

Report of the Trustees and
Financial Statements
for the Year Ended 31 August 2021
for
QEHC Academy Trust

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

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for the Year Ended 31 August 2021

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Reference and Administrative Details
for the Year Ended 31 August 2021

MEMBERS:	J G Lester (appointed 9.3.21) C Edwards (appointed 9.3.21) J Donaldson C Martin A R Burt A Jones (resigned 19.11.20)
TRUSTEES	A R Burt (appointed 19.11.20) (resigned 23.9.21) M J Farmer (Accounting Officer) * A Jones (resigned 19.11.20) * D Racic (Staff governor) M Henderson (Chair of Trustee Board) * N D Ferguson (appointed 19.11.20) * S L Reeves-Walters J A Ecoeur (resigned 22.4.21) T Dugmore (appointed 1.9.20) D Berry (Mr) (appointed 1.9.20) * M Franklin (appointed 9.3.21) A Taylor (appointed 9.3.21) K Ewing (appointed 1.10.21) D Berry (Mrs) (appointed 9.3.21)

* members of the finance and general purpose committee

SENIOR MANAGEMENT TEAM	M J Farmer	Headteacher and Accounting officer
	S Seneque	Deputy Headteacher
	D Wiles	Academy Business Manager
	K Lane	Assistant Headteacher
	S Day	Assistant Headteacher (secondment)
	T Lloyd	Assistant Headteacher (secondment)

COMPANY NAME QEHC Academy Trust

REGISTERED OFFICE Ashfields
Bromyard
Hereford
Herefordshire
HR7 4QS

REGISTERED COMPANY NUMBER 07840838 (England and Wales)

SENIOR STATUTORY AUDITOR Mrs Lisa Weaver FCCA

AUDITORS

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

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

QEHC Academy Trust exists to serve its students and community through the provision of excellent education in an open and safe environment.

Catering for students between 11 and 16, it provides a balanced and challenging curriculum to develop academic, social and life skills, including a range of sporting and cultural activities.

Being a small school in a small town in a rural location it is at the centre of its community and this situation develops social responsibility in the pupils.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy Trust's object is specifically restricted to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing, and developing a school offering a broad and balance curriculum.

It is intended that the curriculum and ethos of the Academy will place an emphasis on, and include a commitment to pupils learning about, co-operative values of self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility and caring for others with the aim of encouraging all pupils to become better citizen, not only while they are pupils but during the rest of their lives.

OBJECTIVES AND ACTIVITIES

Objectives, Strategies and Activities

The main objectives for the year and strategies for achieving them are contained in the academy's Strategic Improvement Plan 2021-2023 which is available from the academy, a summary of which is as follows:

To further improve the Quality of Education for all pupils

- To ensure curriculum strategy, plans and schemes of work are fully in place and promote a broad, balanced, and inclusive curriculum with clear regard for intent, implementation, and impact for pupils
- To develop excellent opportunities for learning for all pupils through the development of a Quality First Teaching approach
- To audit educational impact and develop response to COVID catch-up for pupils
- To carefully review current provision for disadvantaged pupils, amending and implementing as required
- To carefully review current provision for targeted high attaining pupils, amending and implementing as required
- To ensure outcomes match target expectations subject to any COVID related adjustments

To ensure the Behaviour and Attitudes of pupils enable them to learn effectively and progress to the next stage of their education

- To ensure the attendance and punctuality of all pupils in all groups is maintained at least to comparative national levels and that those pupils persistently absent are at a level better than national averages with due regard for COVID constraints
- To ensure low level disruption is minimised and pupils display a positive attitude towards their learning

To provide opportunities for the Personal Development of all pupils to prepare them for adult life in British society

- To ensure the mental health and well-being of pupils enables them to be resilient, confident, and happy learners
- To ensure the Careers, Information, Advice and Guidance (CIAG) provided to pupils is of the very best available

To deliver high quality Leadership and Management that allow the strategic implementation to deliver the school vision

- To ensure a full and robust ongoing COVID response that is fit for purpose at each tier of operation
- To strengthen Middle Leadership across the school
- To review and adapt as required appraisal and performance management procedures and protocols
- To ensure the mental health and well-being of staff enables them to be effective colleagues
- To audit and remedy any gaps in governance structures and governance communication and procedures to ensure strength is added further to the Trust Board
- To audit and update all policies as required ensuring all appropriate structures are in place and utilised
- To continue with efficiency measures to ensure surplus budgets are set and delivered for the duration of the plan and financial probity is maintained
- To ensure the school is inspection ready
- To assess the viability and appropriateness of a local MAT solution for the Trust and partner schools
- To review fully the appropriateness of current website provision and action as required any change
- To audit current MIS and ICT infrastructure and potential replacement platforms and hardware

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

STRATEGIC REPORT

Achievement and performance

Charitable activities

The summer 2021 results attained by the Trust through Teacher Assessed Grades reflect results in line with projections. Key academic data includes:

- Attainment 8 score improving from 45.04 to 47.32
- Percentage of students achieving grade 4+ in English and mathematics 75.00%
- Percentage of students achieving grade 5+ in English and mathematics 44.40%
- Percentage of students achieving grade 4+ in English 90.28%
- Percentage of students achieving grade 4+ in mathematics 77.78%
- Percentage of students achieving grade 5+ in English 69.44%
- Percentage of students achieving grade 5+ in mathematics 48.61%
- Percentage of students achieving the EBacc suite of GCSE's at grade 5 or higher 15.28%
- EBacc average point score (APS) of 4.02 with 33.0% of students entering the EBacc subject suite

The school has maintained the requirement to provide online work for pupils not at school due to Covid-19.

In August and early September of 2021, the school opened itself up to transition pupils in year 6 for 1 week prior to the official commencement of school through the Summer School Programme funded by central government, providing an Induction Programme to reduce their anxiety for the official start of their secondary education.

This high level of local activity was carried forward into our Autumn Term 1 media and promotion where we operated a normal Open Evening offering supplemented by family guided tours of the secondary school in preference to video productions. This strategy enabled us to secure the highest number of 1st choice preferences seen at the school in a decade at 81 and will undoubtedly lead to oversubscription in Year 7 for September 2022 with in excess of 85 pupils expected when outstanding applications are concluded.

Recruitment to current Year 7 was exceptional with 85 pupils joining. This was mainly due to a significant marketing campaign and continued community engagement by the school. Currently Year 11 is oversubscribed with 85 pupils and Year 7 with 85 pupils with space in all other year groups. The initial number indication for September 2022 entry reflects another Year Group which will be over PAN. PAN is 400 (5x80) with current NOR at 360.

Covid 19 has seen relatively low impact in our area. There have been low numbers of infection associated with the school and our response has been well received by the local community. Attendance is running significantly higher than the national average for similar settings as a result of this confidence. We have had to introduce mitigative measures twice in the Autumn Term of 2021-2022 to date to stem small outbreaks.

