongoing professional development opportunities for staff to enhance their teaching skills and stay current with educational best practices.
- Parental Engagement: Foster meaningful relationships between parents and the school, with regular communication and involvement in school life.
- Community Partnerships: Collaborate with community organizations and partners to expand learning opportunities and support the wider community.
- Student Well-Being: Implement programs and strategies to enhance student well-being, mental health, and personal development.
- Safeguarding: Prioritize the safeguarding of all students, ensuring their safety and welfare.
- Data-Driven Improvement: Use data and assessments to continuously monitor and improve educational outcomes.
- Financial Stewardship: Manage resources responsibly to ensure the trust's long-term sustainability and effective allocation of funds
- Character Education: Develop character education programs and initiatives that promote values and personal development.
- Technological Integration: Embrace and integrate technology into the curriculum to enhance teaching and learning.
- Futures Thinking: Consideration of opportunities for the growth of the MAT to further enhance our federation.

Key priorities are contained in each school's own Development Plans which are adapted from the HMFA Strategic Plan.

**Public benefit**

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties.

**ACHIEVEMENT AND PERFORMANCE**

**Charitable activities**

	<u>Kings Capse</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

**Fundraising activities**

There were a wide range of charitable fundraising activities for national, local and school causes.

## **ACHIEVEMENT AND PERFORMANCE**

### **Key performance indicators**

These KPIs help in evaluating the effectiveness of the Trusts programs, teaching, and overall operation.

#### **Academic Achievement:**

**Student Attainment:** Measure the percentage of students achieving expected standards or above in Reading, Writing, Maths and Science in line with or above national average statistics.

**Student Progress:** Termly measure of the progress students make, assessing whether they are making expected levels of progress or better.

#### **Teaching and Learning:**

**Teacher Retention:** Monitor the retention rate of teachers to assess staff satisfaction and school stability.

**Teacher Professional Development:** Measure the participation of teachers in professional development and continuing education programs.

**Classroom Observations:** Conduct regular classroom observations to assess teaching quality and adherence to best practices.

#### **Student Well-Being and Inclusion:**

**Attendance Rate:** Track the overall attendance rate to ensure that students are regularly attending school.

**Behaviour Incidents:** Monitor the number of behaviour incidents or disciplinary actions to gauge the effectiveness of behaviour engagement and pastoral care.

**Special Educational and Disability Needs (SEND) Support:** Assess the quality and effectiveness of support provided to students with special educational needs.

**Mental Health Support:** Assess the availability and utilization of mental health and well-being support services for students.

#### **Financial Stewardship:**

**Budget Performance:** Assess the school's financial health by monitoring budget compliance, expenditures, and fiscal responsibility.

#### **Facilities and Resources:**

**School Environment:** Evaluate the safety and quality of the school's physical environment, including infrastructure and resources.

#### **Technology Integration:**

**Technology Utilization:** Measure the integration of technology in teaching and learning, including access to devices and digital resources.

## **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 2023 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 2023 the net book value of fixed assets was £3,922,359 (2022: £4,017,512) 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 2023, total expenditure of £3,640,001 (2022: £3,707,297) 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 £308,242 (2022: £109,191)

Key financial policies are in place which reflect the requirements of the Academy Trust Handbook, these include HMFA Financial Regulations 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 which is reviewed by Trustees annually.

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 Trustees 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 Trustees 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 £835,236 (2022: £676,566), all of which is free reserves. The level of general restricted reserves is £180,681 (2022: £57,816).

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. Other plans include; building/estates projects, ICT infrastructure and hardware and future change/uncertainty.

The Board of Trustees have agreed that a reasonable minimum level of reserves equates to 1 month's average total outgoings including wages in the event of GAG monthly payment delay (£420,000 August 2023).



## **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.

The Trust has accumulated surplus reserves which in turn provides financial support to individual schools within the MAT who have either in-year or accumulated deficit balances. Trustees reviewed this commitment as part of their going concern assessment, long term financial predictions show that individual school deficit balances will reduce.

## **FUTURE DEVELOPMENTS**

The future developments of a primary trust are contingent on its goals, priorities, and the evolving needs of the schools and communities it serves. Our areas for future development:

### **1. Expansion of Trust Network:**

Growing the trust by adding more primary schools to provide educational support and resources to a broader community.

### **2. Curriculum Enhancement:**

Continuously developing and improving the curriculum to meet changing educational standards and the diverse needs of students.

Remain focused on the early intervention of Speech and Language programmes.

### **3. Safeguarding Culture:**

Continue to promote the highly effective safeguarding culture ensuring the safety and well-being of all children.

### **4. Digital Transformation:**

Embracing effective use of technology and expanding digital learning resources and infrastructure to enhance teaching and learning.

### **5. Professional Development:**

Providing ongoing professional development opportunities for teachers and staff to stay current with best practices and educational advancements.

### **6. Inclusive Education:**

Further promoting inclusive practices and supporting students with diverse learning needs to ensure that all students have access to a quality education.

Continue to develop the Nurture provision at Lord Scudamore.

Create a Mainstream Autism Base at St Weonards in partnership with the local authority to serve the whole county.

### **7. Community Engagement:**

Strengthening relationships with parents, families, and local communities by offering community programs and resources.

### **8. Sustainability and Environment:**

Implementing sustainability initiatives to reduce the environmental impact of trust operations and educate students about environmental responsibility.

### **9. Partnerships and Collaborations:**

Forming partnerships with local organizations, businesses, and other educational institutions to enhance educational opportunities and community connections.

### **10. Well-being and Mental Health:**

Expanding well-being and mental health support services for students and staff to address the social and emotional needs of the school community.

Aiming for at least 97% attendance rate from children.

### **11. Governance and Leadership Development:**

Providing leadership development opportunities for school leaders and governing body members to ensure effective decision-making and governance.

### **12. External Funding and Grants:**

Pursuing external funding sources, grants, and partnerships to supplement trust resources and support specific initiatives.

**13. Quality Assurance and Evaluation:**

Establishing robust mechanisms for monitoring and evaluating trust performance, including regular assessments and reviews.

**14. Student Voice and Leadership:**

Encouraging student participation and leadership opportunities within schools and the trust through pupil conferencing and Pupil Council meetings.

**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**

During 22/23 financial year Trustees benefited from indemnity insurance purchased at the Academy Trust's expense to cover the 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 and was provided by Zurich Municipal.

