



(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31st August 2019

Company Registration Number: 10499174 (England and Wales)

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Heart of Mercia Multi-Academy Trust

31 August 2019 (company number 10499174)

Reference and Administrative Details

Members		Appointed	Retired
	Dr K Hopkins, Chairman	28 November 2016	
	S Tully	1 September 2018	1 April 2019
	J Miller	1 September 2018	1 April 2019
	M Balcombe	1 September 2018	1 April 2019
	T Libby	1 April 2019	
	D Peters	1 April 2019	
Trustees			
	P Cooper, Executive Principal	1 September 2017	
	V Amor	28 November 2016	1 April 2019
	Dr M Hawkins	28 November 2016	
	A Parsons	28 November 2016	
	E Telford	12 October 2017	1 April 2019
	P Tranter	28 November 2016	1 April 2019
	A Marshall	28 November 2016	1 April 2019
	D Thompson	11 October 2018	1 April 2019
	C Ward	11 October 2018	1 April 2019
	A Allan	11 October 2018	1 April 2019
	P Douce	1 April 2019	
	S Boniface	1 April 2019	
	T Hooper	1 April 2019	
	G Slater	1 April 2019	
	S Tully	1 April 2019	
Company Secretary	Blake Morgan LLP		
Senior Postholders	To 31 March 2019: P Cooper, Principal J Lake, Deputy Principal P Tranter, Assistant Principal R Gorman, Clerk to the Trustees		
	From 1 April 2019: P Cooper, Executive Principal E Senior, Principal R Scotson, Deputy Principal C Brearey, Director of Quality S Griffiths, Chief Finance Officer Dr J Godfrey, Clerk to the Board of Directors		
Company Number	Registered	10499174 (England and Wales)	
Company Name	Heart of Mercia		
Principal and Registered Office	Hereford Sixth Form College, Folly Lane, Hereford. HR1 1LU		

Reference and Administrative Details

Independent Auditors	Thorne Widgery Accountancy Limited, 2 Wyevale Business Park, Wyevale Way, King's Acre, Hereford. HR4 7BS
Internal Auditors	TIAA Ltd, Artillery House, Fort Fareham, Newgate Lane, Fareham, PO14 1AH
Bankers	Lloyds Bank, 8 High Town, Hereford. HR1 2AE Yorkshire (Clydesdale) Bank plc, 5 Northgate Street, Gloucester. GL1 2AH Barclays Bank plc, 1-3 Broad St, Hereford. HR4 9BA Nationwide Building Society, Northampton. NN3 6NW
Solicitors	Lambe Corner, 36-37 Bridge Street, Hereford. HR4 9DJ Blake Morgan, One Central Square, Cardiff. CF10 1FS

Trustees' Report for the period ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year to 31 August 2019. The annual report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Heart of Mercia Multi-Academy Trust was formed on 1 April 2019. The Trust operates:

- Hereford Sixth Form College, a Single Academy Trust, formed on 1 March 2017.
- and Worcester Sixth Form College. Worcester Sixth Form College dissolved on 1 April 2019 and its activities, assets, liabilities and staff transferred to the Academy Trust. The Governing Body of the former Worcester Sixth Form College ceased to exist on 1 April 2019.

Structure, Governance and Management

Constitution

The Multi-Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents. The Trustees of Heart of Mercia Multi-Academy Trust are also the directors of the charitable company for the purpose of company law. The charitable company operates as Hereford Sixth Form College and Worcester Sixth Form College.

Details of the Trustees who served during the year and up to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Multi-Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of duty of which they may be guilty in relation to the 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 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 Directors of the Trust.

Method of Recruitment and Appointment or Election of Trustees

Eligibility to act as a Trustee of the Multi-Academy Trust is within the Constitutional Framework and Clauses 45 – 80 of the Articles of Association. Trustees are co-opted from the local community dependent upon skill requirements. The Search Committee has an on-going policy of attracting Trustees with a range of skills and background to provide the Trust with the best possible advice and support.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees receive an induction pack and are provided with support from other Trustees and the Clerk to the Board. The Multi-Academy Trust has adopted an in-house programme of training with specialist staff providing training sessions prior to Trustee meetings. The Clerk to the Board meets regularly with other college and academy Clerks and shares best practice. An annual Skills and Training audit is undertaken to identify gaps. The Governance Handbook and Procedures are reviewed on an annual basis by the Audit Committee.

Trustees' Report for the period ended 31 August 2019

Organisational Structure

The Senior Postholders are listed on page 2. The Senior Postholders are supported by a Senior Management Team in each college.

The Senior Management Team is also the formal Risk Management Group.

The committee structure of the Board of Trustees consists of:

- Audit
- Curriculum
- Finance and Resources
- Remuneration
- Search

The Executive Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Multi-Academy Trust and are represented by the Accounting Officer (Executive Principal) and holders of other senior posts whom the Trustees have selected for the purposes of the Articles of Government of the Trust. Decisions relating to such appointments and remuneration are made by the Trustees based upon the recommendation of the Remuneration Committee.

Trade Union Facility Time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the Multi-Academy Trust is required to provide information required by Schedule 2 of the Regulations:

- **Relevant Union Officials**

Number of employees who were relevant union officials during the period	Full-time equivalent employee numbers
7	4.4

- **Percentage time spent on facility time**

Percentage of time	Number of employees
1% - 50%	7

- **Percentage of pay bill spent on facility time**

Total cost of facility time	£6,631
Total pay bill	£9.035m
Percentage of pay bill spent on facility time	0.073%

- **Paid trade union activities**

Hours spent on paid facility time	445
Hours spent on paid trade union activities	1
Time spent on paid trade union activities as a % of total paid facility time hours	0.2%

Trustees' Report for the period ended 31 August 2019

Connected Organisations, including Related Party Relationships

The Multi-Academy Trust works in partnership with local secondary schools across the counties. Worcester Sixth Form College have a joint working agreement with Nunnery Wood High School and Freedom Leisure for the operation of sports and leisure facilities. Hereford Sixth Form College has a consortium agreement with Hereford College of Arts and Herefordshire and Ludlow College to pursue joint purchasing and help secure curriculum collaboration.

In line with other academy trusts, colleges and universities, the Multi-Academy Trust has many stakeholders. These include:

- Students and their families;
- Education and Skills Funding Agency (ESFA);
- The Regional Schools Commissioner (RSC) and the Sixth Form Commissioner (SFC);
- Staff;
- Local employers (with specific links);
- Local authorities;
- Government Offices / Regional Development Agencies / Local Enterprise Partnerships;
- The local community;
- Further Education and Higher education institutions;
- Trade unions;
- Professional bodies.

The Multi-Academy Trust recognises the importance of these relationships and engages in regular communication with them through the websites and meetings.

Objectives and Activities

Vision

The Multi-Academy Trust will provide a range of excellent learning opportunities for young people and adults within the region, in a positive, friendly and tolerant culture that will equip them to fulfil their potential and meet their individual and regional goals

Mission Statement

The Multi-Academy Trust will be a highly respected educational provider for all its students. Students will have the autonomy and responsibility to grow, acquire skills and make decisions within a supportive, caring environment and will have high expectations placed upon them. They will flourish not just academically but socially and in terms of their wider skills. This will enable them to be highly successful in their personal lives, in further study and in employment.

Member organisations will retain their unique identities and links with their immediate communities, but will share a commitment to Heart of Mercia Multi-Academy Trust's Mission and Values.

The Multi-Academy Trust will operate efficiently to maximise the resources that are devoted to teaching and learning and to creating attractive and sustainable environments for people to work and learn. This will be achieved through collaborative purchasing and working across all member organisations wherever beneficial and through consistently applying best practice in financial control.

The Multi-Academy Trust will be a supportive employer with many opportunities for staff to share best practice through formal and informal staff development across all member organisations of the Trust.

Trustees' Report for the period ended 31 August 2019

Strategic Objectives

The Multi-Academy Trust's strategic objectives are derived from its aims and mission.