Since reopening in September 2020, the school has remained fully open to all Year Groups except at such times that national lockdowns required otherwise. Staffing has been stable but is being affected on a daily basis by the need of staff to test and/or isolate for Test and Trace as some staff are still not vaccinated to the level that makes them exempt from the need to isolate as a close contact. This is being offset at the deployment of a full time supply teacher at additional cost to the school.

Fundraising activities

The Trust put forward a CIF bid for asbestos removal and associated works which was unsuccessful and intends to lodge the same bid during the next CIF window.

There have been no further fundraising activities and income has continued to be significantly reduced as a result of the pandemic.

Key financial performance indicators

These are covered throughout the Governors' Report.

Donated goods

During the year, QEHC Academy Trust kindly received £5,660 worth of play equipment from the PTFA, and laptops to the value of £5,810 from various local interest groups including the Youth Club and Bromyard Lodge.

STRATEGIC REPORT

Financial review

Financial position

The majority of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2021 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the year ended 31 August 2021, total expenditure of £1,698,478 (2020: £1,707,120) was covered by recurrent grant funding from the DfES. The net income before transfers and revaluations for the year was £113,744 (2020: £46,270 net expenditure).

At 31 August 2021, the net book value of fixed assets was £3,066,587 (2020: £3,132,176) and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Investment policy

The academy retains any interest earned on investments and bears any charges made by the bank. Investment of temporary cash surpluses is made directly in current or deposit accounts of the nominated bank. The Executive Headteacher and Academy Business Manager monitor cash balances to determine the most appropriate interest-bearing account.

Loans are never made to any organisation or individual from academy funds. The academy does not offer any security to the bank.

Any re-profiling of income flow must be agreed by the Executive Headteacher and Academy Business Manager. The academy has not made arrangements for overdrafts, loans or any other forms of credit or deferred purchases.

Reserves policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of unrestricted reserves (total funds less the amount held in fixed assets and restricted funds) is £190,6445 (2020: 166,722), all of which is free reserves. The level of general restricted reserves excluding fixed assets and pension fund is £118,894 deficit (2020: £297,304 deficit).

The Trust operates a Reserves Policy which sets the level of reserves deemed prudent to hold at a minimum level (subject to available funds) of £100,000 or approximately 5% of GAG with a maximum holding in reserves of £200,000 or approximately 10% of GAG. The Trust aims to have at any one time the equivalent of 1 month of our average salary commitments on hand as reserves in the form of cash. These reserves will ensure the ability of the Trust to meet its obligations to stakeholders without placing additional strain and burden on day to day finances.

Reserves held in excess of the set limits will be used to enrich the educational offer of the Trust in the manner best suited to doing so.

The Trust will adjust the minimum and maximum holdings authorised within the reserves Policy at any such time that new entrants to the Trust are accepted with the general principle of a 5% to 10% GAG floor and ceiling being applied.

STRATEGIC REPORT

Financial review

Going concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

We do not envisage major cost implications for the Trust over the coming 12 months as a result of Covid 19. The school will be in receipt of a nominal amount designated as catch-up funding which will be deployed to support these activities. Though there are additional costs involved with cleaning and safety measures to ensure the safe operation of the school, these are not seen to be to such an extent as to cause financial hardship on the Trust in and of themselves.

The financial impact of Covid-19

The reporting period covered saw extensive monies received by the Trust in relation to Covid-19 strategies from central government, covering such items as mass testing, catch-up and tutoring funding and the deployment of digital devices.

This additional resource removed much of the burden the Trust had sustained the previous accounting period so that the impact was minimised on the other operating functions of the Trust finances. As the Trust was not in a surplus position this did not affect our reserve holdings, however, in covering off many of the associated costs it allowed the Trust to ensure that planned efficiencies and increased revenues which would reduce the deficit and return the Trust to surplus proceeded as planned.

The Trust will continue to deploy some of that funding over the course of the next reporting period to deliver interventions and tutoring as required. Funding received to date has been used to ensure the Trust is able to discharge its responsibilities to operate the school safely, to ensure meaningful and targeted catch-up work for those most adversely affected and has been used to source long term supply solutions in the face of a very volatile provision of supply staff.

Principal risks and uncertainties

Currently, the Governors consider that the critical risks and uncertainties facing the Academy are:

- Variation of pupil intake numbers. Numbers on role are strong and increasing. The threat of an adverse effect on overall numbers and finance has been mitigated by 2 strong years of above PAN intake and a further opportunity to increase numbers exists when current Year 10, numbering only 55 pupils, leaves in Summer 2023. It remains the case that the Trust will best benefit from consistent high numbers
- A lack of material investment in the school for basic hygiene and safety measures through the CIF allocations. Although the trust has received prior allocations, remedial works are further required with no prospect of completion outside a successful CIF bid
- Continued upward cost pressures continue to significantly impact the academy with rising staff costs and associated costs bringing the biggest pressure to bear, most notably the increased pressure on our SEND provision with insufficient funding allocated to allow an appropriate staffing response other than impacting main school budgets
- A continued lack of suitable candidates prepared to travel to rural locations, especially newly qualified teaching staff, the school remains fully staffed at this time
- Potential cost increases from salaries at the next Pay Review if not fully funded through central government and increasing National insurance contributions

STRATEGIC REPORT

Financial and risk management objectives and policies

The academy has adopted a protocol based on that of its insurer, Zurich Municipal for vehicle insurance only with all other insurance products procured through the RPA scheme:

Stage 1: Risk identification / Compiling the Risk Register

The Risk Register is reviewed proactively on an ongoing basis e.g., at regular management/trustee meetings and, reactively when key staff leave, when control systems change or when new evidence about risk exposure emerges, e.g., if a loss were incurred, errors made, or an accident suffered. It is, therefore, a key tool for senior leadership and trustees to use continuously to check that the academy's level of risk exposure is acceptable.

Stage 2. Prioritisation - Assessing the Probability and the Impact of Each Risk

The Risk Register uses a matrix offering a straightforward means of plotting the probability of the risk occurring and its likely impact. This shows in quite stark terms those risks that should cause most concern - high chance of occurrence and high impact. It is now relatively easy for staff and trustees to complete as it is based on the knowledge of several people without the need for detailed analysis. Now that all risks are plotted on the matrix, those that fall in the Red or Amber squares are being looked at and will usually require some degree of management action.

Stage 3: Control Definition and Controls Assessment

The first step is to consider the existing controls. Examples of controls used to date include: project plans, effective resource management, verification processes, management information and actions, physical safeguards, supervision, monitoring. This has helped in the assessment of the "real" risks by briefly considering and evaluating the level of existing controls in place.

Stage 4: Priority/Timescales/Review Date

Description of further action required is entered into the risk register and reviewed periodically. The priority of the risk determines the time frame and review date as follows: Low Long-Term Date - 12 months from now; Medium Term Date - 6 months from now; High Short Term Date - 3 months from now. A risk owner is identified who can be accountable for taking the action.

Future plans

The academy has continued to work with several local primary partners in a collaborative approach designed to ensure continued strong provision across the phases in the locality. This collaboration includes a mix of existing academies and local authority schools. This led to the formation of a soft federation, Education for Bromyard (EfB). There are now firm plans to widen the Trust with the introduction of 2 local primary schools as new academies and it is likely such actions will be completed prior to the end of the current financial year.

