

Company registration number 08748904 (England and Wales)

MERCIA PRIMARY ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2023

MERCIA PRIMARY ACADEMY TRUST

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MERCIA PRIMARY ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Golder
S Boden

Trustees

L M Colclough (Human Resources Officer, Trust Director)
R J Lane (Chief Executive Officer, Trust Director)
A Dolphin (Trust Director)
A Hollis (Trust Director)
G Hirons (Trust Director)
Z Schnepf (Trust Director) (Appointed 15 March 2023)

Senior management team

- Headteacher	R J Lane
- Headteacher	N Probert
- Head of schools	M L Booth
- Deputy Headteacher	V Smith
- Deputy Headteacher	A Roberts
- Deputy Headteacher	P Williams
- MAT Business Manager	T Bavin-Matthews
- Senior Operations Manager	R Miladowski

Company secretary

Tanya Bavin-Matthews (MAT Business Manager)

Company registration number

08748904 (England and Wales)

Principal and registered office

Chestnut Avenue
Tamworth
B79 8QZ

Academies operated

Lakeside Primary Academy
Lark Hall Infant & Nursery Academy
Flax Hill Junior Academy

Location

Staffordshire
Staffordshire
Staffordshire

CEO/Headteacher

N Probert
R Lane
R Lane

Independent auditor

Haines Watts Tamworth
Chartered Accountants and Statutory Auditors
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

MERCIA PRIMARY ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank
17 George Street
Tamworth
B79 7LW

Other advisors

Entrust Support Services
Riverway Centre
Stafford
Staffordshire
ST16 3TH

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

The academy trust operates one infant, one junior and one primary Academy in Tamworth, Staffordshire. Lark Hall Infant has a capacity of 90 with 87 on roll as of the January 2023 census not including preschool. Flax Hill Junior has a capacity of 300 with 308 on roll as of the January 2023 census. Lakeside has a capacity of 210 with 186 on roll from the January 2023 census.

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 operates as Mercia Primary Academy Trust.

The constituent academies of the trust are:

- Lark Hall Infant & Nursery Academy
- Flax Hill Junior Academy
- Lakeside Primary Academy

The trustees of Mercia Primary Academy Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

As part of the overall insurance cover taken out with third party insurers the academy has taken out insurance relating to Governor's indemnity. The limit of indemnity cover is £25 million in this respect.

Method of recruitment and appointment or election of trustees

The management of the academy trust is the responsibility of the trustees who are elected and co-opted under the terms of Articles of Association.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new governors and trustees will depend upon their existing experience. Induction is tailored specifically to the individual. New trustees are invited to attend "Welcome to being a Governor" training event run by Entrust Support Services. Webinars and training via GovernorHub are also available for trustees to participate in. All new trustees are provided with access to GovernorHub, policies and induction by the Headteacher.

The Clerk to Trustees keeps a log of courses attended and training is a standard agenda item, all items are recorded on Governor Hub.

Trustees participate in an annual self-review process to highlight any weaknesses and to address any additional training needs.

The Business Manager will provide training relating to the finance system if required.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Organisational structure

The board of trustees are responsible for the overall strategic direction of the academy trust. The trustees have a duty to act in the fulfilment of the academy trust objects. They set the strategic direction, and determine the policies and procedures of the academy trust whilst holding each academy within the academy trust to account. The trustees will meet at least three times a year and local governing body committees will report to meetings of the board of trustees throughout the year.

Each academy within the academy trust is governed by a Local Governing Body (LGB) which is appointed by the board of trustees and elected by staff and parents in a manner similar to the board of trustees. The LGB is responsible for determining the strategic direction of the academy in accordance with the overall strategic direction of the academy trust. The LGB should engage with the local community, constructively challenge the leadership team of the academy and provide evaluative feedback and supporting evidence to the board of trustees on the impact and effectiveness of the collective and individual's aims, objectives, policies, targets and future plans.

The board of trustees and each LGB do not exercise a managerial role. The leadership and management across the academy trust is delegated by the board of trustees to the Senior Leadership Team / Central Team within each academy. The Senior Leadership Teams are responsible at an executive level for implementing the policies laid down by board of trustees and reporting back to them through various committees. This includes actions concerning the budget, staffing, and school improvement.

The CEO is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets as set out in the Scheme of Delegation.

Arrangements for setting pay and remuneration of key management personnel

The arrangements for setting the pay and remuneration of the key management personnel of the academy trust are subject to the 'school teachers pay and conditions document and guidance on school teachers pay and conditions'. The determination of leadership pay is in line with the school group size and relevant scale points attributed to the group pay range.

Incremental rises are dependent upon the successful completion of the previous years' performance management cycle and quality assured by the Senior Leadership Team within each academy. Recommendations for pay increases are made by the Senior Leadership Team to the academy committee and their decision is validated by the board of trustees at the Autumn term meeting.