(i) Governance and Management

- To support, review and renew the strategic vision of the Trust.
- To ensure the Multi-Academy Trust Directors structure works as efficiently and effectively as possible.
- To pursue effective, efficient and economic management of the Trust.
- To support and review the strategic plan and monitor the quality of provision in all weaker organisations.

(ii) Curriculum

- Colleges and schools offer a balanced, broad curriculum responsive to the needs of current and potential students and which helps all students to acquire the qualifications and skills to meet their future aspirations.
- To offer curriculum enrichment to complement each student's main programme of study and to accredit these wherever possible.
- To continue to develop appropriate teaching, learning and assessment strategies.
- To provide learning support to meet the needs of individual students.

(iii) Physical Resources

- To provide accommodation which in quantity and quality meets the needs of current and potential students including those with disabilities as far as possible.
- To operate procedures for the acquisition, maintenance and disposal of equipment and resources.
- To give high priority to learning technology
- To ensure Health and Safety procedures are satisfactory and reviewed regularly.

(iv) Human Resources

- To recruit and develop staff within schools and colleges and across the Trust to ensure the delivery of all strategic objectives and to support their individual professional development.

(v) Student Support and Guidance

- To provide guidance and support which ensure that students are on the most appropriate course and achieve their maximum potential and which helps to meet their future career and/or Higher Education aspirations.
- To ensure that appropriate systems are in place for student pastoral support and well-being and that all students are safeguarded within their environment.

(vi) External Links

- To enhance the links within local hubs and, where appropriate form links with other organisations, at a national or international level.

(vii) Marketing

- To ensure schools and colleges market themselves effectively and that the Trust has an overview of standards and recruitment targets and patterns.

(viii) Quality

- To develop and implement further methods for monitoring and improving quality in all aspects of the Trust's work.

Trustees' Report for the period ended 31 August 2019

(ix) Equality and Diversity

- To ensure equality and diversity is addressed in the delivery of all strategic objectives.

(x) Growth, Improvement and Sustainability

- To grow the Trust at a sustainable pace gauged by the progress of current organisations and capacity of central services and the Executive Group.

Public Benefit

The Multi-Academy Trust is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Directors, who are Trustees of the charitable company, are disclosed on page 2.

In setting and reviewing the Multi-Academy Trust's strategic objectives, the Trustees had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the Multi-Academy Trust provides the following identifiable public benefits through the advancement of education:

- High-quality teaching.
- Widening participation and tackling social exclusion.
- Excellent employment record for students.
- Strong student support systems.
- Links with employers, industry and commerce.

Implementation of Strategic Plan

The Heart of Mercia Strategic Development Plan has regard to Government policy, and is updated annually. The plan includes property and financial plans. The Multi-Academy Trust's priorities include:

- meeting the education needs of young people post-16 in a way that responds to their higher education or career aspirations.
- raising participation and achievement.
- contributing to a coherent 14-19 provision in Herefordshire and Worcestershire.
- providing support and guidance, both on course and to assist progression.
- ensuring equal opportunities for all.

The Multi-Academy Trust monitors the plan on a continuing basis.

The Multi-Academy Trust's other strategic objectives include:-

- maintaining high levels of academic achievement and provision of student support.
- maintaining and improve the accommodation and facilities available to students and staff.

Performance Indicators

Each college produces a Strategic Development Plan, which is reviewed each year, and an annual action plan that incorporates the outcome of the annual self-assessment.

This development plan focuses on four headline targets:

- Learner number growth and achievement of funding targets
- Learner achievement – raw and value-added
- Learner retention and attendance

Trustees' Report for the period ended 31 August 2019

- Financial Health Indicators

Additionally, the Multi-Academy Trust monitors key performance measures for Colleges (derived from FE choices, formerly "Framework for Excellence"):

- Success Rates
- Learner Destinations
- Satisfaction Survey - Learner Views

The Multi-Academy Trust is committed to observing the importance of the sector measures and indicators, and uses the FE Choice website which looks at measures such as success rate.

Financial Objectives

The main purpose of the Multi-Academy Trust's Financial Strategy is to ensure that the Trust's objectives as set out in the Strategic Development Plan are achieved whilst at the same time, maintaining financial viability and sustainability.

The key objectives of the strategy are:

- To ensure financial viability and sustainability.
- To ensure the Trust achieves a "Good" financial health grade.
- To generate an operating surplus.
- To attract and retain the best staff by ensuring salaries are attractive.
- To ensure that sufficient funds are available to enable the maintenance and improvement of the accommodation and equipment.
- To maintain positive relationships with our bankers, auditors, the Education and Skills Funding Agency (ESFA) and the Regional Schools Commissioner (RSC).

A series of financial performance indicators have been agreed to monitor the financial position:

Financial Performance Indicator	Target	Actual as at 31 st August 2019
Earnings before interest, taxation, depreciation and amortization (EBITDA) as % of income	0.67%	6.98%
Staff costs as % of income	77.3%	72.4%
Adjusted current ratio	3.6	3.3
Borrowings as % of income	0	0
Reliance on ESFA income	95.5%	95.8%
ESFA financial health score	Good	Outstanding

Trustees' Report for the period ended 31 August 2019

Strategic Report

Student Numbers

Retention rates are:

	Starters 2018/19	Retention Rate 2018/19	Starters 2017/18	Retention Rate 2017/18
Hereford	1,920	96.2%	2,096	95.5%
Worcester	1,351	93.9%	1,380	92.8%

Student Achievement

Students continue to prosper at the Multi-Academy Trust. Pass rates for the summer 2019 were:

	Hereford	Worcester	National
A level pass rate	99.2% (99.2%)	98.5%	97.6%
A* - B	50.7% (53.4%)	45%	51.6%
A*	5.8% (7.3%)	3.6%	7.7%
GCSE (9-4) pass rate English	73.9%	58.3%	31.9%
GCSE (9-4) pass rate Maths	52.9%	42.7%	22.3%

() previous year

The Multi-Academy Trust historically has a strong value-added performance at level 3 at both institutions. Level two performance is also very strong with success rates in the top quartile. Results in retake GCSE English and Maths courses were outstanding at both institutions.

Curriculum Developments

The majority of students are expected to commence year one with a programme of 3 or 4 subjects and an enrichment programme. Core Maths and careers education are part of the enrichment programme which is aimed at improving students' life skills.

In year two, the majority continue with their 3 subjects and careers advice and support. The maximum programme undertaken by the most able students would typically include 4 / 5 subject and an enrichment programme. A number of more able students will also do an extended project as part of their enrichment.

Nationally and within the context of the West Midlands post 16 sector, the Multi-Academy Trust has a well-established reputation for academic excellence and extracurricular activities. Methods of teaching and learning are subject to continuous review and development in order to ensure that the curriculum meets the needs of local students.

The Multi-Academy Trust maintains formal procedures of quality assurance and self-assessment, which are reviewed annually, culminating in the production of a Self-Assessment Report each year.

Going Concern

After making appropriate enquires, the Board of Directors has a reasonable expectation that the Multi-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 adoption of the going concern basis can be found in the Statement of Accounting Policies.

Trustees' Report for the period ended 31 August 2019

Financial Review

The Multi-Academy Trust receives the majority of its funding from the ESFA in the form of recurrent grants paid on a monthly basis. The grants received during the period are shown as 'restricted funds' in the Statement of Financial Activities.

The Multi-Academy Trust also benefits from a Devolved Formula Capital Grant received in July 2019 which is used for summer maintenance projects and investment in our resources.

During the period, tight control has been exercised over payroll costs and additional funding has been received such as teachers' pay award and additional devolved funding capital. The Academy Trust generated a surplus (before FRS 102 pension adjustments) of £499k (2018 surplus of £166k) against a budgeted deficit of £443k.

At 31st August 2019, the net book value of fixed assets was £21.6m (2018 £10.8m). Movements in tangible fixed assets are shown in note 14 to the financial statements.

The closing level of unrestricted and restricted reserves (excluding fixed asset reserves and the LGPS deficit) stands at £3.1m (2018 £3m).

Treasury Management and Investment Policy

Treasury Management is the management of the Multi-Academy Trust's cash flows, banking and money market transactions; the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with the associated risks. The Trust has a separate Treasury Management policy in place.