The Trust provides Executive Leadership generating income for the trust through an SLA chargeable at £35,000 per annum, with a similar arrangement at a smaller local primary school bringing in £25,000 through a further SLA.

The Trust intends to continue the growth of pupil numbers in line with previous projections so that the provision currently in place can be maintained financially through increased revenue. This growth has been better than projected and indications for September 2022 reflect a position significantly better than expected with a strong possibility of numbers in that intake being 12% higher than budgeted.

The academy has continued to develop an already robust curriculum designed in the best interests of pupils and fitting the vision for such currently being explored by Ofsted. Our Vocational Centre is seen as an extremely positive step for current pupils and for the potential to increase pupil numbers further as such a provision is seen as desirable by the local and wider community where no such provision currently exists. There is clear and consistent evidence from parental visits that aspects of vocational provision are a major determining factor in seeking a school place with the school and have almost certainly been responsible in part for the significant upturn in numbers. This provision will be further strengthened with links now being discussed between the Trust and the new educational provision at Bristol Aerospace.

The Trust plans to bid again into the next round of CIF bids following an unsuccessful bid last year for asbestos removal and associated works.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Charitable Company was Incorporated on the 9th November 2011 and converted from a Local Authority School to an Academy Trust on the 1st December 2011.

The governors act as the trustees for the charitable activities of QEHC Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as QEHC Academy Trust.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on pages 1.

Members' liability

Each member of the academy trust undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member.

Trustees' Indemnities

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

The liability insurance is provided by the RPA and provides cover up to £1,000,000 (2020: £1,000,000) on any one claim.

Principal activities

This is defined in the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Method of Recruitment and Appointment or Election of Governors

The Trust has recently updated the Articles and Memorandum of Association to the latest model versions which have been sealed and lodged with Companies House.

The Members appoint Staff Trustees through such process as they may determine, provided that the total number of trustees (including the Executive Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of trustees. At QEHC Academy Trust the retiring Staff Trustees describe the role to colleagues and then invite nominations through the Executive Headteacher's Personal Assistant. In the event of two or more nominations a simple ballot of staff is conducted.

The Parent Trustees are elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when they are elected. The Trust Board makes all necessary arrangements for, and determines all other matters relating to, an election of Parent Trustees, including any question of whether a person is a parent of a registered pupil at the Academy. Any election of Parent Trustees which is contested shall be held by secret ballot. The arrangements made for the election of a Parent Trustee provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having their ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Trustee is required to be filled by election, the Trust Board takes such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that they are entitled to stand as a candidate, and vote at the election, and given an opportunity to do so. The number of Parent Trustees required is made up by Parent Trustees appointed by the Trust Board if the number of parents standing for election is less than the number of vacancies. In appointing a Parent Trustee, the Trust Board appoints a person who is the parent of a registered pupil at the Academy; or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age. The Executive Headteacher is treated for all purposes as being an ex officio trustee.

Organisational structure

The Academy has a leadership structure which consists of trustees and Senior Leadership. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Executive Headteacher is the accounting officer.

The trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Senior Leadership Team are the Executive Headteacher, Head of School and an Assistant Headteacher, and an Academy Business Manager, additionally there are 2 secondments to the SLT currently as the Trust moves to a position of growth and to allow the capacity for this growth. The leaders direct the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. The Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the Senior Leadership Team always contain a trustee. Some spending control is devolved to members of the Senior Leadership Team, with limits above which the Chair of Finance or Chair of the Trust Board must agree.

Subject leaders are responsible for the day-to-day operation of curriculum subject areas and accordingly organise their staff, capitation resources and pupils.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Policies and Procedures Adopted for the Induction and Training of Governors

The Trust Board believes that in order to fulfil its responsibilities effectively, it is essential that each member is committed to a shared vision for the academy and that the trustees are working well as a team to achieve this.

To help new trustees feel able to take an active part within the board and be valued as an equal member of the team, the Trust recognises the need for new trustees to have an induction - a period of planned support to introduce them to their new role. The aims of the induction are to:

- welcome new trustees to the team
- help them to get to know the academy
- assist them to understand their role and responsibilities
- enable them to contribute fully to the work of the Trust Board

In order to achieve its aims, the Trust Board ensures that the following steps are taken.

- The Chair of the Trust Board sends a letter welcoming the new trustee to the team and offering them the opportunity to meet before the first formal Trust Board meeting
- The Executive Headteacher invites the new trustee to visit the academy
- .When a new trustee attends his/her first meeting, the Chair of the Trust Board welcomes and introduces them to the other trustees. Trustees are asked to introduce themselves and describe any particular interests/experience they have, and the new trustee is given the opportunity to say something about themselves.
- The new trustee is invited to join a relevant committee or committees. They can also be given the opportunity to attend and observe committee meetings before deciding about which committees they might like to join
- A trustee is appointed to take responsibility for inducting every new trustee. This will be an experienced trustee who acts as a mentor
- All trustees are encouraged to attend any relevant LA, regional or national training events that become available along with in-house training sessions
- New trustees are shown how to access policy documents and other relevant information for trustees
- They will be informed who to contact for advice and support

Arrangements for setting pay and remuneration of key management personnel

Senior Leaders at the academy are placed within an appropriate range on the national Leadership spine payment range relative the size of the school in terms of pupil numbers at their time of appointment. The starting salary within that range is determined in conjunction with trustees and the Executive Headteacher for all roles except the Executive Headteacher, and in the case of the Executive Headteacher is set by trustees. The decision will assess prior leadership experience, previous pay awards and responsibilities.

The academy adopts a locally agreed Performance Related Pay Policy and appraisal procedures. For all members of senior leadership other than the Executive Headteacher, a recommendation is made by the Executive Headteacher as to whether pay progression should be awarded based on successful completion of annual targets.

Trustees will be presented with evidence to support such decisions and ratify those decisions or seek further clarification as required. For the Executive Headteacher, this decision is taken by trustees working in conjunction with an independent adviser. Again, such a decision to enable pay progression for the Executive Headteacher will be dependent upon their performance against agreed targets. No member of senior leadership can progress beyond the highest point of the range on which they are appointed.

Related parties and other connected charities and organisations

Transactions with related parties are disclosed in the notes to the accounts.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, the provision of facilities and other operational issues, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying, and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Risk Register is maintained by the Academy leadership team (with reference to the Academy's Committees where appropriate), reported to the governors for approval and supported by training from an external risk management specialist where appropriate.