Related parties and other connected charities and organisations

The members, board of trustees, academy committee members and the accounting officer all complete a pecuniary interest declaration on an annual basis. This declaration sets out any relationship with the academy trust that is not directly related to their duties within these roles. Each individual is also required to declare a potential 'conflict of interest' if it arises between such declarations. Once a declaration has been made, the individual concerned takes no further part in any decision relating to the matter declared.

In respect of the current year, no transactions have taken place with related parties and other connected charities and organisations.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Objectives and activities

Objects and aims

Our aim - Everyone is valued and shares responsibility for the challenging learning that takes place through partnership between Governors, staff, parents, pupils, external partners and the local community, the Academy Trust will provide the facilities, resources and vision to enable the Academy to flourish and provide pupils with the best possible education.

Statement written 08.11.2023 R J Lane

Trust Improvement focus 2022-2023

- Broad and Balanced curriculum
- Language and vocabulary
- Reading and writing
- Creation of Learning Networks
- Reaching out to other local schools who may wish to join the Trust
- Reaching out to other small trusts to form a network

Objectives, strategies and activities

The strategic goals of the academy trust are:

To provide high quality education provision for all academies within the academy trust that improve the outcomes of all of our pupils. This will be achieved by providing appropriate and proportionate support and challenge each academy within the academy trust. There will be a focus on:

- Establish and monitoring a system of governance through effective academy committees.
- Providing intervention to support school improvement.
- Developing collaborative curriculum activities to support key skill development, increasing independence and vocational/work-related learning.
- Monitoring pupil progress and achievement
- Developing monitoring and evaluating strategies and procedures that will drive school improvement.
- Overseeing the financial performance of the trust
- Supporting the procurement of best value central services.
- Collaboratively sharing and supporting best practice
- Safeguarding

To provide the same high quality of education provision to pupils outside of the trust to help achieve the government's aim of the same standard of education for all children. This will be achieved by:

- Developing a systematic marketing strategy and work with local stakeholders, Headteacher forums and the DfE to identify potential schools and academies that wish to join the academy trust.
- Build capacity by creating a robust management structure, which involves building a central team to support the board of trustees
- Develop training based on the expertise within the academy trust that can be delivered to other education providers
- Develop more effective means on collaboration with other education providers to share best practice and encourage

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Public benefit

Mercia Primary Academy Trust is approved by the Department of Education (DfE) and funded wholly by the Education Skills Funding Agency (ESFA) to further the education of pupils admitted under the requirements set by the ESFA Funding Agreement with the admission of pupils without fee. Parents are able to apply for their children to be admitted in accordance with these requirements. Governors ensure that applications are considered appropriately.

The trustees confirm that they have referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the academy trust objective and aims and in planning future activities for the period. The trustees consider that the academy trust can clearly demonstrate that its aims are to advance education for public benefit.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Strategic report

Achievements and performance

Flax Hill Junior School

Ofsted 3 and 4 November 2021

'Flax Hill Junior Academy continues to be a good school.'

Pupils are proud to attend their school. They say that they are happy and they feel safe in school because they are well cared for. Relationships between staff and pupils are very positive. Staff integrate the core values of 'ready, respectful and safe' into all aspects of school. Pupils understand the importance of these values.

Staff want all pupils at the school, including those with special educational needs and/or disabilities (SEND), to become well-rounded citizens. Leaders have thought carefully about the curriculum to make sure that it is broad and balanced. Pupils' behaviour is a strength of the school. They behave extremely well in lessons and around the school. Pupils live up to the high expectations that staff have for them.

Pupils know how to stay safe, including when online. Pupils say that bullying is very rare, but they trust adults to deal with it if it did happen.

All leaders and staff have a clear vision for the school. They want pupils to succeed. Leaders have created a purposeful environment where pupils are keen to learn. Leaders want every pupil to develop a love of reading. As a result of this, they have put reading at the forefront of the curriculum. Everyone values reading.

The school's phonics programme is well planned. All staff have had training in the teaching of phonics so that they can support pupils effectively with their reading. Children love reading. They talk about their favourite books and authors with understanding and pleasure. One child said that, 'Once I start reading a book, I can't put it down. I feel like I am there, and I just enjoy it so much I don't want to stop reading'. This is typical of what pupils say about reading.

The music curriculum is a strength of the school. Subject plans are ambitious. Progression in music is carefully considered to produce high-quality musical outcomes. Pupils love music lessons and there is very high demand to join musical clubs.

Pupils' behaviour in music lessons is exemplary. In mathematics, pupils start each lesson with an 'Intelligent Maths' session where they focus on number, basic skills and reasoning. This helps staff to check if pupils can remember what they have learned. In many subjects, leaders have planned a curriculum which builds pupils' knowledge and skills well.

In some subjects, plans show clearly what vocabulary and concepts children need to know. However, in subjects where this is not the case, it is not as clear how curriculum plans support pupils in building their vocabulary knowledge over time.

Pupils with SEND receive good support. Leaders and staff understand pupils' needs well. Staff receive regular training, including from specialists outside of the school, about how to support pupils with SEND. Pupils engage fully in lessons, and have work and support matched to their needs.