During the period, there was no short-term borrowing for temporary revenue purposes and the Multi-Academy Trust does not have any outstanding bank loans. All borrowing requires the authorisation of the Trustees who must comply with the requirements of the Funding Agreement agreed with the ESFA.

There is an inter-company loan between the two colleges. Hereford Sixth Form College repaid a bank loan on behalf of Worcester Sixth Form College to enable it to become an academy and join the Multi-Academy Trust. At the period end, the balance was £663k.

The Multi-Academy Trust has developed an Investment Policy that allows funds, identified as surplus to immediate requirements through cash flow monitoring, to be placed on short-term deposit with banks. The banks offer better return on short-term investments through the money market. Should the reserves increase sufficiently to consider longer-term investment, the Trust would employ an agent to give advice on suitable investment opportunities.

Fundraising

The Multi-Academy Trust is predominantly funded by the ESFA based upon the submission of student data returns on a periodic basis to the Department for Education. The Trust does not actively engage in fundraising and does not actively canvas for donations on a local, regional, national or international basis. The Trust does not contract with any external agencies to fundraise on its behalf.

First year students in both colleges are asked to make a voluntary contribution to College Fund. The fund is used to contribute to scholarships and activities that are not funded centrally and to support students in hardship who do not qualify for help from Learner Support Funds. It is also used to support some student facilities. The executor is the Principal at each college acting on behalf of the Trustees.

Trustees' Report for the period ended 31 August 2019

Reserves Policy

Academy Trusts are expected to create reserves from their annual funding. This is becoming increasingly difficult with the cuts in funding and increasing cost pressures. The Multi-Academy Trust has ended the year with total restricted reserves of £17.6m (2018 £12.3m) (including adjustment for the LGPS pension deficit). Our reserves will be required for future capital projects and to notionally cover the deficit on the Local Government Pension Scheme, currently £7.18m (2018 £1.57m).

The Multi-Academy Trust wishes to continue to accumulate reserves and cash balances in order to enable future capital development. The Accommodation Strategy at each college identifies opportunities to enhance existing facilities. The Trustees consider an ongoing bank balance at a minimum of £2m to be a reasonable level of cash for normal purposes, and to cushion the potential effects of any demographic downturn, but will continue where possible to build reserves for future capital works.

Principal Risks and Uncertainties

The system of internal control maintained by the Multi-Academy Trust includes financial, operational and risk management which is designed to protect the assets and reputation.

A Risk Register is maintained at the Multi-Academy Trust, which is reviewed at each meeting of the Audit Committee, and on a regular basis by the Senior Management Team. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being undertaken to reduce and mitigate the risk. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risks throughout the Trust. Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

1 Government funding

The Multi-Academy Trust has considerable reliance on continued Government funding through the ESFA. In the period, 95.8% (2018 96%) of the Trust's revenue was ultimately publicly funded, and this level of requirement is expected to continue. There can be no assurance that Government policy and practise will remain the same, or that public funding will continue at the same level or on the same terms.

The Multi-Academy Trust is aware of the following issues that may impact on future funding:

- The risk of demographic decline.
- Stronger competition from other local providers.
- Changes in emphasis to more vocational education arising from Government policy.

The risk is mitigated in a number of ways:

- The Multi-Academy Trust has a robust marketing strategy that seeks to ensure that student numbers are maintained in the face of demographic decline.
- By ensuring the Multi-Academy Trust is rigorous in delivering high quality education and training.
- Considerable focus is placed on maintaining and managing key relationships with the Funding Body.
- Ensuring the Multi-Academy Trust is focused on those priorities which will continue to benefit from public funding.
- Regular dialogue with the Funding Body and Local Authorities.

Trustees' Report for the period ended 31 August 2019

2 Bank Risk

The Multi-Academy Trust is aware of the risk to its investments arising from the possibility of bank failure due to the recent economic situation, or from catastrophic investment decisions by a bank. The existence of this risk is recognised in the Trust's risk management strategy, and it is mitigated by the requirement to spread investments across a minimum of three financial institutions with long-term ratings of A3/A- as assessed by at least two rating agencies, and by limiting the value that can be invested in any one organisation or instrument. For full details, see the Trust's Treasury Management Policy.

3 Pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Multi-Academy Trust's balance sheet in line with the requirements of FRS 102. The risk is mitigated by an agreed deficit recovery plan.

Current and Future Development and Performance

Staffing

The Multi-Academy Trust considers good communication with its staff and students to be very important, and publishes bulletins and regular newsletters. Weekly staff briefings and termly staff meetings are held. Staff and student involvement is encouraged through membership of formal committees, and electronically via email and the Virtual Learning Environment (VLE).

Maintenance Programme

The Multi-Academy Trust operates a rolling programme of planned maintenance, which is reviewed each year and monitored on an ongoing basis. The costs are charged to the Statement of Financial Activities in the year in which they are incurred. Minor Capital Works that add value to the estate are capitalised at the period end.

Future Prospects

The Multi-Academy Trust remains concerned that continuing low funding levels will continue to impact on the 16-19 sector. The cuts in funding over a ten-year period have put academies and colleges under significant pressure to remain viable.

The Multi-Academy Trust faces a number of challenges:

- Maintaining student numbers in the face of increased competition and new qualifications and apprenticeships.
- Developing the curriculum to meet the needs of students in light of linear courses.
- Meeting the challenge of cuts in funding which are severe.
- Maintaining the quality of outcome and experience for students despite these cuts.
- Maintaining the current high reputation of the Trust.
- Continuing to collaborate with other schools and colleges in the best interests of students.

Resources

The Multi-Academy Trust has various resources that it can deploy in pursuit of its strategic objectives.

- its freehold estate, with a net balance sheet value of **£21.67m** (2018 £10.8m)
- net current assets of **£3.1m** (£2018 £3.0m)
- established staff of **270.17 people** (expressed as full time equivalents) (2018 157), of which **144.15** are teaching staff (2018 93)
- its reputation, both locally and nationally as a Multi-Academy Trust that achieves excellent results, together with high quality pastoral support.

Trustees' Report for the period ended 31 August 2019

Events after the end of the Reporting Period

There are no significant or material events to report after the period end.

Equal Opportunities

The Multi-Academy Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender and gender identity, parental and marital status, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination. This policy is resourced, implemented and monitored on a planned basis. The Equality, Diversity and Inclusion Policy is published on the website. The Multi-Academy Trust publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010.

The Multi-Academy Trust is a 'Positive about Disabled' employer and has committed to the principles and objectives of the 'Positive about Disabled' standard. The Multi-Academy Trust considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Multi-Academy Trust's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The Multi-Academy Trust has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability Statement

The Multi-Academy Trust seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy, the Multi-Academy Trust updated its access audit and the results of this formed the basis of funding capital projects aimed at improving access.
- b) There is a list of specialist equipment, such as radio aids, which the Multi-Academy Trust can make available for use by students and a range of assistive technology is available.
- c) The admissions policy for all students is described in the College charter at each college. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.
- d) The Multi-Academy Trust has made a significant investment in the appointment of specialist staff to support students with learning difficulties and / or disabilities who can provide a variety of support for learning.
- e) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.
- f) Specialist programmes are described in the prospectus of each college, and achievements and destinations are recorded and published.
- g) Counselling and welfare services are described in the College Student Guide at each college, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

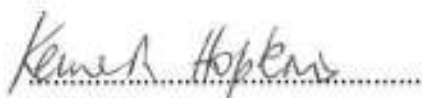
Trustees' Report for the period ended 31 August 2019

Disclosure of information to auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 12th December 2019 and signed on the board's behalf by:



Dr. K. Hopkins, Chair of Trustees

Governance Statement

Scope of Responsibility

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

The Trustees have delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between the Heart of Mercia Multi-Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

Prior to 1 April 2019, the Trustees of Hereford Sixth Form College have formally met four times during the period. Attendance at meetings of the Board of Trustees during the period was as follows:

Trustee	Meetings Attended	Out of a Possible
Dr K Hopkins, Chairman	4	4
J Miller, Vice-Chair	4	4
S Tully	4	4
M Balcombe	3	4
Mr P Cooper, Principal	4	4
A Alan	4	4
V Amor	2	4
Dr M Hawkins	4	4
A Parsons	4	4
E Telford	2	4
D Thompson	4	4
P Tranter	2	4
A Marshall	2	4
C Ward	4	4

From 1 April 2019:

Trustee	Meetings Attended	Out of a Possible
Dr K Hopkins, Chairman	2	2
G Slater, Vice Chair	2	2
Mr P Cooper, Executive Principal	2	2
P Douce	2	2
S Boniface	2	2
S Tully	2	2
Dr M Hawkins	2	2
T Hooper	2	2
A Parsons	2	2

Governance Statement

Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to review the financial position of the Multi-Academy Trust, including revenue, capital and cashflow and investments, on a half termly basis, and receives regular reports on capital schemes and other premises and resource issues. It advises the Board on all financial and resource matters.