In Sept 2023 HMFA opted to be a member of the DfE Risk Protection Arrangement (RPA), where indemnity for Trustees is included. Membership costs are paid by the Academy. RPA Governors Liability covers claims for any actual or alleged breach of duty, breach of trust, neglect, error, misstatement, omission, breach of warranty of authority, libel and slander or any other act committed by any Indemnified Person solely in the course of the Business. The limit of liability is £10,000,000 on any one loss and any one membership year.

**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, 3 Independent Members, 2 Member Trustees and 4 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, Deputy CEO, Heads of School, Chief Financial Officer, 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 kids clubs, Holiday kids clubs, Catering service (ceased 04.06.23), 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 and existing Trustees & LAB members**

The training and induction provided for new governance roles will depend upon their existing experience but would always include an invitation to tour the schools and a chance to meet staff and pupils. All Trustees & LAB members 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, these are via The Key and National College as well as receiving Safeguarding training from HMFA.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Key management remuneration**

1. Performance pay review is completed by the HMFA pay review committee, comprising 3 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**

HMFA has an SLA in place to cover trade union services.

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

HMFA Deputy CEO; 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 22/23. 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, estates, 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.

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 90% 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 the uncertainty of future Local Government Pension Scheme valuations. In the past this has resulted in a significant liability to the Trust and sizeable additional deficit contributions were paid. The latest valuation carried out in March 2022 shows an improvement in the overall deficit position and a longer recovery period which means significantly lower deficit contribution amounts payable from April 2023. Trustees are aware there will be revisions of Employer contribution 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.

**Staffing policy** - 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.

**Estates** - Risk is minimised by the Trust's formal and documented governance arrangements which set out accountability and responsibility for estates management to ensure the trust's estate is safe, well maintained and complies with relevant regulations. Strategic documents are in place and reviewed during the year by the Board, its sub-committees and SLT for effective estates management.

## **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 Widgery Accountants, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Herefordshire Marches Federation of  
Academies

Report of the Trustees  
for the Year Ended 31 August 2023

Trustees Report, incorporating a strategic report, was approved by order of the members of the Board of Trustees on  
.....12/12/23..... and signed on the boards behalf by:



M Ashcroft - Trustee

**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.

The Trust has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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.

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

Trustee		Meetings Attended	Out of a possible
A Taylor	(CEO/Accounting Officer)	3	3
C Hayes	(resigned 21.07.23)	2	3
L Conod		3	3
S Elwine		3	3
D Greenough		2	3
J Lunn		2	3
H Patterson	(resigned 01.02.23)	1	3
M Ashcroft		3	3
S Miles	(appointed 05.12.22)	2	3
R 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 GovernorHub portal 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 2022-23**

We currently have a full complement of 5 Members, majority (3) are independent.

The NGA skills audit was completed in Spring Term 2023 by both Members and Trustees, data was 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 identified areas which could be strengthened further; Leadership, Educations & Finance. Information on Strategic Leadership training was shared with Trustees. NGA Skills Audit & Matrix is also a useful tool when considering the skills required prior to the appointment of new trustees.

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. The Trust has investigated this and are exploring costs, providers, scope and the Board will consider those findings during 23/24.

Due to the recent appointment of a Lead Governance Professional the Trust intends to review best practice with regards to evaluating Governance effectiveness and identifying areas for improvement.

### **Committees**

The Finance, Audit & Risk (FAR) Committee are a sub-committee of the main board of trustees. They meet once a term and are 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.

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.

Herefordshire Marches Federation of  
Academies

Governance Statement  
for the Year Ended 31 August 2023

Attendance at FAR committee meetings in the year was as follows:

		Meetings Attended	Out of a possible
Trustee			
L Conod		3	3
S Elwine		3	3
M Ashcroft		3	3
C Hayes	(resigned 21.7.23)	3	3
A Taylor	(Ex-officio)	3	3
D Greenough	(By invitation, no voting rights)	3	3

During the year the committee reviewed; the programme and outcomes of Internal Scrutiny, DfE Tender of Catering Contract, MAT central costs % split, Risk Register, Investments, Contract Register, Commercial Insurance versus Risk Protection Arrangement, External Auditor service, Estates Strategy & Asset Management Plans, Related Party SLA's, Pre-School fees, DfE Benchmarking, KPI's and HMFA Financial Regs. In addition to reviewing the draft annual accounts, proposed budget plans, pupil number forecasts, long-term finance projections and MAT reserve balances.

**Pay Review Committee** are a sub-committee of the main board of trustees who meet at least annually to perform all staff salary review, agree salary scales, awards & honorarium payments and review HMFA Pay Policy.

Attendance at meetings in the year was as follows:

		Meetings Attended	Out of a possible
Trustee			
L Conod		1	1
S Elwine		1	1
C Hayes		1	1
H Patterson	(resigned 1.2.23)	1	1
A Taylor	(Ex-officio)	1	1

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

As accounting officer, the CEO; Alison Taylor 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, as well as estates safety and management, 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:

### **Staff Absence Insurance 22.23**

For the past few years the Trust had renewed terms with its current provider. For 22.23 FY a more in-depth review took place comparing alternative providers. Lower premiums were achieved by not only switching provider but also choosing to only insure 'key' support staff roles rather than the full support staff quota at the 2 larger schools in the MAT. Overall saving c £7,000 on the annual premium.

### **Cyber Insurance Cover 22.23**

The Trust was able to reduce the annual cost by over £4,000 at renewal by; comparing quotes from various providers, reviewing & adjusting excess limits and number of treasury roles in place.

### **Cleaning contract (Sutton Primary Academy)**

Despite securing a new cleaning contract in Jan 2022, at the contract anniversary date the supplier gave notice of a rates increase which we felt did not provide good value for money. 2 of the other schools in the MAT had secured preferential rates with a local contractor who was reliable and provided a high standard of service, so Sutton Primary were included and over an annual period this saves £3,800.

### **Investments**

Due to the improved service, communication and product information received from Lloyds Bank plc, HMFA were in a position to consider investment options for its accumulated reserve funds (surplus to immediate cash requirements).

Trustees reviewed various low risk short-term deposit options and agreed to invest with Lloyds bank in a 6-month fixed term deposit at a favourable 3% interest rate. The intention is to continue to re-invest on maturity (if funds allow), this will generate £16,000 per annum investment income for the Trust.