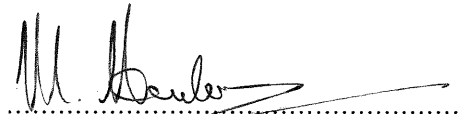
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Thorne Widgery Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees on 10/12/21 and signed on its behalf by:


.....
M Henderson Trustee

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that QEHC 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 Trust Board has delegated the day-to-day responsibility to the Executive Headteacher 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 QEHC Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

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

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee		Meetings Attended	Out of a possible
A R Burt	(appointed 19.11.20, resigned 22.09.21)	3	7
M J Farmer		7	7
A Jones	((resigned 19.11.20)	0	1
D Racic		6	7
M Henderson	(Chair)	6	7
N D Ferguson	(Vice Chair) (appointed 19.11.20)	7	7
S L Reeves-Walters		7	7
J Ecouer	(resigned 22.04.21)	2	3
T Dugmore	(appointed 01.09.20)	1	7
D Berry (Mr)	(appointed 01.09.20)	2	7
M Franklin	(appointed 09.03.21)	5	5
A Taylor	(appointed 09.03.21)	3	4
D Berry (Mrs)	(appointed 09.03.21)	5	5

The Finance and Audit Committee is a sub-committee of the main Trust Board. Its purpose is to set a strategic direction for the academy finances and to monitor their use. Attendance at meetings in the year was as follows:

Trustee		Meetings Attended	Out of a possible
M J Farmer		5	5
A R Burt	(resigned 31.6.21)	2	4
M Henderson	(Chair)	5	5
M Franklin		1	2
N D Ferguson		4	5
D Berry (Mrs)		1	2

Governance Review

The Trust Board audit the skills held by Trustees annually and use the NGA Skills Audit tool in doing so. Any gaps in expertise are then used in formulating recruitment plans to the Board.

The Trust Board will commission an annual Governance Review which will report on the work of the Board and opportunities to improve upon that work. This will affirm work of the Trust Board itself over the course of the year in assessing internally its own effectiveness and provide the Board with priorities for future development through the SIP.

The Board has worked extensively with the offices of the Regional Schools Commissioner West Midlands over the previous reporting period to analyse and strengthen governance from the Board, and continues to do so further.

Review of Value for Money

As accounting officer, the Executive Headteacher has responsibility for ensuring the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Over the last financial period, QEHC Academy Trust has significantly strengthened their financial position and moved from a position of cumulative deficit to one of cumulative surplus. This has been achieved in part by adhering to the requirement to ensure value for money in procurement.

Some of the ways we have used our resources this year to ensure good value are:

- Strengthening further the leadership capacity within the academy by appointing Middle Leaders to the Senior Leadership Team to allow the Executive Headteacher strategic development time in the growth of the Trust
- Continuing to engage with the local partners to place the academy at the heart of the community, including the continuation of an executive leadership SLA with two partner schools generating to date £60,000 of income across the reporting period
- Increasing significantly the professional development of teachers so that the quality of lessons taught at the academy continues to improve
- Expanded individual support and intervention so that pupils have targeted interventions leading to improved outcomes and using PP funds to impact outcomes for those pupils by ring-fencing this funding
- Increasing pupil numbers on roll in the face of adverse conditions through a pro-active marketing strategy, with strategy focussed on exceeding PAN in subsequent admission windows
- Further investment in our middle leadership structure to develop capacity throughout the academy
- Zero annual spend on inappropriate alternative provision for pupils and on unnecessary examination fees
- Continued development of the curriculum so that is broad and gives pupils access to a wide range of choice, meeting the new Ofsted framework and seen as a model of good practice locally, with an emphasis on vocational skills-based education
- Significant ongoing review of all SLA spend with renegotiation of contracts reflecting extensive saving

Key performance information (unvalidated) that supports our appropriate use of resources includes:

- * Attainment 8 47.32
- * 4-9 in English and mathematics 75.00%
- * 5-9 in English and mathematics 44.40%
- * Students entering EBacc 33.30%
- * Students achieving EBacc 15.28%
- * EBacc APS 4.02

The trust continues to review spending, especially on support services and SLA's, however increasing budget pressures, and ICT infrastructure upgrades and Covid-19 response and impacts (specifically the availability and cost of supply cover solutions) continue to hit extremely hard and we continue to work with the ESFA to ensure we minimise the impact of the challenges we are currently facing. The Trust is looking forward to a strong period of financial stability following significant upturns in GAG funding and pupil numbers allied with cost cutting measures undertaken over the previous 2-year period which have seen the Trust return to a position of cumulative surplus.

Further value for money will be achieved in actioning, where prudent, the recommendations of our most recent SRMA report.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in QEHC Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Trust Board has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal on-going process for identifying, evaluating, and managing the charitable company's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board
- regular reviews by the Finance and General Purpose Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks.

The Trust Board has decided to employ School Business Leadership Services as internal auditor.

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

- o testing of payroll systems
- o testing of purchase systems
- o testing of control account/ bank reconciliations
- o personnel checks

On a termly basis, the reviewer reports to the Trust Board, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Trust Boards financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Review of Effectiveness

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

- the work of the externally appointed internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 systems of internal control by the finance committee and a plan to address weakness and ensure continuous improvements of the system is in place.

Approved by order of the members of the board of governors on 10/12/21 and signed on its behalf by:



.....
M Henderson - Trustee



.....
M J Farmer - Trustee

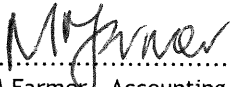
QEHC Academy Trust

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2021

As accounting officer of QEHC Academy Trust I have considered my responsibility to notify the charitable company Trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the charitable company Trust Board are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2020.

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 Trust Board and ESFA.



.....
Mr M Farmer - Accounting Officer

Date:

Statement of Trustees' Responsibilities
for the Year Ended 31 August 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

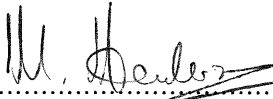
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements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

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

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

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

Approved by order of the members of the board of trustees on10/12/21..... and signed on its behalf by:


.....
M Henderson - Trustee

Opinion

We have audited the financial statements of QEHC Academy Trust (the 'academy trust') for the year ended 31 August 2021 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 2020 to 2021 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Material uncertainty relating to going concern

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

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

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

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the entity's activities, funders, suppliers and wider economy. The Trustees' view on the impact of COVID-19 is disclosed in the Trustees' Report and the Accounting Policies.

We draw attention to page 25 in the financial statements, which shows that at the year end the Academy had net current assets of £71,751 (2020: net current liabilities £130,582) and is carrying a surplus of £71,751 (2020: deficit £134,629) on general restricted funds (excluding pension reserve) plus unrestricted funds, however within that the general annual grant fund remains in deficit at £151,026 (2020: £301,351 deficit).

The academy is addressing the current financial situation, however if these actions were to prove to be unsuccessful, this may indicate that a material uncertainty exists and may cast doubt on the Academy's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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.

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

We obtained an understanding of the legal and regulatory framework applicable to both the Academy itself and the sector in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the trustees and other management. The most significant were identified as the Department for Education, the Education and Schools Funding Agency, the Academies Financial Handbook 2020, the Academies Accounts Direction 2021, Companies Act legislation and Charities Act and FRS102 SORP legislation.

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

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

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

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

Report of the Independent Auditors to the Members of
QEHC Academy Trust

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.



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

Date:14/12/21.....