Attendance at meetings during the period up to 1 April 2019 was as follows:

Trustee	Meetings Attended	Out of a Possible
S Tully, Chair	4	4
V Amor	3	3
P Cooper	4	4
Dr K Hopkins	2	2
J Miller	4	4
A Marshall	3	4

The inaugural meeting of the Heart of Mercia Finance and Resources Committee took place on 26 September 2019.

Audit Committee

The Audit Committee comprises at least three Trustees (excluding the Accounting Officer (Principal) and Chair). It operates in accordance with written terms of reference approved by the Trustees. Its purpose is to advise the Trustees on the adequacy and effectiveness of the Academy Trust's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets four times per year, and provides a forum for reporting by the Multi-Academy Trust's Internal Auditors, Reporting Accountants and Financial Statements Auditors, who have access to the Committee for independent discussion, without the presence of management. The Committee also receives and considers reports from the Funding Body if they affect the operations. The Multi-Academy Trust's Internal Auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management are responsible for the implementation of agreed audit recommendations and Internal Audit undertake periodic follow-up reviews to ensure that recommendations have been implemented. The Audit Committee also advises the Trustees on the appointment of Internal Auditors, Reporting Accountants and Financial Statements Auditors, and their remuneration for both audit and non-audit work as well as reporting annually to the Trustees.

Attendance at meetings during the period up to 1 April 2019 was as follows:

Trustee	Meetings Attended	Out of a Possible
A Parsons, Chair	3	3
Dr M Hawkins	3	3
M Balcombe	3	3
D Thompson	2	2

The inaugural meeting of the Heart of Mercia Audit Committee took place on 26 September 2019.

Governance Statement

Governance Reviews

The Board of Trustees

The composition of the Board of Trustees is set out on page 2. It is the Board of Trustees' responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

Trustees are provided with regular and timely information on the overall financial performance, together with other information such as performance against targets, capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Trustees meet twice each term.

The Trustees conduct their business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Trustees. Full minutes of meetings, except those deemed confidential by the Trustees, are available on the website (www.hereford.ac.uk), or from the Clerk to the Trustees at:

**Heart of Mercia
Hereford Sixth Form College,
Folly Lane,
Hereford.
HR1 1LU.**

The Clerk to the Trustees maintains a register of financial and personal interests of the Trustees, which is available for inspection at the above address.

All Trustees are able to take independent professional advice in furtherance of their duties at the Multi-Academy Trust's expense, and have access to the Clerk to the Trustees, who is responsible to the Board of Trustees for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Board of Trustees as a whole.

Formal agendas and reports are supplied to the Trustees in a timely manner, prior to Board meetings, and ad-hoc briefings are also provided.

The Board of Trustees has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Trustees considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman of the Board of Trustees and the Accounting Officer (Executive Principal) are separate.

Appointments to the Board of Trustees

Any new appointments to the Board of Trustees are a matter for the consideration of the Board of Trustees as a whole. The Board of Trustees has a **Search Committee** comprising the Accounting Officer (Principal), the Chairman and two other members, which is responsible for the selection and nomination of any new potential Trustee for the Board of Trustees' consideration. The Board of Trustees is responsible for ensuring that appropriate training is provided as required. Trustees are appointed for a term not exceeding four years, upon which they may be re-elected.

Governance Statement

Corporation Performance

Governance is self-assessed using the appropriate sections of the Ofsted Common Inspection Framework. Against these criteria, governance continues to be 'Outstanding', which was the grade, awarded in the last Ofsted inspection.

Remuneration Committee

Throughout the year ended 31st August 2019, the Remuneration Committee comprised the Chairman and two Trustees. The Committee's responsibilities are to make recommendations to the Board of Trustees on the remuneration and benefits of the Accounting Officer (Principal) and other senior postholders. Details of remuneration of these postholders for the year ended 31st August 2019 are set out in note 9 and 10 of the financial statements.

Curriculum Committee

This Committee reviews the Curriculum Policy taking into account latest government policy and data relating to performance, achievement, attendance, retention, destinations and other salient issues.

Review of Value for Money

As Accounting Officer, the Principal has responsibility for ensuring that the Multi-Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Multi-Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate.

With regard to demonstrating value for money, in 2019, the Multi-Academy Trust achieved a 99.2% pass rate at A Level at Hereford Sixth Form College and 98.5% pass rate at Worcester Sixth Form College, both above the national average. Hereford Sixth Form College historically has a strong value-added performance within both the ALIS and ALPS measurements and has regularly been placed within the top quartile on a national basis for the past 10 years. The current three-year average has Hereford Sixth Form College in the top 25% and Worcester Sixth Form College in the top 60%. Student Performance is high throughout the ability range reflecting the inclusive nature of the Academy Trust. Level 2 performance is also very strong with English and Maths results at both colleges exceeding the nation average rate. Despite reductions in funding, the Multi-Academy Trust has maintained the quality of outcomes for students and the quality of its resources and accommodation. The Multi-Academy Trust has robust and realistic plans for ensuring its financial viability in the face of possible further cuts and falling rolls within the counties.

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 Multi-Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Heart of Mercia for the period 1st September 2018 to 31st August 2019 and up to the date of approval of the Report and Financial Statements.

Governance Statement

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Multi-Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi-Academy Trust's significant risks that has been in place for the year 1st September 2018 to 31st August 2019 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 management process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Multi-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 Board of Trustees of reports which indicate financial performance against forecasts and major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific Internal Audit function and has decided to appoint TIAA Ltd as Internal Auditor.

The Heart of Mercia Academy Trust has an Internal Audit service, which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice. The work of the Internal Audit service is informed by an analysis of the risks to which the Multi-Academy Trust is exposed. The annual Internal Audit plan is based on this analysis. The analysis of risks and the Internal Audit plan are endorsed by the Trustees on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provides the Trustees with a report on Internal Audit activity.

Governance Statement

Review of effectiveness

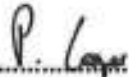
As Accounting Officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- The work of the Internal Auditors
- The work of the external auditors
- The financial management and governance self-assessment process
- The work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee, which oversees the work of the Internal Auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the systems in place.

The Senior Management Team in each college receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team in each college and the Audit Committee also receive regular reports from Internal Audit that include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Trustees's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team in each college and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Approved by order of the members of the Board of Trustees on 12th December 2019 and signed on its behalf by:

Signed.......... Mr. P. Cooper
Accounting Officer (Principal)

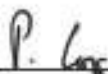
Signed.......... Dr. K. Hopkins
Chair of Trustees

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Heart of Mercia Multi-Academy Trust, I have considered my responsibility to notify the Multi-Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the Funding Agreement in place between the Multi-Academy Trust and the Secretary of State for Education. As part of my consideration I have due regard to the requirements of the Academies Financial handbook 2018.

I confirm that I and the Multi-Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Multi-Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi-Academy Trust's Funding Agreement and the Academies Financial Handbook 2018.

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 the ESFA.