Future stability within the long-term plans should enable an increased investment amount, along with higher interest rates the expected return will be greater for 23/24 FY.

### **Internal Scrutiny Service**

Prior to the start of the FY 22.23 the Finance, Audit & Risk committee completed a thorough review of Internal Audit services. The current provider was outsourcing certain scope areas to outside companies who lacked specialist knowledge to conduct meaningful reviews and reports.

Proposals from 5 different service providers were considered by the Trustees, these varied in terms of depth of review, previous experience and scopes offered. The successful company was appointed by the Board of Trustees as they offered competitive rates, a flexible approach to planning the programme of internal scrutiny and a secure & efficient process for sharing of review documentation. Saving approx £500/yr.

### **Estates Management**

The Trust has ensured effective use of the DfE additional school capital funding through identifying appropriate projects to improve HMFA estate's energy efficiency such as; boiler replacement, LED lighting schemes and replacement of single glazed windows.

Estates strategy & Asset Management plans were reviewed in detail and maintenance works identified and carried out during the year with use of GAG funding & Devolved Formula Capital. This has reduced the risk of more serious & costly issues developing. A pro-active approach ensures our teaching & learning spaces provide a safe & healthy environment for staff and pupils.

Use of other grants received by the Trust, such as Developer S106 contributions, has enabled some building improvement projects to take place.

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. Trustees receive the Kreston Academies Benchmark report which provides useful data more comparable to HMFA organisation (includes 300 Multi Academy Trusts)

Bulk Discount Purchasing

For consecutive years we secured discounts with our high value suppliers; HR/Payroll/IT Support SLA's, Stationary providers & IT software & licensing - we estimate this saves in excess of £10,000 year on year.

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.

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

**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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the 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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews 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.
- 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, Academy Audit, to review financial & non-financial controls and risk management procedures.

The internal auditor's role includes giving advise on financial and other matters and performing a range of checks on the academy trust's financial statement and other systems. In particular, the checks carried out in the current period:

- Financial; procurement, charge card, banking procedures, management accounts, ATH compliancy, budget planning, contract register, reserves policy.
- Non-financial; Risk Register, Business continuity plan, Covid-19 policy, Staff retention.

On a regular basis, the auditor reports to the board of trustees, through the FAR committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. On an annual basis the auditor prepares a summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusion to help the committee consider actions and assess year on year progress.

No matters of significance were identified in this years internal audit.

**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 Auditor, carried out by Academy Audit;
- 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. financial notice to improve/notice to improve (FNTI/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 .....12/12/23..... and signed on its behalf by:

  
.....  
M Ashcroft - Trustee

  
.....  
A Taylor - Accounting Officer

Herefordshire Marches Federation of  
Academies

Statement on Regularity, Propriety and Compliance  
for the Year Ended 31 August 2023

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, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

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 Academy Trust Handbook 2022.

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

.....  
A Taylor - Accounting Officer

Date: .....12/12/23.....

Trustees' Responsibility Statement  
for the Year Ended 31 August 2023

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 2022 to 2023;
- 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 .....12/12/23..... and signed on its behalf by:

  
.....  
M Ashcroft - Trustee



### **Opinion**

We have audited the financial statements of Herefordshire Marches Federation of Academies (the 'charitable company') for the year ended 31 August 2023 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 2022 to 2023 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2022 to 2023.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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

**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 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.

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 Academy Trust Handbook 2022, the Academies Accounts Direction 2023, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

This report is made solely to the charitable company's and group 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 and group 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 group and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mrs L 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: .....20/12/23.....

### **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 2022 to 2023, 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 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2022 to 2023 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 charitable company'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 purposes 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 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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Thorne Widgery Accountancy Ltd*

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

Date: 20/12/23 .....

**Herefordshire Marches Federation of  
Academies**

**Consolidated Statement of Financial Activities  
(Incorporating an Income and Expenditure Account)  
for the Year Ended 31 August 2023**

					31.8.23	31.8.22
	Notes	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants	2	30,237	85,238	-	115,475	72,006
<b>Charitable activities</b>						
Funding for the academy's educational operations	3	83,130	-	4,655,779	4,738,909	4,472,928
Other trading activities	4	386,061	-	17,380	403,441	395,515
Investment income	5	5,628	-	-	5,628	-
Other income		-	8,353	-	8,353	-
<b>Total</b>		<u>505,056</u>	<u>93,591</u>	<u>4,673,159</u>	<u>5,271,806</u>	<u>4,940,449</u>
<b>EXPENDITURE ON</b>						
Raising funds	6	234,582	-	-	234,582	287,227
<b>Charitable activities</b>						
Academy's educational operations	7	23,693	176,891	4,614,698	4,815,282	4,942,621
<b>Total</b>		<u>258,275</u>	<u>176,891</u>	<u>4,614,698</u>	<u>5,049,864</u>	<u>5,229,848</u>
<b>NET INCOME/(EXPENDITURE)</b>		246,781	(83,300)	58,461	221,942	(289,399)
Transfers between funds	19	(92,021)	30,617	61,404	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit schemes		-	-	561,000	561,000	2,939,000
<b>Net movement in funds</b>		154,760	(52,683)	680,865	782,942	2,649,601
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward		680,476	4,004,686	(500,184)	4,184,978	1,535,377
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>835,236</u>	<u>3,952,003</u>	<u>180,681</u>	<u>4,967,920</u>	<u>4,184,978</u>

The notes form part of these financial statements

Herefordshire Marches Federation of  
Academies (Registered number: 07578861)