Note:

The maintenance and integrity of the QEHC 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
QEHC 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 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by QEHC Academy Trust during the period 1 September 2020 to 31 August 2021 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 QEHC 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 QEHC 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 QEHC Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of QEHC Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of QEHC Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 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 2020 to 2021 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Thorne Widgey

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

Date:14/12/21.....

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2021

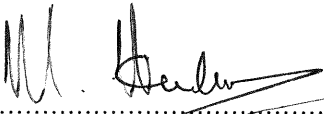
				31.8.21	31.8.20	
	Notes	Unrestricted General fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	-	9,619	108,358	117,977	246,248
Charitable activities						
Funding for the academy's educational operations	3	-	-	2,165,166	2,165,166	1,875,195
Other trading activities	4	24,394	-	731	25,125	10,368
Investment income	5	18	-	-	18	78
Total		24,412	9,619	2,274,255	2,308,286	2,131,889
EXPENDITURE ON						
Raising funds	7	-	-	-	-	669
Charitable activities						
Academy's educational operations	3	490	75,208	2,118,844	2,194,542	2,177,490
Total	6	490	75,208	2,118,844	2,194,542	2,178,159
NET INCOME/(EXPENDITURE)		23,922	(65,589)	155,411	113,744	(46,270)
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		-	-	49,000	49,000	(93,000)
Net movement in funds		23,922	(65,589)	204,411	162,744	(139,270)
RECONCILIATION OF FUNDS						
Total funds brought forward		166,722	3,132,176	(970,304)	2,328,594	2,467,864
TOTAL FUNDS CARRIED FORWARD		190,644	3,066,587	(765,893)	2,491,338	2,328,594

The notes form part of these financial statements

Balance Sheet
31 August 2021

	Notes	31.8.21 £	31.8.20 £
FIXED ASSETS			
Tangible assets	13	3,066,587	3,132,176
CURRENT ASSETS			
Debtors	14	60,573	57,518
Cash at bank and in hand		166,968	13,708
		<u>227,541</u>	<u>71,226</u>
CREDITORS			
Amounts falling due within one year	15	(155,790)	(201,808)
		<u>71,751</u>	<u>(130,582)</u>
NET CURRENT ASSETS			
		3,138,338	3,001,594
TOTAL ASSETS LESS CURRENT LIABILITIES			
PENSION LIABILITY	20	(647,000)	(673,000)
		<u>2,491,338</u>	<u>2,328,594</u>
NET ASSETS			
FUNDS	19		
Restricted funds:			
Restricted General Fund		(151,026)	(301,351)
Restricted Pension Fund		(647,000)	(673,000)
DfE/YPLA Capital Grants		500,355	512,982
Conversion and depreciation		2,350,725	2,398,910
Capital expenditure from GAG		72,182	73,973
Capital expenditure from other donations		143,325	146,311
Other DfE/ESFA grants - Pupil premium		20,621	-
Other DfE/ESFA grants - Covid-19 funding		-	4,047
Other DfE/ESFA grants - Catch-up premium		3,311	-
Other COVID-19 funding		8,200	-
		<u>2,300,693</u>	<u>2,161,872</u>
Unrestricted funds:			
Unrestricted General fund		190,645	166,722
		<u>2,491,338</u>	<u>2,328,594</u>
TOTAL FUNDS			

The financial statements were approved and authorised for issue by the Board of Trustees and authorised for issue on10/12/21..... and were signed on its behalf by:


.....
M Henderson - Trustee

QEHC Academy Trust

Cash Flow Statement

for the Year Ended 31 August 2021

	Notes	31.8.21 £	31.8.20 £
Cash flows from operating activities			
Cash generated from operations	1	168,623	(71,287)
Net cash provided by/(used in) operating activities		<u>168,623</u>	<u>(71,287)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(52,608)
Capital grants from DfE/EFA		9,619	150,763
Interest received		18	78
Net cash provided by investing activities		<u>9,637</u>	<u>98,233</u>
Cash flows from financing activities			
Loan repayments in year		(25,000)	(60,000)
Net cash used in financing activities		<u>(25,000)</u>	<u>(60,000)</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		153,260	(33,054)
Cash and cash equivalents at the end of the reporting period		<u>13,708</u>	<u>46,762</u>
Cash and cash equivalents at the end of the reporting period		<u>166,968</u>	<u>13,708</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2021

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

	31.8.21	31.8.20
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	113,744	(46,270)
Adjustments for:		
Depreciation charges	65,589	68,887
Capital grants from DfE/ESFA	(9,619)	(150,763)
Interest received	(18)	(78)
(Increase)/decrease in debtors	(3,055)	150,277
Decrease in creditors	(21,018)	(123,340)
Difference between pension charge and cash contributions	23,000	30,000
	<u>168,623</u>	<u>(71,287)</u>
Net cash provided by/(used in) operations	<u>168,623</u>	<u>(71,287)</u>

2. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.9.20	Cash flow	At 31.8.21
	£	£	£
Net cash			
Cash at bank and in hand	13,708	153,260	166,968
	<u>13,708</u>	<u>153,260</u>	<u>166,968</u>
Debt			
Debts falling due within 1 year	(25,000)	25,000	-
	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>
Total	<u>(11,292)</u>	<u>178,260</u>	<u>166,968</u>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2020 to 2021 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

QEHC Academy Trust meets the definition of a public benefit entity under FRS 102.

Going concern

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

The academy has considered the effects of Covid 19 on their financial future and are confident there will be no significant effect on them continuing as a going concern.

We do not envisage major cost implications for the Trust over the coming 12 months as a result of Covid 19. The school will be in receipt of a nominal amount designated as catch-up funding which will be deployed to support these activities. Though there are additional costs involved with cleaning and safety measures to ensure the safe operation of the school, these are not seen to be to such an extent as to cause financial hardship on the Trust in and of themselves.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the 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 it is probable that the income will be received and the amount can be measured reliably.

Donations

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

1. ACCOUNTING POLICIES - continued

Other income

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

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.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

Tangible fixed assets

Assets costing £1,000 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 land and buildings	2%
Freehold property improvements	2%
Furniture and fittings	15%
ICT equipment	33.3%
Plant and equipment	20%

Assets in the course of construction are included at cost. Depreciation of 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. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes to the financial statements. Prepayments are not financial instruments.

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

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

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education funding Agency.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Liabilities

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

Provisions

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

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

Leased Assets

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

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in notes to the accounts, the 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the financial statements, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
Grants	-	9,619	9,619	150,763
School trips etc	-	6,794	6,794	12,297
Other grants and payments	-	101,564	101,564	83,188
	-	117,977	117,977	246,248

The comparatives include restricted fixed asset funds of £150,763 and restricted funds of £95,485 giving a total of £246,248.