Mr. P. Cooper
Accounting Officer (Principal)

12th December 2019

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in business


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

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

The Trustees are responsible for the maintenance and integrity of 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 12th December 2019 and signed on its behalf by:

Dr. K. Hopkins
Chair of Trustees



Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

Opinion

We have audited the financial statements of Heart of Mercia Multi-Academy Trust (the 'Academy Trust') for the period ended 31 August 2019 which comprise the Statement of Financial Activities, 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 2018 to 2019 issued by the Education & Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 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 2015 and Academies Accounts Direction 2018 to 2019.

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 Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 we do not express any form of assurance conclusion thereon.

Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Matters on which we are required to report by exception

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 Statement of Trustees Responsibilities, 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 governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust 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.

Independent Auditor's Report on the Financial Statements to Members of the Heart of Mercia Multi-Academy Trust

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

Use of our report

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


Mr Kevin Tong FCA ACA (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:13/12/19.....

Note:

The maintenance and integrity of the Heart of Mercia Multi-Academy Trust 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 Heart of Mercia Multi-Academy Trust 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 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heart of Mercia Multi-Academy Trust during the period 1st September 2018 to 31st August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Heart of Mercia Multi-Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heart of Mercia Multi-Academy Trust 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 Heart of Mercia Multi-Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Heart of Mercia Multi-Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Heart of Mercia Multi-Academy Trust's Funding Agreement with the Secretary of State for Education dated 28th March 2019 and the Academies Financial Handbook, extant from 1st September 2018, 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 2018 to 2019. 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 1st September 2018 to 31st August 2019 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 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Independent Reporting Accountant's Assurance Report on Regularity to Heart of Mercia Multi-Academy Trust and the Education and Skills Funding Agency

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 period
- 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.

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 1st September 2018 to 31st August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Date: 17/12/19

Heart of Mercia Multi-Academy Trust

31 August 2019 (company number 10499174)

Statement of Financial Activities for the period ended 31st August 2019 (including Income and Expenditure Account)

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000	Total 2018 £'000
Income & Endowments from:						
Donations & capital grants	3	-	63	254	317	120
Transfer from the former Worcester Sixth Form College on conversion	31	-	(3,287)	10,980	7,693	-
Charitable Activities						
Funding for the Academy Trust's educational operations	4	319	11,704	-	12,023	9,345
Other trading activities	5	83	-	-	83	60
Investment income	6	20	-	-	20	12
Total Income		422	8,480	11,234	20,136	9,537
Expenditure on:						
Raising funds	7	75	-	-	75	109
Charitable Activities						
Academy Trust's educational operations	8	357	11,473	494	12,324	9,483
Total Expenditure		432	11,473	494	12,399	9,592
Net Income / (Expenditure) before Transfers		(10)	(2,993)	10,740	7,737	(55)
Transfers between Funds	19	-	(91)	91	-	-
Net Income / (Expenditure) before other recognised gains and losses		(10)	(3,084)	10,831	7,737	(55)
Actuarial (loss)/gain on defined benefit pension schemes	19, 28	-	(2,434)	-	(2,434)	895
NET MOVEMENT IN FUNDS		(10)	(5,518)	10,831	5,303	840
RECONCILIATION OF FUNDS:						
Total funds brought forward		(29)	1,472	10,840	12,283	11,443
TOTAL FUNDS CARRIED FORWARD		(39)	(4,046)	21,671	17,586	12,283

Heart of Mercia Multi-Academy Trust

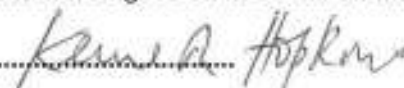
31 August 2019 (company number 10499174)

Balance Sheet as at 31st August 2019

	<u>Notes</u>	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Intangible assets	13	28		-	
Tangible assets	14	<u>21,643</u>		<u>10,840</u>	
			21,671		10,840
Current assets					
Stocks	16	3		3	
Debtors	17	299		244	
Cash at bank and in hand	25	<u>4,132</u>		<u>3,363</u>	
		4,434		3,610	
Liabilities					
Creditors: Amounts falling due within one year	18	<u>(1,343)</u>		<u>(601)</u>	
Net current assets			3,091		3,009
Net assets excluding pension liability			24,762		13,849
Defined benefit pension scheme liability	28		<u>(7,176)</u>		<u>(1,566)</u>
Total Net Assets			17,586		12,283
Funds of the Academy Trust					
Restricted funds					
• Fixed asset fund	19	21,671		10,840	
• Restricted income fund	19	3,130		3,038	
• Pension reserve	19	<u>(7,176)</u>		<u>(1,566)</u>	
Total Restricted Funds			17,625		12,312
Unrestricted income fund	19		<u>(39)</u>		<u>(29)</u>
Total funds			17,586		12,283

The financial statements on pages 29 to 59 were approved and authorised by the Board of Trustees on 12th December 2019 and were signed on its behalf on that date by:

Dr. K. Hopkins.....
Chair of Trustees



Mr. P. Cooper
Accounting Officer (Principal)



Heart of Mercia Multi-Academy Trust

31 August 2019 (company number 10499174)

Statement of Cash flows for the period ended 31st August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	22	840	284
Cash flows from financing activities	23	-	-
Cash flows from investing activities	24	(71)	38
Change in cash & cash equivalents in the reporting period		769	322
		2019 £'000	2018 £'000
Cash and cash equivalents at 1 st September 2018		3,363	3,041
Cash and cash equivalents at 31 st August 2019	25	4,132	3,363

Notes to the Financial Statements for the period ended 31st August 2019

1. Statement of Accounting Policies

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

1.1 Basis of Preparation

The financial statements of the Multi-Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

The Multi-Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going Concern

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

1.3 Income

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

- **Grants**

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

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

Notes to the Financial Statements for the period ended 31st August 2019

Statement of accounting policies (continued)

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Multi-Academy Trust 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'.

- **Donated fixed assets (excluding Transfers on conversion/into the academy trust)**

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

1.4 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the Multi-Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Notes to the Financial Statements for the period ended 31st August 2019

1. Statement of accounting policies (continued)

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

1.5 Tangible Fixed Assets

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

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

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

• Freehold buildings	2% per year
• 3G Pitch (Hereford)	5% per year
• Computers	25% per year
• Motor Vehicles	14% per year
• Other equipment	10 – 20% per year
• Fixtures & fittings	10% per year

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

Although the policy for vehicle depreciation is currently 14% (7 years), second-hand vehicles may be depreciated at 25% (4 years). Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

1.6 Interest Receivable

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

Notes to the Financial Statements for the period ended 31st August 2019

1. Statement of accounting policies (continued)

1.7 Debtors

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

It is Multi-Academy Trust policy to invest surplus funds in at least three different recognised financial institutions, the maximum fixed investment being £500k capital (excluding accrued interest) in institutions outside the current account holding bank. In the period, funds were spread across five financial institutions in order to spread the risk to reserves following the recent economic crisis.

1.9 Stocks

The only stocks held at the end of the period were stocks for the Learning Resources Centre shop. Stocks are stated at the lower of their cost and net realisable value.

1.10 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 Multi-Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Provisions

Provisions are recognised when the Multi-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.

A contingent liability arises from a past event that gives the Multi-Academy Trust a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Multi-Academy Trust. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements. The Multi-Academy Trust currently has no provisions except for the obligations with regard to the Local Government Pension Scheme and no contingent liabilities.

Notes to the Financial Statements for the period ended 31st August 2019

1. Statement of accounting policies (continued)

1.12 Leased Assets

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

1.13 Foreign Currency Transactions

Foreign currency transactions relate to field courses. They are recorded using the rate of exchange ruling at the date of the transaction. During the period, foreign currency transactions amounting to a total of £50k (2018: £58k) took place. There were no outstanding foreign currency transactions at the period end.

1.14 Taxation

The Multi-Academy Trust is considered to pass the tests set out in paragraph 1 schedule 6 Finance Act 2010, and therefore meets the definition of a charitable company for UK corporation tax purposes.

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

1.15 Pension Benefits

Retirement benefits to employees of the Multi-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 Multi-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.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Multi-Academy Trust in separate 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.