Consolidated Balance Sheet  
At 31 August 2023

	Notes	31.8.23 £	31.8.22 £
<b>FIXED ASSETS</b>			
Tangible assets	12	3,922,359	4,017,512
Investments	13	-	-
		<u>3,922,359</u>	<u>4,017,512</u>
<b>CURRENT ASSETS</b>			
Stock		-	641
Debtors	14	168,704	107,684
Cash at bank and in hand		<u>1,278,160</u>	<u>980,985</u>
		<u>1,446,864</u>	<u>1,089,312</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	(401,303)	(363,846)
		<u>1,045,561</u>	<u>725,466</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,045,561</u>	<u>725,466</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>4,967,920</u>	<u>4,742,978</u>
<b>PENSION LIABILITY</b>	19	-	(558,000)
		<u>4,967,920</u>	<u>4,184,978</u>
<b>NET ASSETS</b>			
		<u>4,967,920</u>	<u>4,184,978</u>
<b>FUNDS</b>	18		
Restricted funds:			
General Annual Grant		131,681	29,053
DfE/ESFA Schools Supplementary Grant		49,392	28,763
Other restricted		(38,397)	-
Restricted Pension Reserve		-	(558,000)
DfE/ESFA capital grants		109,672	79,952
Fixed Assets on Conversion		3,724,306	3,795,668
Fixed Assets funded by GAG/other sources		112,326	129,066
Fixed Assets funded by Local Authority		5,699	-
DfE/ESFA/MSAG		<u>38,005</u>	<u>-</u>
		<u>4,132,684</u>	<u>3,504,502</u>
Unrestricted funds:			
General fund		<u>835,236</u>	<u>680,476</u>
<b>TOTAL FUNDS</b>		<u>4,967,920</u>	<u>4,184,978</u>

The financial statements were approved by the Board of Trustees on .....12/12/23..... and were signed on its behalf by:

  
M Ashcroft - Trustee notes

The notes form part of these financial statements

Herefordshire Marches Federation of  
Academies (Registered number: 07578861)

Balance Sheet  
31 August 2023

	Notes	31.8.23 £	31.8.22 £
<b>FIXED ASSETS</b>			
Tangible assets	13	3,922,359	4,004,687
Investments	14	<u>1</u>	<u>1</u>
		3,922,360	4,004,688
<b>CURRENT ASSETS</b>			
Debtors	15	215,324	117,804
Cash at bank and in hand		<u>1,206,745</u>	<u>954,102</u>
		1,422,069	1,071,906
<b>CREDITORS</b>			
Amounts falling due within one year	16	(378,295)	(337,526)
		<u>1,043,774</u>	<u>734,380</u>
<b>NET CURRENT ASSETS</b>			
		4,966,134	4,739,068
<b>PENSION LIABILITY</b>	20	-	(558,000)
		<u>4,966,134</u>	<u>4,181,068</u>
<b>NET ASSETS</b>			
<b>FUNDS</b>	19		
Restricted funds:			
General Annual Grant		131,681	29,053
Other restricted		(38,397)	-
Restricted Pension Reserve		-	(558,000)
DfE/ESFA capital grants		109,672	79,952
Fixed Assets on Conversion		3,724,306	3,795,668
Fixed Assets funded by GAG/other sources		112,326	129,066
Fixed Assets funded by local authority		5,699	-
DfE/ESFA Schools Supplementary grant		49,392	28,763
DfE/ESFA MSAG		<u>38,005</u>	<u>-</u>
		4,132,684	3,504,502
Unrestricted funds:			
General fund		<u>833,450</u>	<u>676,566</u>
<b>TOTAL FUNDS</b>		<u>4,966,134</u>	<u>4,181,068</u>

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

  
.....  
M Ashcroft - Trustee

The notes form part of these financial statements



Herefordshire Marches Federation of  
Academies

Consolidated Cash Flow Statement  
for the Year Ended 31 August 2023

	Notes	31.8.23 £	31.8.22 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>249,685</u>	<u>116,271</u>
Net cash provided by operating activities		<u>249,685</u>	<u>116,271</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(63,534)	(20,823)
Capital grants from DfE/EFA		82,238	49,545
Sale of tangible fixed assets		23,158	-
Interest received		<u>5,628</u>	<u>-</u>
Net cash provided by investing activities		<u>47,490</u>	<u>28,722</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>297,175</u>	<u>144,993</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>980,985</u>	<u>835,992</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>1,278,160</u></u>	<u><u>980,985</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement  
for the Year Ended 31 August 2023

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

	31.8.23 £	31.8.22 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	221,942	(289,399)
Adjustments for:		
Depreciation charges	143,882	150,240
Capital grants from DfE/ESFA	(82,238)	(49,546)
Profit on disposal of fixed assets	(8,353)	-
Interest received	(5,628)	-
Decrease/(Increase) in debtors	(61,020)	(16,317)
(Decrease)/Increase in creditors	37,459	59,215
Difference between pension charge and cash contributions	3,000	261,000
Decrease/(Increase) Stock	641	1,078
Net cash provided by operations	<u>249,685</u>	<u>116,271</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.22 £	Cash flow £	At 31.8.23 £
Net cash			
Cash at bank and in hand	<u>980,985</u>	<u>297,175</u>	<u>1,278,160</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 2022 to 2023 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 impact of the current economic climate on the future finances of the academy.

### **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 2022 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.

**1. ACCOUNTING POLICIES - continued**

**Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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 £	31.8.23 Total funds £	31.8.22 Total funds £
Donations	30,237	3,000	33,237	22,460
Grants	-	82,238	82,238	49,546
	<u>30,237</u>	<u>85,238</u>	<u>115,475</u>	<u>72,006</u>

The comparatives include unrestricted funds of £22,460, restricted fixed asset funds of £49,546 and restricted funds of £nil giving a total of £72,006.

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

	31.8.23 £	31.8.22 £
Capital Grants	<u>82,238</u>	<u>49,546</u>

**3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £	Restricted funds £	31.8.23 Total funds £	31.8.22 Total funds £
<b>DfE/ESFA grants</b>				
General Annual Grant(GAG)	-	3,584,525	3,584,525	3,628,465
Other DfE/EFSA grant				
Universal infant fee school meals	-	85,172	85,172	93,860
Pupil premium	-	181,977	181,977	174,606
Teachers' pay	-	1,590	1,590	3,001
Teachers' pension	-	4,495	4,495	8,481
PE and sports	-	70,860	70,860	71,030
School supplementary grant	-	99,909	99,909	41,630
Mainstream Schools Additional grant	-	48,870	48,870	-
Others	-	22,862	22,862	19,125
	<u>-</u>	<u>4,100,260</u>	<u>4,100,260</u>	<u>4,040,198</u>
<b>Other Government grants</b>				
Local authority - SEN/LAC	-	185,331	185,331	146,673
Local authority - Other grant	-	83,170	83,170	-
Local authority - Nursery education fundings	-	280,668	280,668	205,305
	<u>-</u>	<u>549,169</u>	<u>549,169</u>	<u>351,978</u>
<b>Covid-19 additional funding (DfE/ESFA)</b>				
Catch-up premium	-	6,350	6,350	18,790
<b>Other income from the academy's educational operations</b>	<u>83,130</u>	<u>-</u>	<u>83,130</u>	<u>61,962</u>
	<u>83,130</u>	<u>4,655,779</u>	<u>4,738,909</u>	<u>4,472,928</u>

The comparatives include unrestricted funds of £61,962, restricted fixed asset funds of £nil and restricted funds of £4,410,966 giving a total of £4,472,928.