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

	31.8.21 £	31.8.20 £
Capital Grant	9,619	150,763

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
DfE/ESFA grants				
General Annual Grant(GAG)	-	1,848,804	1,848,804	1,685,475
Other DfE/EFSA grant				
Others	-	40,178	40,178	20,379
Pupil premium	-	76,215	76,215	70,599
Teachers' pay	-	23,378	23,378	22,482
Teachers' pension	-	66,304	66,304	63,629
	-	2,054,879	2,054,879	1,862,564
Other Government grant				
Other Local Authority Grants	-	45,759	45,759	8,584
COVID-19 additional funding (DfE/ESFA)s				
Other DfE/ESFA Covid-19 funding	-	2,018	2,018	4,047
Catch-up premium	-	27,560	27,560	-
	-	75,337	75,337	12,631
COVID-19 additional funding (non-DfE/ESFA)				
Other COVID-19 funding	-	34,950	34,950	-
	-	2,165,166	2,165,166	1,875,195

All comparative amounts relate to the restricted general fund.

The academy received £27,560 of funding for catch-up premium and costs incurred in respect of this funding totalled £24,249, with £3,311 to be spent in 2021/22.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS - continued

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
Fundraising events	-	731	731	136
Room and building hire	24,394	-	24,394	10,232
	<u>24,394</u>	<u>731</u>	<u>25,125</u>	<u>10,368</u>

The comparatives include unrestricted funds of £10,232 and restricted general funds of £136 giving a total of £10,368.

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.21 Total funds £	31.8.20 Total funds £
Deposit account interest	18	-	18	78
	<u>18</u>	<u>-</u>	<u>18</u>	<u>78</u>

All comparative amounts relate to the unrestricted fund.

6. EXPENDITURE

	Non-pay expenditure			31.8.21	31.8.20
	Staff costs £	Premises £	Other costs £	Total £	Total £
Raising funds					
Costs incurred by trading for a fundraising purpose					
Direct costs	-	-	-	-	669
Charitable activities					
Academy's educational operations					
Direct costs	1,381,784	48,185	180,564	1,610,533	1,553,714
Allocated support costs	330,022	82,751	171,236	584,009	623,776
	<u>1,711,806</u>	<u>130,936</u>	<u>351,800</u>	<u>2,194,542</u>	<u>2,178,159</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

6. EXPENDITURE - continued

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

	31.8.21	31.8.20
	£	£
Auditors' remuneration	10,250	9,950
Other non-audit services	1,180	545
Depreciation - owned assets	65,589	68,887
Operating leases	<u>22,422</u>	<u>22,556</u>

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds	Restricted funds	31.8.21 Total funds	31.8.20 Total funds
	£	£	£	£
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>669</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.21 Total funds	31.8.20 Total funds
	£	£	£	£
Direct costs	5	1,610,528	1,610,533	1,553,714
Support costs	485	583,524	584,009	623,776
	<u>490</u>	<u>2,194,052</u>	<u>2,194,542</u>	<u>2,177,490</u>

	31.8.21 Total £	31.8.20 Total £
Analysis of support costs		
Support staff costs	330,022	329,969
Depreciation	17,404	20,702
Premises costs	82,751	136,900
Other support costs	142,402	125,710
Governance costs	11,430	10,495
Total support costs	<u>584,009</u>	<u>623,776</u>

The comparatives include restricted fixed asset funds of £158,996 and restricted funds of £2,018,494 giving a total of £2,177,490.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

9. TRUSTEES' REMUNERATION AND BENEFITS

One or more trustees has 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 was as follows:

			2021	2020
D Racic	Staff Gov	Remuneration	£40,000 - £45,000	£40,000 - £45,000
		Employers Pension Contributions	£10,000 - £15,000	£10,000 - £15,000
M Farmer	Headteacher	Remuneration	£85,000 - £90,000	£85,000 - £90,000
		Employers Pension Contributions	£20,000 - £25,000	£15,000 - £20,000

Trustees' expenses

During the period ended 31 August 2021, expenses totalling £175 (2020: £nil) were reimbursed to 1 trustees (2020: 0)

Other related party transactions involving the trustees are set out in the note to the accounts.

10. STAFF COSTS

	31.8.21	31.8.20
	£	£
Wages and salaries	1,242,597	1,232,228
Social security costs	128,607	121,857
Operating costs of defined benefit pension schemes	318,568	303,621
	<u>1,689,772</u>	<u>1,657,706</u>
Supply teacher costs	22,034	732
	<u>1,711,806</u>	<u>1,658,438</u>

No non-statutory/non-contractual amounts are included in other staff costs.

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

	31.8.21	31.8.20
Teachers	20	21
Administration and support	17	22
Management	4	4
	<u>41</u>	<u>47</u>

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

	31.8.21	31.8.20
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1
	<u>2</u>	<u>2</u>

10. STAFF COSTS - continued

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £330,369 (2020: £315,341).

S Day and T Lloyd are part of the Senior Management Team, as noted on page 1, but have been seconded for one term in 2020/21, therefore have not been included in the above figures.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2021 is included in the total insurance cost.

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted General fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	150,762	95,486	246,248
Charitable activities				
Funding for the academy's educational operations	-	-	1,875,195	1,875,195
Other trading activities	10,232	-	136	10,368
Investment income	74	-	4	78
Total	10,306	150,762	1,970,821	2,131,889
EXPENDITURE ON				
Raising funds	669	-	-	669
Charitable activities				
Academy's educational operations	923	158,996	2,017,571	2,177,490
Total	1,592	158,996	2,017,571	2,178,159
NET INCOME/(EXPENDITURE)	8,714	(8,234)	(46,750)	(46,270)
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	-	-	(93,000)	(93,000)
Net movement in funds	8,714	(8,234)	(139,750)	(139,270)

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted General fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
RECONCILIATION OF FUNDS				
Total funds brought forward	158,008	3,140,410	(830,554)	2,467,864
TOTAL FUNDS CARRIED FORWARD	<u>166,722</u>	<u>3,132,176</u>	<u>(970,304)</u>	<u>2,328,594</u>

13. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 September 2020 and 31 August 2021	<u>2,820,531</u>	<u>827,201</u>	<u>4,711</u>
DEPRECIATION			
At 1 September 2020	421,621	94,940	4,711
Charge for year	48,185	16,544	-
At 31 August 2021	<u>469,806</u>	<u>111,484</u>	<u>4,711</u>
NET BOOK VALUE			
At 31 August 2021	<u>2,350,725</u>	<u>715,717</u>	<u>-</u>
At 31 August 2020	<u>2,398,910</u>	<u>732,261</u>	<u>-</u>
	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 September 2020 and 31 August 2021	<u>128,381</u>	<u>67,760</u>	<u>3,848,584</u>
DEPRECIATION			
At 1 September 2020	127,377	67,759	716,408
Charge for year	860	-	65,589
At 31 August 2021	<u>128,237</u>	<u>67,759</u>	<u>781,997</u>
NET BOOK VALUE			
At 31 August 2021	<u>144</u>	<u>1</u>	<u>3,066,587</u>
At 31 August 2020	<u>1,004</u>	<u>1</u>	<u>3,132,176</u>

Freehold property includes non depreciating land costing £411,269 (2020: £411,269).