Notes to the Financial Statements for the period ended 31st August 2019

1. Statement of accounting policies (continued)

1.16 Short Term Employment Benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the period in which the employees render service to the Multi-Academy Trust. Any unused benefits are accrued and measured as the additional amount the Multi-Academy Trust expects to pay as a result of the unused entitlement.

1.17 Fund Accounting

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

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

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

1.18 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 Multi-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 Multi-Academy Trust has to determine whether leases entered into either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

The Multi-Academy Trust has to determine whether there are indicators of impairment of the tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

The present value of the LGPS 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 note 28, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact upon the carrying amount of the pension liability.

Notes to the Financial Statements for the period ended 31st August 2019

1. Statement of accounting policies (continued)

1.19 Conversion to an Academy Trust

The conversion to an Academy Trust involves the transfer of identifiable assets and liabilities and the operation of the college for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Worcester Sixth Form College to the Multi-Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from Worcester Sixth Form College in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 31.

Notes to the Financial Statements for the period ended 31st August 2019

2. General Annual Grant (GAG)

The Academy Trust was not subject to a GAG carry forward restriction.

3. Income from Donations and Capital Grants

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Restricted Fixed Asset Funds 2019 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
Capital Grant	-	-	254	254	58
Other Donations	-	63	-	63	62
	-	63	254	317	120
2018	-	62	58	120	

4. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
DfE / ESFA Grants				
General Annual Grant (GAG)	-	10,959	10,959	8,735
Other DfE / ESFA Grants	-	263	263	75
	-	11,222	11,222	8,810
Other Government Grants				
Other government grants	-	31	31	-
Local Authority grants	-	32	32	7
	-	63	63	7
Other Funding				
Other grants	-	10	10	-
Other income from educational operations	319	409	728	528
	319	419	738	528
	319	11,704	12,023	9,345
2018	304	9,041	9,345	

Heart of Mercia Multi-Academy Trust

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Notes to the Financial Statements for the period ended 31st August 2019

5. Other Trading Activities

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
Catering income	13	-	13	-
Hire of facilities	70	-	70	60
	83	-	83	60
2018				
	60	-	60	

6. Investment Income

	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
Short term deposits	20	-	20	12
	20	-	20	12
2018				
	12	-	12	

Notes to the Financial Statements for the period ended 31st August 2019

7. Expenditure

	Staff Costs £'000	Non Pay Expenditure		Total 2019 £'000	Total 2018 £'000
		Premises £'000	Other £'000		
Expenditure on raising funds					
• Direct Costs	22	-	53	75	109
• Allocated Support Costs	-	-	-	-	-
Academy's educational operation:					
• Direct Costs	6,444	-	1,767	8,211	7,200
• Allocated Support Costs	2,569	902	642	4,113	2,283
	9,035	902	2,462	12,399	9,592
2018	6,852	697	2,043	9,592	

Net Incoming Resources / (Resources Expended) for the period includes:

	2019 £'000	2018 £'000
Operating lease rental	66	70
Amortisation	4	-
Depreciation	490	351
FRS 102 net interest cost	67	50
Auditor's remuneration – Internal Audit	7	9
Auditor's remuneration – Financial statement and regularity	17	12
Auditor's remuneration – preparation of accounts	5	-

8. Charitable Activities

	Total 2019 £'000	Total 2018 £'000
Direct costs – educational operations	8,211	7,200
Support costs – educational operations (below)	4,113	2,283
	12,324	9,483
Analysis of support costs:	Total 2019 £'000	Total 2018 £'000
Support staff costs	2,569	1,179
Amortisation	4	-
Depreciation	490	351
Technology costs	182	218
Premises costs	408	346
Other support costs	374	159
Governance costs	86	30
Total Support costs	4,113	2,283

Notes to the Financial Statements for the period ended 31st August 2019

9. Staff Costs

A. Staff Costs

Staff costs during the period were:

	Total 2019 £'000	Total 2018 £'000
Wages & salaries	6,859	5,293
Social security costs	586	456
Operating costs of defined benefit pension schemes	1,089	822
Additional LGPS deficit lump sum contribution	60	58
Short term employee benefits	8	-
Apprenticeship Levy	18	11
FRS 102 Pension charge	385	172
	9,005	6,812
External employees	-	9
	9,005	6,821
Staff restructuring costs	30	31
Total staff costs	9,035	6,852
Staff restructuring costs comprise:		
• Contractual - redundancy payments	30	31

B. Staff Numbers

The average number of persons employed by the Multi-Academy Trust during the period, expressed as full-time equivalents (f.t.e) and headcount, were as follows:-

	2019 fte's	2019 Headcount	2018 fte's	2018 Headcount
Teachers	144.15	207	93	133
Administration and support	118.42	8	61	147
Management	7.6	231	3	3
	270.17	446	157	283

Notes to the Financial Statements for the period ended 31st August 2019**C. Higher Paid Staff**

The number of employees whose employee benefits (excluding employer pension costs and employer National Insurance) exceeded £60,000 in a twelve-month period was:

<i>In the band of:</i>	Key management personnel		Other Staff	
	2019	2018	2019	2018
£1 - £10,000	1	1	N/A	N/A
£60,001 - £70,000	4	1	-	-
£70,001 - £80,000	1	-	-	-
£100,001 - £110,000	1	1	-	-

D. Key Management Personnel

The key management personnel of the Multi-Academy Trust comprise the Trustees and the Senior Postholders as listed on page 2.

Key management personnel compensation for the period was made up as follows:

	2019	2018
	£'000	£'000
Salaries	291	198
Employers National Insurance	35	24
Benefit in kind	-	-
	326	222
Pension contributions	48	33
	374	255

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place

E. Accounting Officer (Executive Principal)

The above compensation includes amounts payable during the period to the Accounting Officer (Executive Principal) (who was also the highest paid officer) of:

	2019	2018
	£'000	£'000
Salaries	108	106
Employers National Insurance	14	13
Benefit in kind	-	-
	122	119
Pension contributions	18	17
	140	136

There has been no compensation for loss of office paid to any former key management personnel.

Notes to the Financial Statements for the period ended 31st August 2019**10. Trustees' Remuneration and Expenses**

One or more Trustees have been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits for the year to 31st August 2019:

Mr Peter Cooper (Principal and Trustee):

Remuneration £100,001 - £110,000 (2018: £100,001 - £110,000)

Employer's pension contributions paid £10,001 - £20,000 (2018: £10,001 - £20,000)

Mr Phillip Tranter (Staff Trustee until 1 April 2019):

Remuneration £60,001 - £70,000 (2018: £50,001 - £60,000)

Employer's pension contributions paid £1 - £10,000 (2018: £1 - £10,000)

Mrs Andrea Marshall (Staff Trustee until 1 April 2019):

Remuneration £40,001 - £50,000 (2018: £40,001 - £50,000)

Employer's pension contributions paid £1 - £10,000 (2018: £1 - £10,000)

During the year ended 31 August 2019, travel and subsistence expenses totaling £1,405 (2018: £1,454) were reimbursed or paid directly to 2 staff Trustees. This was in relation to the work undertaken as employees of the Academy Trust, not in relation to their roles as Trustees.

11. Trustees' and Officers' Insurance

In accordance with normal commercial practice, the Multi-Academy Trust 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 £2,000,000 on any one claim and the cost for the year ended 31st August 2019 was £914 (2018: £914). The cost of this insurance is included in the total insurance costs.

12. Central Services

The Multi-Academy Trust has provided the following central services to its academies during the year:

- Central staffing
- Audit and legal fees
- Central ICT licences

The Multi-Academy Trust charges for these services on the basis of 5% of total ESFA funding.