**4. OTHER TRADING ACTIVITIES - GROUP**

	Unrestricted funds £	Restricted funds £	31.8.23 Total funds £	31.8.22 Total funds £
Other income from facilities and services	205,728	-	205,728	185,025
Staff insurance claims	6,628	-	6,628	17,536
Other	4,410	17,380	21,790	4,230
HMFA Enterprises Ltd	<u>169,295</u>	<u>-</u>	<u>169,295</u>	<u>188,724</u>
	<u>386,061</u>	<u>17,380</u>	<u>403,441</u>	<u>395,515</u>

All amounts included in the comparative related to unrestricted fund.



Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.23 Total funds £	31.8.22 Total funds £
Deposit account interest	<u>5,628</u>	<u>-</u>	<u>5,628</u>	<u>-</u>

6. EXPENDITURE - GROUP

	Non-pay expenditure			31.8.23	31.8.22
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
<b>Raising funds</b>					
HMFA Enterprises Ltd	153,567	11,121	69,894	234,582	287,227
<b>Charitable activities</b>					
<b>Academy's educational operations</b>					
Direct costs	2,373,304	70,842	274,820	2,718,966	3,011,958
Allocated support costs	<u>1,483,121</u>	<u>297,043</u>	<u>316,152</u>	<u>2,096,316</u>	<u>1,930,663</u>
	<u>4,009,992</u>	<u>379,006</u>	<u>660,866</u>	<u>5,049,864</u>	<u>5,229,848</u>

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

	31.8.23 £	31.8.22 £
Auditors' remuneration	16,102	17,588
Auditors' remuneration for non audit work	3,113	2,285
Depreciation - owned assets	143,882	150,240
Other operating leases	5,747	4,980
Surplus on disposal of fixed assets	<u>(8,353)</u>	<u>-</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.23 Total funds £	31.8.22 Total funds £
Direct costs	23,693	2,695,273	2,718,966	3,011,958
Support costs	<u>-</u>	<u>2,096,316</u>	<u>2,096,316</u>	<u>1,930,663</u>
	<u>23,693</u>	<u>4,791,589</u>	<u>4,815,282</u>	<u>4,942,621</u>

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

	31.8.23 Total £	31.8.22 Total £
<b>Analysis of support costs</b>		
Support staff costs	1,483,121	709,667
Depreciation	3,387	3,999
Technology costs	67,067	68,895
Premises costs	297,043	220,730
Legal costs - other	90,482	84,657
Other support costs	136,001	100,770
Governance costs	19,215	18,085
<b>Total support costs</b>	<b>2,096,316</b>	<b>1,206,803</b>

8. STAFF COSTS

<b>Group</b>	<b>31.8.23 £</b>	<b>31.8.22 £</b>
Wages and salaries	2,845,591	2,986,567
Social security costs	250,427	244,433
Operating costs of defined benefit pension schemes	685,831	691,737
	3,781,849	3,922,737
Supply teacher costs	65,653	65,252
	3,847,502	3,987,989
<b>Academy</b>	<b>31.8.23 £</b>	<b>31.8.22 £</b>
Wages and salaries	2,845,591	2,791,787
Social security costs	250,427	244,128
Operating costs of defined benefit pension schemes	685,831	690,866
	3,781,849	3,726,781
Supply teacher costs	62,653	65,252
	3,844,502	3,792,033

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

	31.8.23	31.8.22
Teachers	41	36
Administration and support	75	82
Management	11	16
	127	134
Trading company	16	31
<b>Consolidated</b>	<b>143</b>	<b>165</b>

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

8. STAFF COSTS - continued

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

	31.8.23	31.8.22
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£120,001 - £130,000	-	1
	<u>3</u>	<u>4</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £863,221 (2022: £1,026,509).

9. 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 Caple Academy	6%
St Weonards	4%

The actual amounts charged during the year were as follows:

	31.8.23 £000's	31.8.22 £000's
Lord Scudamore Primary Academy	45	36
Sutton Primary Academy	18	43
Kings Caple Academy	10	7
St Weonards	<u>9</u>	<u>7</u>
	<u>82</u>	<u>93</u>

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

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.

			2023	2022
P Box	Headteacher & Trustee (retired and resigned 31.12.21)	Remuneration	-	£40,000 - £55,000
		Er Pension	-	£0 - £5,000
A Taylor	Headteacher & Trustee (appointed 1.1.22)	Remuneration	£95,000 - £100,000	£85,000 - £90,000
		Er Pension	-	-
		Contributions	£20,000 - £25,000	£20,000 - £25,000

**11. 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 (2022: £5,000,000) on any one claim and the cost for the year ended 31 August 2023 are included within total insurance costs.

**12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	General Fund £	Restricted Fixed Assets Fund £	Restricted General Fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	22,460	49,546	-	72,006
<b>Charitable activities</b>				
Funding for the academy's educational operations	61,962	-	4,410,966	4,472,928
Other trading activities	395,515	-	-	395,515
<b>Total</b>	<u>479,937</u>	<u>49,546</u>	<u>4,410,966</u>	<u>4,940,449</u>
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Raising Funds	287,227	-	-	287,227
Academy's educational operations	11,982	183,571	4,747,068	4,942,621
<b>Total</b>	<u>299,209</u>	<u>183,571</u>	<u>4,747,068</u>	<u>5,229,848</u>
<b>NET INCOME/(EXPENDITURE)</b>	180,728	(134,025)	(336,102)	(289,399)
Transfers between funds	-	15,938	(15,938)	-
Other recognised gains/(losses)				
Actuarial gains on defined benefit schemes	-	-	2,939,000	2,939,000
<b>Net movement in funds</b>	180,728	(118,087)	2,586,960	2,649,601
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	499,748	4,122,773	(3,087,144)	1,535,377
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>680,476</u>	<u>4,004,686</u>	<u>(500,182)</u>	<u>4,184,978</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