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.21	31.8.20
	£	£
Trade debtors	7,929	15,450
VAT	7,042	2,849
Prepayments and accrued income	45,602	39,219
	<u>60,573</u>	<u>57,518</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.21	31.8.20
	£	£
Other loans (see note 16)	-	25,000
Trade creditors	22,825	74,587
Social security and other taxes	65,347	64,546
Deferred income	63,361	32,595
Accrued expenses	4,257	5,080
	<u>155,790</u>	<u>201,808</u>

Deferred Income

	31.8.21	31.8.20
	£	£
Deferred income at 1 September	32,595	46,117
Resources deferred in the year	63,361	32,595
Amounts released from previous years	(32,595)	(46,117)
	<u>63,361</u>	<u>32,595</u>

Deferred income relates to monies collected in advance for trips taking place after the year end.

16. LOANS

An analysis of the maturity of loans is given below:

	31.8.21	31.8.20
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>-</u>	<u>25,000</u>

In 2017/18 the academy received £85,000 in deficit funding from the ESFA, this has started to be repaid from September 2019 at the rate of £5,000 per month. The balance was fully repaid by January 2021. No interest is being charged on this balance.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

17. MEMBERS' LIABILITY

Each member of the academy trust undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted	Restricted	Restricted	31.8.21
	General	Fixed	General	Total
	fund	Asset	Fund	funds
	£	Fund	Fund	£
Fixed assets	-	3,066,587	-	3,066,587
Current assets	190,645	-	36,896	227,541
Current liabilities	-	-	(155,790)	(155,790)
Pension liability	-	-	(647,000)	(647,000)
	<u>190,645</u>	<u>3,066,587</u>	<u>(765,894)</u>	<u>2,491,338</u>

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

	Unrestricted	Restricted	Restricted	31.8.20
	General	Fixed	General	Total
	fund	Asset	Fund	funds
	£	Fund	Fund	£
Fixed assets	-	3,132,176	-	3,132,176
Current assets	166,689	-	(95,463)	71,226
Current liabilities	33	-	(201,841)	(201,808)
Pension liability	-	-	(673,000)	(673,000)
	<u>166,722</u>	<u>3,132,176</u>	<u>(970,304)</u>	<u>2,328,594</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

19. MOVEMENT IN FUNDS

	At 1.9.20 £	Net movement in funds £	At 31.8.21 £
Restricted general funds			
Restricted General Fund	(301,351)	150,325	(151,026)
Restricted Pension Fund	(673,000)	26,000	(647,000)
DfE/YPLA Capital Grants	512,982	(12,627)	500,355
Conversion and depreciation	2,398,910	(48,185)	2,350,725
Capital expenditure from GAG	73,973	(1,791)	72,182
Capital expenditure from other donations	146,311	(2,986)	143,325
Other DfE/ESFA grants - Pupil premium	-	20,621	20,621
Other DfE/ESFA grants - Covid-19 funding	4,047	(4,047)	-
Other DfE/ESFA grants - Catch-up premium	-	3,311	3,311
Other COVID-19 funding	-	8,200	8,200
	<u>2,161,872</u>	<u>138,821</u>	<u>2,300,693</u>
Unrestricted fund			
Unrestricted General fund	166,722	23,923	190,645
	<u>2,328,594</u>	<u>162,744</u>	<u>2,491,338</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
Restricted General Fund	1,848,803	(1,698,478)	-	150,325
Other DfE/ESFA grants	40,178	(40,178)	-	-
Other Restricted	154,849	(154,849)	-	-
Restricted Pension Fund	-	(23,000)	49,000	26,000
DfE/YPLA Capital Grants	9,619	(22,246)	-	(12,627)
Conversion and depreciation	-	(48,185)	-	(48,185)
Capital expenditure from GAG	-	(1,791)	-	(1,791)
Capital expenditure from other donations	-	(2,986)	-	(2,986)
Other DfE/ESFA grants - Pupil premium	76,215	(55,594)	-	20,621
Other DfE/ESFA grants - Covid-19 funding	2,018	(6,065)	-	(4,047)
Other DfE/ESFA grants - Teachers' pay	23,378	(23,378)	-	-
Other DfE/ESFA grants - Teachers' pension	66,304	(66,304)	-	-
Other DfE/ESFA grants - Catch-up premium	27,560	(24,249)	-	3,311
Other COVID-19 funding	34,950	(26,750)	-	8,200
	<u>2,283,874</u>	<u>(2,194,053)</u>	<u>49,000</u>	<u>138,821</u>
Unrestricted fund				
Unrestricted General fund	24,412	(489)	-	23,923
	<u>2,308,286</u>	<u>(2,194,542)</u>	<u>49,000</u>	<u>162,744</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

19. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.19 £	Net movement in funds £	At 31.8.20 £
Restricted general funds			
Restricted General Fund	(280,554)	(20,797)	(301,351)
Restricted Pension Fund	(550,000)	(123,000)	(673,000)
DfE/YPLA Capital Grants	464,547	48,435	512,982
Conversion and depreciation	2,447,096	(48,186)	2,398,910
Capital expenditure from GAG	77,767	(3,794)	73,973
Capital expenditure from other donations	151,000	(4,689)	146,311
Other DfE/ESFA grants - Covid-19 funding	-	4,047	4,047
	<u>2,309,856</u>	<u>(147,984)</u>	<u>2,161,872</u>
Unrestricted fund			
Unrestricted General fund	158,008	8,714	166,722
	<u>2,467,864</u>	<u>(139,270)</u>	<u>2,328,594</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
Restricted General Fund	1,686,323	(1,707,120)	-	(20,797)
Other DfE/ESFA grants	20,379	(20,379)	-	-
Other Restricted	103,362	(103,362)	-	-
Restricted Pension Fund	-	(30,000)	(93,000)	(123,000)
DfE/YPLA Capital Grants	150,763	(102,328)	-	48,435
Conversion and depreciation	(1)	(48,185)	-	(48,186)
Capital expenditure from GAG	-	(3,794)	-	(3,794)
Capital expenditure from other donations	-	(4,689)	-	(4,689)
Other DfE/ESFA grants - Pupil premium	70,599	(70,599)	-	-
Other DfE/ESFA grants - Covid-19 funding	4,047	-	-	4,047
Other DfE/ESFA grants - Teachers' pay	22,482	(22,482)	-	-
Other DfE/ESFA grants - Teachers' pension	63,629	(63,629)	-	-
	<u>2,121,583</u>	<u>(2,176,567)</u>	<u>(93,000)</u>	<u>(147,984)</u>
Unrestricted fund				
Unrestricted General fund	10,306	(1,592)	-	8,714
	<u>2,131,889</u>	<u>(2,178,159)</u>	<u>(93,000)</u>	<u>(139,270)</u>

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

- Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021. General Annual Grant (GAG): must be used for the normal running costs of the Academy.
- Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

19. MOVEMENT IN FUNDS - continued

- Other Restricted General Funds: include payments made towards Academy trips.
- The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants, additions and depreciation.
- Unrestricted Funds: are all those income and expenses for general use in the Academy.

20. PENSION AND SIMILAR OBLIGATIONS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS to the period ended 31 March 2019.

Contributions amounting to £34,572 were payable to the schemes at 31 August 2021 (2020 - £25,246) and are included within creditors.