The actual amounts charged during the year were as follows:

	2019	2018
	£'000	£'000
Hereford Sixth Form College	174	-
Worcester Sixth Form College	133	-
	307	-

Heart of Mercia Multi-Academy Trust

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Notes to the Financial Statements for the period ended 31st August 2019

13. Intangible Fixed Assets

	Software £'000	Total £'000
Costs or valuation		
At 1 st September 2018	-	-
Additions	32	32
3 31st August 2019	32	32
Amortisation		
At 1 st September 2018	-	-
Charge	4	4
At 31st August 2019	4	4
Carrying value at 31st August 2019	28	28
Carrying value at 31st August 2018	-	-

14. Tangible Fixed Assets

	Freehold Land £'000	Freehold Buildings £'000	Plant & Machinery £'000	Furniture & Equipment £'000	Computer Hardware £'000	Motor Vehicles £'000	Total £'000
Costs or valuation							
At 1 st September 2018	1,008	10,073	-	120	168	12	11,381
Additions	-	78	67	70	98	-	313
On conversion	1,417	9,179	143	88	129	24	10,980
Disposals	-	-	-	-	-	-	-
At 31st August 2019	2,425	19,330	210	278	395	36	22,674
Depreciation							
At 1 st September 2018	-	415	-	32	88	6	541
Charge	-	394	6	24	59	7	490
Elimination - disposals	-	-	-	-	-	-	-
At 31st August 2019	-	809	6	56	147	13	1,031
Net Book Value at 31st August 2019	2,425	18,521	204	222	248	23	21,643
Net Book Value at 31st August 2018	1,008	9,658	-	88	80	6	10,840

Notes to the Financial Statements for the period ended 31st August 2019**14. Tangible Fixed Assets (continued)**

Within buildings additions above, are **£NIL** expenditure relating to assets under construction at 31st August 2019 (2018 **£Nil**).

During the period, an exercise was conducted to identify obsolete equipment assets and write them out of the accounts, together with related depreciation.

15. Investments

Cash was held in four different banks. There were no investments in other institutions during the period.

16. Stocks

	2019 £'000	2018 £'000
Library – resource centre stock	3	3
	<u>3</u>	<u>3</u>

17. Debtors

	2019 £'000	2018 £'000
Trade debtors	30	1
VAT recoverable	28	12
ESFA funding debtor	12	-
Other debtors	5	3
Prepayments and accrued income – under one year	224	228
	<u>299</u>	<u>244</u>

Notes to the Financial Statements for the period ended 31st August 2019

18. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	(5)	1
Other taxation, social security and pensions	379	219
Accruals and other creditors	759	315
Accruals – employee annual leave	24	16
Amounts owed to the ESFA	186	50
	<u>1,343</u>	<u>601</u>

	2019	2018
	£'000	£'000
Deferred income as at 1 st September 2018	128	110
Resources deferred during the year	259	128
Amounts released from previous years	(128)	(110)
Deferred Income as 31st August 2019	<u>259</u>	<u>128</u>

Income has been deferred based upon the period to which it relates. At the balance sheet date, the Multi-Academy Trust was holding the following funds received in advance:

	2019	2018
	£'000	£'000
EFSA funding creditor	186	50
Underspend on grant funded projects	18	12
Trips and residential field courses etc.	55	66
	<u>259</u>	<u>128</u>

Heart of Mercia Multi-Academy Trust

31 August 2019 (company number 10499174)

Notes to the Financial Statements for the period ended 31st August 2019

19. Statement of Funds

	Brought Forward 1/9/2018 £'000	Income £'000	Expenditure £'000	Transfers In/Out £'000	Gains / (Losses) £'000	Carried Forward 31/8/2019 £'000
Total Unrestricted Funds	(29)	422	(432)	-	-	(39)
Restricted Funds						
Transfer on conversion	2,158	(563)	-	-	-	1,595
Pension Reserve	(1,566)	(2,724)	(452)	-	(2,434)	(7,176)
General Annual Grant	880	10,959	(10,213)	(91)	-	1,535
Local Authority Grant	-	32	(32)	-	-	-
Other DfE / EFSA Grants	-	263	(263)	-	-	-
Other restricted funds	-	450	(450)	-	-	-
Donations	-	63	(63)	-	-	-
	1,472	8,480	(11,473)	(91)	(2,434)	(4,046)
Restricted fixed asset funds						
Transfer on conversion	10,807	10,980	(494)	-	-	21,293
DFE / ESFA capital grant	33	254	-	-	-	287
Capital expenditure from GAG	-	-	-	91	-	91
	10,840	11,234	(494)	91	-	21,671
Total Restricted Funds	12,312	19,714	(11,967)	-	(2,434)	17,625
Total of Funds	12,283	20,136	(12,399)	-	(2,434)	17,586

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

- The Restricted General Fund includes GAG and other grants received from the ESFA and the Local Authority towards educational activities.
- The Restricted Fixed Asset Fund includes amounts received from the ESFA in respect of tangible fixed assets held for academy use. Transfers between the GAG Fund and Restricted Fixed Asset Fund relate to purchases from this fund.
- The Pension Reserve relates to the Multi-Academy Trust's share of the deficit of the Local Government Pension Scheme overseen by Worcestershire County Council.
- Under the Funding Agreement with the Secretary of State, the Multi-Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2019.

Transfers between funds

During the year, a transfer between funds has been made for fixed assets purchased out of general restricted funds.

Heart of Mercia Multi-Academy Trust

31 August 2019 (company number 10499174)

Notes to the Financial Statements for the period ended 31st August 2019

19. Statement of Funds (continued)

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

	Brought Forward 01/09/2017 £'000	Income £'000	Expenditure £'000	Transfers In/Out £'000	Gains / (Losses) £'000	Carried Forward 31/08/18 £'000
Total Unrestricted Funds	(5)	376	(400)	-	-	(29)
Restricted Funds						
Transfer on conversion	2,158	-	-	-	-	2,158
Pension Reserve	(2,239)	-	(222)	-	895	(1,566)
General Annual Grant	299	8,735	(8,239)	85	-	880
Local Authority Grant	-	7	(7)	-	-	-
Other DfE / EFSA Grants	-	75	(75)	-	-	-
Other restricted funds	60	224	(224)	(60)	-	-
Donations	12	62	(74)	-	-	-
	290	9,103	(8,841)	25	895	1,472
Restricted fixed asset funds						
Transfer on conversion	11,158	-	(351)	-	-	10,807
DFE / ESFA capital grant	-	58	-	(25)	-	33
Capital expenditure from GAG	-	-	-	-	-	-
	11,158	58	(351)	(25)	-	10,840
Total Restricted Funds	11,448	9,161	(9,192)	-	895	12,312
Total of Funds	11,443	9,537	(9,592)	-	895	12,283

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £'000	2018 £'000
Hereford Sixth Form College	3,306	3,009
Worcester Sixth Form College	(340)	-
Central services	125	-
Total before fixed assets and pension reserve	3,091	3,009
Restricted fixed asset funds	21,671	10,840
Pension reserve	(7,176)	(1,566)
Total	17,586	12,283

Notes to the Financial Statements for the period ended 31st August 2019

19. Statement of Funds (continued)

Worcester Sixth Form College is carrying a net deficit of £340k on these funds. The College is working towards increasing student numbers and managing costs.

Total cost analysis by academy

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

	Teacher and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	2019	2018
	£'000	£'000	£'000	£'000	£'000	£'000
Hereford Sixth Form College	4,906	1,721	1,582	807	9,016	9,241
Worcester Sixth Form College	1,460	449	118	228	2,255	-
Central services Academy Trust	78	421	-	135	634	-
Academy Trust	6,444	2,591	1,700	1,170	11,905	9,241

20. Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Intangible Fixed Assets	-	-	28	28
Tangible Fixed Assets	-	-	21,643	21,643
Currents Assets	67	4,367	-	4,434
Current Liabilities	(106)	(1,237)	-	(1,343)
Pension Scheme liability	-	(7,176)	-	(7,176)
Total Net Assets	(39)	(4,046)	21,671	17,586

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Intangible Fixed Assets	-	-	-	-
Tangible Fixed Assets	-	-	10,840	10,840
Currents Assets	53	3,557	-	3,610
Current Liabilities	(82)	(519)	-	(601)
Pension Scheme liability	-	(1,566)	-	(1,566)
Total Net Assets	(29)	1,472	10,840	12,283

Notes to the Financial Statements for the period ended 31st August 2019

21. Commitments under Operating Leases

At 31st August, the Multi-Academy Trust had minimum lease payments under non-cancellable operating leases as follows:

	2019 £'000	2018 £'000
Land and building		
- Amounts due within one year	-	-
- Amounts due between one and five years	-	-
- Amounts due after five years	-	-
	<hr/>	<hr/>
	-	-
Other		
- Amounts due within one year	36	33
- Amounts due between one and five years	96	8
- Amounts due after five years	-	-
	<hr/>	<hr/>
	132	41

The leases are for photocopiers and printers.

22. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2019 £000	2018 £000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	7,737	(55)
<i>Adjusted for:</i>		
Net assets transferred on conversion	(7,693)	-
Cash received on conversion	(563)	-
Amortisation [note 13]	4	
Depreciation [note 14]	490	351
Capital grants from DfE and other capital income	(254)	(58)
Interest receivable [note 6]	(20)	(13)
Defined benefit pension scheme cost less contributions payable [note 28]	385	172
Defined benefit pension scheme finance cost [note 28]	67	50
Increase in stocks	-	-
(Increase) / Decrease in debtors	(55)	(5)
(Decrease) / Increase in creditors less than 1 year	742	(158)
Net cash provided by / (used in) Operating Activities	<hr/> 840	<hr/> 284

Notes to the Financial Statements for the period ended 31st August 2019

23. Cash flows from financing activities

	2019	2018
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

24. Cash flows from investing activities

	2019	2018
	£000	£000
Dividends, interest and rents from investments	20	13
Purchase of intangible fixed assets	(32)	-
Purchase of tangible fixed assets	(313)	(33)
Capital grants from DfE/ESFA	254	58
Net cash provided by / (used in) investing activities	(71)	38

25. Analysis of cash and cash equivalents

	2019	2018
	£000	£000
Cash in hand and at bank	4,132	3,363
Total cash and cash equivalents	4,132	3,363

26. Contingent liabilities

The Academy Trust is not aware of any issues that could give rise to a contingent liability.

27. Members liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he / she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

Notes to the Financial Statements for the period ended 31st August 2019

28. Pension Obligations

The Multi-Academy Trust's employees belong to two principal pension schemes, the Teachers' Pension Scheme for 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 County Council. Both are multi-employer defined-benefit plans.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £179k were payable to the schemes at 31 August 2019 (2018 £99k) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010), and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers and lecturers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 2012 and in accordance with the Public Services Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Notes to the Financial Statements for the period ended 31st August 2019**28. Pension Obligations (continued)**

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contributions rate is expected to be reassessed and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £758k (2018 £584k). A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the period ended were:

	2019	2018
	£'000	£'000
Employer's	325	230
Employer's – lump sum deficit	60	58
Employee's	112	79
	497	367

The agreed contribution rates for future years are 17.9% for employers and 5.5% to 8.5% for employees, depending on salary. Due to an overall deficit in the scheme, the Multi-Academy Trust has made additional contributions in the period amounting to £60k (2018 £58k). These additional contributions are expected to continue for a further 15 years.

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

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31st March 2016, updated by a qualified independent actuary:

	31 August 2019	31 August 2018
	%	%
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment / inflation	2.2	2.2
Discount rate for Scheme Liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1
Commutation of pensions to lump sums (max)	50	50

Notes to the Financial Statements for the period ended 31st August 2019

28. Pension 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 August 2019	31 August 2018
Retiring Today		
Males	22.8	22.7
Females	25.8	25.7
Retiring in 20 Years		
Males	25.1	24.9
Females	28.2	28.0

	31 August 2019 £'000	31 August 2018 £'000
Sensitivity Analysis		
Discount rate +0.1%	(6,801)	(1,452)
Mortality assumption 1 year increase	(7,577)	(1,720)
CPI rate +0.1%	(7,577)	(1,712)
Pay growth +0.1%	(7,235)	(1,590)

The Multi-Academy Trust's share of the assets in the scheme were:

	Fair Value at 31 August 2019 £'000	Fair Value at 31 August 2018 £'000
Equities	10,036	5,103
Government bonds	1,062	530
Bonds	708	305
Cash	410	139
Property	849	311
Other	1,090	239
Total market value of assets	14,155	6,627
Actual return on scheme assets	716	405

Notes to the Financial Statements for the period ended 31st August 2019

28. Pension Obligations (continued)

Amounts included in the balance sheet in respect of the defined benefit pension plan:

	31 August 2019	31 August 2018
	£'000	£'000
Fair value of plan assets	14,155	6,627
Present value of plan obligations	(21,331)	(8,193)
Net pensions (liability) / asset	(7,176)	(1,566)

Amounts recognised in the Statement of Financial Activities (incorporating the income and expenditure account):

	31 August 2019	31 August 2018
	£'000	£'000
Current service cost	(580)	(455)
Past service cost	(185)	-
Net interest costs	(67)	(50)
Remeasurement of assets	(2,434)	895
Administration fee	(7)	(5)
Total amount recognised in the SOFA	(3,273)	385

Movement in net defined benefit (liability) / assets during the period:

	31 August 2019	31 August 2018
	£'000	£'000
Brought forward at 1 September 2018	(1,566)	(2,239)
<i>Movement in period:</i>		
Transfer in of Worcester Sixth Form College	(2,724)	-
Current service cost	(580)	(455)
Past service cost	(185)	-
Employer contributions	387	288
Net interest on defined liability	(67)	(50)
Administration fee	(7)	(5)
Actuarial gain / (loss)	(2,434)	895
Net defined benefit (liability)	(7,176)	(1,566)
/ assets in scheme at 31 August 2019		

Notes to the Financial Statements for the period ended 31st August 2019

28. Pension Obligations (continued)

Asset and Liability Reconciliation:

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

	31 August 2019	31 August 2018
	£'000	£'000
Brought forward at 1 September 2018	8,193	8,359
Transfer in of Worcester Sixth Form College	9,189	-
Current service cost	580	455
Past service cost	185	-
Interest costs	325	198
Employee contributions	112	79
Actuarial (gain) / loss	2,893	(638)
Estimated benefits paid	(146)	(260)
Defined benefit obligations at 31 August 2019	21,331	8,193

Changes in the fair value of the Academy Trust's share of scheme assets:

	31 August 2019	31 August 2018
	£'000	£'000
Brought forward at 1 September 2018	6,627	6,120
Transfer in of Worcester Sixth Form College	6,465	-
Interest income	258	148
Actuarial gain / (loss)	459	257
Employer contributions	387	288
Employee contributions	112	79
Administration fee	(7)	(5)
Estimated benefits paid	(146)	(260)
Fair value of scheme assets at 31 August 2019	14,155	6,627

Notes to the Financial Statements for the period ended 31st August 2019

29. Related Party Transactions

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

The total expenses paid to or on behalf of the Trustees during the period were less than £2k (2018: £2k).

No Trustee has received any remuneration or waived payments from the Multi-Academy Trust during the period.

Hereford Sixth Form College:

P Hudson and Sons – a company in which Mrs Hudson, the Reographics Technician, is Company Secretary.

Transactions totalling £18k (2018: £16k), relating to the provision of electrical services took place. The company was owed ENil (2018: £4k) at the year-end.

Worcester Sixth Form College:

Mr Edward Senior's wife was employed by the College during the period and received remuneration of £15k. The post was paid within the normal pay section for her role and this individual received no special treatment as a result of the relationship.

30. Events after the end of the reporting period

There have been no events since the balance sheet date that would materially affect the results for the period.

Notes to the Financial Statements for the period ended 31st August 2019

31. Conversion to an Academy Trust

On 1st April 2019 the Worcester Sixth Form College converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Heart to Mercia Multi-Academy Trust from the former Worcester Sixth Form College for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from Worcester Sixth Form College.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total £'000
Tangible fixed assets				
Freehold land and buildings	-	-	10,596	10,596
Other tangible fixed assets	-	-	384	384
Current assets	-	379	-	379
Current liabilities	-	(942)	-	(942)
Non-current liabilities				
LGPS pension surplus/(deficit)	-	(2,724)	-	(2,724)
Net assets/liabilities	-	(3,287)	10,980	7,693