13. TANGIBLE FIXED ASSETS

ACADEMY	Freehold property £	Long leasehold £	Fixtures and fittings £
<b>COST</b>			
At 1 September 2022	2,043,467	2,571,675	796,114
Additions	-	-	36,030
Disposals	-	-	-
At 31 August 2023	<u>2,043,467</u>	<u>2,571,675</u>	<u>832,144</u>
<b>DEPRECIATION</b>			
At 1 September 2022	314,171	407,060	735,857
Charge for year	29,403	41,439	37,253
Eliminated on disposal	-	-	-
At 31 August 2023	<u>343,574</u>	<u>448,499</u>	<u>773,110</u>
<b>NET BOOK VALUE</b>			
At 31 August 2023	<u>1,699,893</u>	<u>2,123,176</u>	<u>59,034</u>
At 31 August 2022	<u>1,729,296</u>	<u>2,164,615</u>	<u>60,257</u>
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 September 2022	70,176	368,260	5,849,692
Additions	7,750	19,754	63,534
Disposals	(19,995)	-	(19,995)
At 31 August 2023	<u>57,931</u>	<u>388,014</u>	<u>5,893,231</u>
<b>DEPRECIATION</b>			
At 1 September 2022	65,511	322,406	1,845,005
Charge for year	388	32,714	141,197
Eliminated on disposal	(15,330)	-	(15,330)
At 31 August 2023	<u>50,569</u>	<u>355,120</u>	<u>1,970,872</u>
<b>NET BOOK VALUE</b>			
At 31 August 2023	<u>7,362</u>	<u>32,894</u>	<u>3,922,359</u>
At 31 August 2022	<u>4,665</u>	<u>45,854</u>	<u>4,004,687</u>

Included in cost or valuation of freehold and leasehold land and buildings if land of £923,057 (2022: £923,057) which is not depreciated.

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

13. TANGIBLE FIXED ASSETS - continued

GROUP	Freehold Property £	Long Leasehold £	Fixtures and fittings £
<b>COST</b>			
At 1 September 2022	2,043,467	2,571,675	798,316
Additions	-	-	36,030
Disposals	-	-	-
At 31 August 2023	<u>2,043,467</u>	<u>2,571,675</u>	<u>834,346</u>
<b>DEPRECIATION</b>			
At 1 September 2022	314,171	407,060	738,059
Charge for year	29,403	41,439	37,253
Eliminated on disposal	-	-	-
At 31 August 2023	<u>343,574</u>	<u>448,499</u>	<u>775,312</u>
<b>NET BOOK VALUE</b>			
At 31 August 2023	<u>1,699,893</u>	<u>2,123,176</u>	<u>59,034</u>
At 31 August 2022	<u>1,729,296</u>	<u>2,164,615</u>	<u>60,257</u>
	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 September 2022	88,071	373,920	5,875,449
Additions	7,750	19,754	63,534
Disposals	(37,890)	-	(37,890)
At 31 August 2023	<u>57,931</u>	<u>393,674</u>	<u>5,901,093</u>
<b>DEPRECIATION</b>			
At 1 September 2022	70,581	328,066	1,857,937
Charge for year	3,073	32,714	143,882
Eliminated on disposal	(23,085)	-	(23,085)
At 31 August 2023	<u>50,569</u>	<u>360,780</u>	<u>1,978,734</u>
<b>NET BOOK VALUE</b>			
At 31 August 2023	<u>7,362</u>	<u>32,894</u>	<u>3,922,359</u>
At 31 August 2022	<u>4,665</u>	<u>45,854</u>	<u>4,004,687</u>

Included in cost or valuation of freehold and leasehold land and buildings if land of £923,057 (2022: £923,057) which is not depreciated.

The land and buildings for Lord Scudamore School were transferred to the Academy upon conversion in June 2011. Land and buildings for Sutton & Kings Cagle 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 Cagle at £485,000.

14. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>MARKET VALUE</b>	
At 1 September 2022 and 31 August 2023	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 August 2023	<u>1</u>
At 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:

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

Class of share: % holding  
Ordinary 100

	31.8.23 £	31.8.22 £
Aggregate capital and reserves	1,787	3,911
Profit for the year	<u>42,639</u>	<u>7,553</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.

	31.8.23 £	31.8.22 £
Turnover	291,451	319,694
Costs of sales	(588)	(2,132)
Gross Profit	<u>290,863</u>	<u>317,562</u>
Administrative expenses	(249,917)	(311,438)
Other income	1,690	1,429
Net profit / (loss) for the year	<u>42,639</u>	<u>7,553</u>
Profits transferred to academy	44,763	11,118

**15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Academy	
	31.8.23	31.8.22	31.8.23	31.8.22
	£	£	£	£
Trade debtors	14,024	15,957	13,206	11,634
Amounts owed by group undertakings	-	-	49,133	14,765
VAT	36,786	22,481	40,327	28,840
Prepayments and accrued income	117,894	69,246	112,658	62,565
	<u>168,704</u>	<u>107,684</u>	<u>215,324</u>	<u>117,804</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Academy	
	31.8.23	31.8.22	31.8.23	31.8.22
	£	£	£	£
Trade creditors	70,812	80,890	70,370	80,567
Social Security and other taxes	53,154	52,884	51,647	51,196
Other creditors	70,155	75,080	69,571	75,080
Deferred income	85,488	86,599	74,216	77,024
Accrued expenses	121,694	68,393	112,491	53,659
	<u>401,303</u>	<u>363,846</u>	<u>378,295</u>	<u>337,526</u>

**DEFERRED INCOME  
ACADEMY**

	31.8.23	31.8.22
	£	£
Deferred Income at 1 September	77,024	72,497
Resources deferred in the year	74,216	77,024
Amounts released from previous years	<u>(77,024)</u>	<u>(72,497)</u>
Deferred Income at 31 August	<u>74,216</u>	<u>77,024</u>

	31.8.23	31.8.22
	£	£
Group		
Deferred Income at 1 September	86,599	85,029
Resources deferred in the year	85,488	86,599
Amounts released from previous years	<u>(86,599)</u>	<u>(85,029)</u>
Deferred Income at 31 August	<u>85,488</u>	<u>86,599</u>

Deferred income is made up of the following balances:

31.8.23	31.8.22	
£52,159	£55,697	Universal Infant Free School Meals Revenue Income
£21,111	£20,417	LA authority grant
£946	£910	School meal
<u>£74,216</u>	<u>£77,024</u>	
Group		
£11,272	£9,575	Children's club income
<u>£85,488</u>	<u>£86,599</u>	



Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

17. 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.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				31.8.23
	General Fund	Restricted Fixed Assets Fund	Restricted General Fund	Total funds
	£	£	£	£
Fixed assets	-	3,922,359	-	3,922,359
Investments	-	-	-	-
Current assets	859,830	68,685	518,349	1,446,864
Current liabilities	(24,594)	(39,041)	(337,668)	(401,303)
Pension liability	-	-	-	-
	<u>835,236</u>	<u>3,952,003</u>	<u>180,681</u>	<u>4,967,920</u>

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

				31.8.22
	General Fund	Restricted Fixed Assets Fund	Restricted General Fund	Total funds
	£	£	£	£
Fixed assets	12,826	4,004,687	-	4,017,512
Investments	-	-	-	-
Current assets	697,628	5,121	386,563	1,089,312
Current liabilities	(29,978)	(5,122)	(328,747)	(363,846)
Pension liability	-	-	(558,000)	(558,000)
	<u>680,476</u>	<u>4,004,686</u>	<u>(500,184)</u>	<u>4,181,978</u>

19. MOVEMENT IN FUNDS

	At 1.9.22	Net movement in funds	Transfers between funds	At 31.8.23
	£	£	£	£
<b>Restricted general funds</b>				
General Annual Grant	29,053	(55,760)	158,388	131,681
Other restricted	-	(31,558)	(6,839)	(38,397)
Restricted Pension Reserve	(558,000)	558,000	-	-
DfE/ESFA capital grants	79,952	16,301	13,419	109,672
Fixed Assets on Conversion	3,795,668	(71,362)	-	3,724,306
Fixed Assets funded by GAG/other sources	129,066	(27,099)	10,359	112,326
Fixed Assets funded by local authority	-	(1,140)	6,839	5,699
DfE/ESFA Schools Supplementary grant	28,763	99,909	(79,280)	49,392
DfE/ESFA MSAG	-	48,870	(10,865)	38,005
	<u>3,504,502</u>	<u>536,161</u>	<u>92,021</u>	<u>4,132,684</u>
<b>Unrestricted fund</b>				
General fund	680,476	246,781	(92,021)	835,236
	<u>4,184,978</u>	<u>782,942</u>	<u>-</u>	<u>4,967,920</u>
<b>TOTAL FUNDS</b>				

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

19. 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 £
<b>Restricted general funds</b>				
General Annual Grant	3,584,241	(3,640,001)	-	(55,760)
Other restricted	566,712	(598,270)	-	(31,558)
Restricted Pension Reserve	-	(3,000)	561,000	558,000
DfE/ESFA capital grants	90,591	(74,290)	-	16,301
Fixed Assets on Conversion	-	(71,362)	-	(71,362)
Fixed Assets funded by GAG/other sources	3,000	(30,099)	-	(27,099)
Fixed Assets funded by local authority	-	(1,140)	-	(1,140)
DfE/ESFA Universal infant free school meals	85,172	(85,172)	-	-
DfE/ESFA Pupil premium	181,978	(181,978)	-	-
DfE/ESFA Teachers' pay	1,590	(1,590)	-	-
DfE/ESFA Teachers' pension	4,495	(4,495)	-	-
DfE/ESFA PE and sports	70,860	(70,860)	-	-
DfE/ESFA Schools Supplementary grant	99,909	-	-	99,909
DfE/ESFA MSAG	48,870	-	-	48,870
DfE/ESFA Other covid-19 funding	6,350	(6,350)	-	-
Other DfE/ESFA Grants	22,982	(22,982)	-	-
	<u>4,766,750</u>	<u>(4,791,589)</u>	<u>561,000</u>	<u>536,161</u>
<b>Unrestricted fund</b>				
General fund	505,056	(258,275)	-	246,781
	<u>5,271,806</u>	<u>(5,049,864)</u>	<u>561,000</u>	<u>782,942</u>
<b>TOTAL FUNDS</b>				

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.21 £	Net movement in funds £	Transfers between funds £	At 31.8.22 £
<b>Restricted general funds</b>				
General Annual Grant	123,820	(78,829)	(15,938)	29,053
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 Schools Supplementary grant	-	28,763	-	28,763
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>
<b>Unrestricted fund</b>				
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>

19. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Restricted general funds</b>				
General Annual Grant	3,628,468	(3,707,297)	-	(78,829)
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 Schools Supplementary grant	41,630	(12,867)	-	28,763
DfE/ESFA Other covid-19 funding	-	(6,637)	-	(6,637)
Other DfE/ESFA Grants	37,915	(37,915)	-	-
	<u>4,460,512</u>	<u>(4,930,639)</u>	<u>2,939,000</u>	<u>2,468,873</u>
<b>Unrestricted fund</b>				
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 2023.

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.

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

19. MOVEMENT IN FUNDS - continued

Unrestricted Funds

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

Total funds analysed by academy:

	31.8.23 £	31.8.22 £
Fund balances at 31 August 2023 were allocated as follows:		
Lord Scudamore Academy	1,037,603	833,548
Sutton Primary Academy	(45,187)	(68,410)
Kings Caple Academy	(31,903)	(105,908)
St Weonards Academy	53,617	75,152
<b>Total before fixed assets and pension reserve</b>	<b>1,014,131</b>	<b>734,382</b>
Restricted Fixed Asset Fund	3,952,003	4,004,686
Pension reserve	-	(558,000)
<b>Academy</b>	<b>4,966,134</b>	<b>4,181,068</b>
Reserves of the subsidiary	(1,786)	3,910
<b>Consolidated</b>	<b>4,967,920</b>	<b>4,184,978</b>

Sutton Primary Academy is carrying a net deficit of £45,187 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 £31,903 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 £	31.8.23 Total £	31.8.22 Total £
Lord Scudamore Academy	2,095,065	507,449	40,706	521,070	3,164,290	3,033,816
Sutton Primary Academy	701,995	110,407	11,161	269,852	1,093,415	1,027,426
Kings Caple Academy	175,682	38,312	7,906	114,289	336,189	453,164
St Weonards Academy	192,061	23,532	12,938	180,991	409,522	324,418
	<b>3,164,803</b>	<b>679,700</b>	<b>72,711</b>	<b>1,086,202</b>	<b>5,003,416</b>	<b>4,838,824</b>
2022	3,095,632	696,403	38,426	1,008,363	4,838,824	

**19. MOVEMENT IN FUNDS - continued**

**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

An additional transfer has been made in the year between other revenue funds and general annual grant to support brought forward and in year deficits on the fund.