Teachers' pension scheme

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

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

Valuation of the teachers' pension scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £225,869 (2020 - £219,066).

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

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

20. PENSION AND SIMILAR OBLIGATIONS - continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £106,694 (2020: £98,819), of which employer's contributions totalled £91,192 (2020: £83,048) and employees' contributions totalled £15,502 (2020: £15,771). The agreed contribution rates for future years are 18.5% for employers and between 5.5% and 12.5% for employees.

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

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

The rates payable over a three year period will be the Future Service Rate of 18.5% of payroll plus phased lump sum deficit contributions starting at £43,500 for the year 2020/21 increasing by approximately 4% per annum. The rate payable from 1 April 2023 will be further revised following the valuation of the Pension Fund which will take place on 31 March 2022.

The estimated current recovery period is 18 years.

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Present value of funded obligations	(1,739,000)	(1,510,000)
Fair value of plan assets	1,092,000	837,000
	<u>(647,000)</u>	<u>(673,000)</u>
Present value of unfunded obligations	-	-
Deficit	<u>(647,000)</u>	<u>(673,000)</u>
Net liability	<u><u>(647,000)</u></u>	<u><u>(673,000)</u></u>

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

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Current service cost	104,000	102,000
Net interest from net defined benefit asset/liability	11,000	10,000
Past service cost	-	4,000
Admin expense	1,000	1,000
	<u>116,000</u>	<u>117,000</u>
Actual return on plan assets	<u><u>162,000</u></u>	<u><u>4,000</u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

20. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Opening defined benefit obligation	1,510,000	1,289,000
Current service cost	104,000	102,000
Past service cost	-	4,000
Contributions by scheme participants	15,000	16,000
Interest cost	27,000	24,000
Actuarial losses/(gains)	97,000	83,000
Benefits paid	(14,000)	(8,000)
	<u>1,739,000</u>	<u>1,510,000</u>

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

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Opening fair value of scheme assets	837,000	743,000
Contributions by employer	93,000	83,000
Contributions by scheme participants	15,000	16,000
Expected return	16,000	14,000
Actuarial gains/(losses)	146,000	(10,000)
Benefits paid	(14,000)	(8,000)
Administration expenses	(1,000)	(1,000)
	<u>1,092,000</u>	<u>837,000</u>

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

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Actuarial gains/(losses)	49,000	(93,000)
	<u>49,000</u>	<u>(93,000)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

20. PENSION AND SIMILAR OBLIGATIONS - continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.21	31.8.20
	£	£
Equities	909,000	552,000
Bonds - Government	-	56,000
Bonds - Other	1,000	44,000
Property	48,000	45,000
Cash/Liquidity	27,000	35,000
Other	107,000	105,000
	<u>1,092,000</u>	<u>837,000</u>

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

	31.8.21	31.8.20
Discount rate for scheme liabilities	1.70%	1.80%
Rate of increase in salaries	4.20%	3.90%
Inflation assumption (CPI)	2.70%	2.40%
Rate of increase in pensions	2.80%	2.50%

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

Retiring today		
Males	22.7	22.6
Females	25.1	25
Retiring in 20 years		
Males	24.4	24.2
Females	27.1	27

Sensitivity analysis	31.8.21	31.8.20
	£	£
Discount rate +0.1%	(33,000)	(29,000)
Discount rate -0.1%	34,000	30,000
Mortality assumption - 1 year increase	56,000	44,000
Mortality assumption - 1 year decrease	(54,000)	(43,000)
CPI rate +0.1%	34,000	29,000
CPI rate -0.1%	(33,000)	(28,000)

21. CONTINGENT LIABILITIES

There are no significant contingent liabilities that the Governors are aware of.

22. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES

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

	31.8.21	31.8.20
	£	£
Within one year	18,260	22,144
Between one and five years	11,788	18,260
	<u>30,048</u>	<u>40,404</u>

23. RELATED PARTY DISCLOSURES

Owing to the nature of the 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. The following related party transactions took place in the financial period.

Income Related Party Transactions

Bromyard Grammar School Foundation - a charity which C Martin and M Farmer (governors of QEHC Academy Trust) are trustees:

- During the year donations of £2,810 (2020: £4,110) were received

Bredenbury Primary School - a school which M Farmer (accounting officer and governor of QEHC Academy Trust) is executive head and sits on the board of governors and C Edwards (trustee of QEHC Academy Trust) is chair of governors:

- During the year income of £21,000 (2020: £20,000) was received in relation to the executive headship SLA.

St Peter's Primary School - a school which M Farmer (accounting officer and governor of QEHC Academy Trust) is executive head and sits on the board of governors:

- During the year income of £27,000 (2020: £39,700) was received in relation to the executive headship SLA.

Detailed Statement of Financial Activities
for the Year Ended 31 August 2021

	31.8.21 £	31.8.20 £
INCOME AND ENDOWMENTS		
Donations and capital grants		
Grants	9,619	150,763
School trips etc	6,794	12,297
Other grants and payments	101,564	83,188
	<hr/>	<hr/>
	117,977	246,248
Other trading activities		
Fundraising events	731	136
Room and building hire	24,394	10,232
	<hr/>	<hr/>
	25,125	10,368
Investment income		
Deposit account interest	18	78
Charitable activities		
Grants	2,165,166	1,875,195
	<hr/>	<hr/>
Total incoming resources	2,308,286	2,131,889
EXPENDITURE		
Costs incurred by trading for a fundraising purpose		
Bad debts	-	669
Charitable activities		
Wages	1,015,192	995,919
Social security	107,367	103,062
Pensions	237,191	228,756
Supply teacher costs	22,034	732
Educational supplies	131,472	113,932
Examination fees	22,708	30,843
Staff development	3,384	2,285
Freehold property	48,185	48,185
Interest on pension scheme liabilities	23,000	30,000
	<hr/>	<hr/>
	1,610,533	1,553,714
Support costs		
Management		
Wages	227,405	236,309
Social security	21,240	18,795
Pensions	81,377	74,865
Recruitment and support	1,936	1,836
Maintenance of premises and equipment	35,766	100,074
Cleaning	3,648	3,550
Rent and rates	12,164	9,215
Carried forward	383,536	444,644

Detailed Statement of Financial Activities
for the Year Ended 31 August 2021

	31.8.21	31.8.20
	£	£
Management		
Brought forward	383,536	444,644
Insurance	10,602	10,276
Energy costs	34,821	30,245
Catering	25,838	7,877
Improvements to property	16,544	16,544
Fixtures and fittings	860	1,182
Computer equipment	-	2,976
Other costs	100,378	99,537
	<hr/>	<hr/>
	572,579	613,281
Governance costs		
Auditors' remuneration	10,250	9,950
Auditors' remuneration for non audit work	1,180	545
	<hr/>	<hr/>
	11,430	10,495
	<hr/>	<hr/>
Total resources expended	2,194,542	2,178,159
	<hr/>	<hr/>
Net income/(expenditure)	<u>113,744</u>	<u>(46,270)</u>