**20. 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 £69,488 were payable to the schemes at 31 August 2023 (2022 - £74,929) 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.

**20. PENSION AND SIMILAR OBLIGATIONS - continued**

**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 £413,052 (2022 - £406,855).

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 2023 was £346,117 (2022 - £344,464), of which employer's contributions totalled £280,983 (2022 - £59,832). and employees' contributions totalled £65,134 (2022 - £284,632). The agreed contribution rates for future years are 19.6 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.

The academy has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

The rates payable over a three year period will be the Future Service Rate of 19.6% of payroll plus phased lump sum deficit contributions starting at £13,300 for the year 2023/24 increasing per annum. The rate payable from 1 April 2023 was a result of the valuation of the Pension Fund which took place on 31 March 2022.

The current estimated recovery period is 12 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 came into effect from 1 April 2023.

The pensions valuation as at 31 August 2023 provided by the actuary, Mercer, showed a surplus of £135,000. Having considered ESFA guidance and recognising that Herefordshire Marches Federation of Academies would not be entitled to a refund of this amount, the surplus has not been recognised. The net pensions liability at 31 August 2023 is therefore nil.

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

20. PENSION AND SIMILAR OBLIGATIONS - continued  
The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.8.23	31.8.22
	£	£
Present value of funded obligations	(4,091,000)	(4,251,000)
Fair value of plan assets	<u>4,091,000</u>	<u>3,693,000</u>
	-	(558,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>-</u>	<u>(558,000)</u>
Net liability	<u>-</u>	<u>(558,000)</u>

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

	Defined benefit pension plans	
	31.8.23	31.8.22
	£	£
Current service cost	263,000	490,000
Net interest from net defined benefit asset/liability	17,000	52,000
Past service cost	-	-
Administration expenses	<u>4,000</u>	<u>4,000</u>
	<u>284,000</u>	<u>546,000</u>
Actual return on plan assets	<u>155,000</u>	<u>(83,000)</u>

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

	Defined benefit pension plans	
	31.8.23	31.8.22
	£	£
Opening defined benefit obligation	4,251,000	6,771,000
Current service cost	263,000	490,000
Contributions by scheme participants	65,000	60,000
Interest cost	181,000	114,000
Actuarial losses/(gains)	316,000	376,000
Benefits paid	(99,000)	(100,000)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(124,000)	(43,000)
Actuarial (gains)/losses from changes in financial assumptions	<u>(762,000)</u>	<u>(3,417,000)</u>
	<u>4,091,000</u>	<u>4,251,000</u>



Notes to the Financial Statements - continued  
for the Year Ended 31 August 2023

20. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.8.23	31.8.22
	£	£
Opening fair value of scheme assets	3,693,000	3,535,000
Contributions by employer	281,000	285,000
Contributions by scheme participants	65,000	60,000
Expected return	164,000	62,000
Actuarial gains/(losses)	(9,000)	(145,000)
Benefits paid	(99,000)	(100,000)
Administration expenses	(4,000)	(4,000)
	<u>4,091,000</u>	<u>3,693,000</u>

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

	Defined benefit pension plans	
	31.8.23	31.8.22
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	124,000	43,000
Actuarial (gains)/losses from changes in financial assumptions	762,000	3,417,000
Actuarial gains/(losses) from changes in experience	(325,000)	(521,000)
	<u>561,000</u>	<u>2,939,000</u>

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

	Defined benefit pension plans	
	31.8.23	31.8.22
Equities	73.20%	73.40%
Other Bonds	2.30%	2.70%
Cash/liquidity	0.90%	1.80%
Other	15.40%	13.80%
Property	8.20%	8.30%
	<u>100.00%</u>	<u>100.00%</u>

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

	31.8.23	31.8.22
Discount rate	5.30%	4.30%
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 2023

**20. 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:

	31.8.23	31.8.22
Retiring today		
Males	21.5	22.6
Females	23.8	25
Retiring in 20 years		
Males	22.8	24.1
Females	25.6	27
Sensitivity analysis		
	31.8.23	31.8.22
	£	£
Discount rate +0.1%	(75,000)	(95,000)
Discount rate -0.1%	76,000	97,000
Mortality assumption - 1 year increase	78,000	85,000
Mortality assumption - 1 year decrease	(76,000)	(83,000)
CPI rate +0.1%	76,000	98,000
CPI rate -0.1%	(75,000)	(96,000)

**21. CONTINGENT LIABILITIES**

There were no contingent liabilities at the year end.

**22. CAPITAL COMMITMENTS**

	31.8.23	31.8.22
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

**23. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES**

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

	31.8.23	31.8.22
	£	£
Within one year	5,747	5,747
Between one and five years	<u>1,437</u>	<u>7,184</u>
	<u>7,184</u>	<u>12,931</u>

## 24. 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 £108,171 (2022: £115,456) for supply of catering services and £16,181 (2022: £17,135) for the recharge of costs. Income was received from HMFA Enterprises Ltd of £4,000 (2022: £4,000) for rental of premises and £12,454 (2022: £26,789) in relation to recharged costs.

At the year end £49,133 (2022: £14,765 due from) was due from HMFA Enterprises Ltd.

HMFA Enterprises Ltd covenanted £44,763 (2022: £11,118) 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
Llangrove CE Academy	£32,171 (2022: £23,468)	£Nil (2022: £Nil)	£2,744 (2022: £2,039)
Marden Primary Academy	£57,946 (2022: £34,981)	£Nil (2022: £Nil)	£1,604 (2022: £1,760)
Pencombe C of E Primary School	£49,195 (2022: £39,689)	£Nil (2022: £Nil)	£1,795 (2022: £2,046)
Cleghonger C of E Primary School	£47,997 (2022: £33,308)	£Nil (2022: £Nil)	£2,931 (2022: £4,814)

All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust 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.

## 25. ULTIMATE CONTROLLING PARTY

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