Some aspects of wider development are well developed. The school provides good pastoral support and children know how to keep themselves safe and healthy. Pupils also take part in a range of clubs, including dodgeball, choir and gardening. Pupils have less knowledge of some aspects of the fundamental British values. Leaders have plans to develop this.

Pupils understand why they need to show respect to others. They feel valued and treat each other in the same way. Governors are passionate about their work and know the school well. Staff are proud to work at the school. They speak highly of the training they receive and of the support from leaders around their workload and well-being.'

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Lakeside Primary Academy

Ofsted 28 and 29 June 2022

'Lakeside Primary School continues to be a good school.'

Pupils feel happy and secure at Lakeside Primary School. They love the extended grounds and fields where they play and learn. Leaders set high aspirations for all. The school's values of 'kindness, respect and tolerance' are at the heart of everything. Pupils are encouraged to challenge themselves, learn from mistakes and never give up. They try hard and are proud of their school.

Right from the start, children learn the school's five golden behaviour rules. Teachers expect all pupils to use good manners, listen to others and get along together. As a result, behaviour is good. Bullying hardly ever happens. Pupils are confident that adults are fair and deal with any problems quickly. Parents and carers agree.

Pupils enjoy learning the full range of curriculum subjects. Teachers' expectations of what pupils will learn in each subject have been significantly raised over time. Pupils enjoy different learning experiences, such as science work with the University of Birmingham and visits from interactive theatre companies.

The school has good links with sports clubs and pupils enjoy a range of after-school activities. Pupils are proud of the history of Tamworth.

Throughout Lakeside Primary School, there is a strong sense of 'we are a team, we work together, we can do it'. Leaders are ambitious. Governors are well informed. They understand how well things are working and what more needs to be done. Relationships are based on trust.

Leaders have designed an ambitious curriculum. Despite the disruptions of the COVID-19 pandemic, everyone has worked tirelessly to bring this curriculum to life. Subject leaders share their expertise with staff and provide more help and support as needed. Curriculum planning is well structured. Teachers identify the key subject knowledge and vocabulary that pupils need to know and remember for future learning.

Leaders have taken decisive actions to improve the way that early reading is taught from nursery onwards. Children experience language-rich routines and activities right from the start. This paves the way for future learning. Once in Reception, children follow a well-structured phonics programme. Books are well matched to the sounds that pupils are learning. Teachers have high expectations and teach phonics well. They check that pupils are remembering and using new sounds. They keep a close eye on those pupils who are not keeping up. These pupils receive extra help.

Mathematics is taught well. Learning is sequenced towards very clear, ambitious outcomes from early years to Year 6. There is a strong focus on securing pupils' confidence and mental fluency. This starts in early years where children are taught early number through practical activities, stories and rhymes. Teachers display and promote mathematical language throughout the school. More sessions have recently been introduced to help pupils recall and apply mathematical knowledge at speed and with accuracy.

Teachers provide the right support for those pupils who need it so that everyone is fully included in school life. Pupils with special educational needs and/or disabilities (SEND) learn the same curriculum as others. Even when pupils have very high levels of need, lessons are adapted to make sure that they experience the same curriculum. As a result, pupils with SEND achieve well.

The curriculum extends and broadens pupils' experiences in a range of subjects. Pupils enjoy learning about important people in history. Pupils are beginning to talk about big ideas in history, such as continuity and change. Likewise, in art, the curriculum is well organised. Pupils study artists ranging from Banksy and street art to American and Japanese art and sculpture. This broadens pupils' thinking. As a result, they are beginning to talk about art and artists with confidence.

There is a clear focus on the mental well-being of pupils and staff. Staff feel valued and are highly positive about leaders. They say that leaders are supportive and considerate about workload. Staff feel included in the development of the curriculum. They appreciate the training and resources and say that help and advice are always available if needed.'

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Lark Hall Infant & Nursery Academy

Ofsted 1 December 2021

'Lark Hall Infant & Nursery Academy continues to be a good school.'

Lark Hall is a happy, friendly and welcoming school. Pupils like school because they enjoy the exciting activities it offers. For example, they spoke enthusiastically about exploring nature and building dens in forest school. They also enjoy music lessons taught by a specialist teacher, where they have opportunities to sing and compose.

Leaders and staff have high expectations of all pupils and want the best for them. Consequently, pupils feel safe, work hard and achieve well. Pupils behave well in lessons and around school. They know and understand the three school rules, 'ready, respectful, safe'. They told inspectors these rules were strengths of the school. Pupils use them to describe what they are doing and how they should behave. Staff manage behaviour very well, so the school is calm and orderly. Breaktimes and lunchtimes are well supervised, and pupils join in organised games enthusiastically. All parents and carers who responded to Ofsted Parent View said the school makes sure pupils are well behaved.

Pupils know who they would turn to for help if they needed it. They say there is no bullying but are confident that, should there be any, adults in school would deal with it quickly and effectively.

Lark Hall is well led. Leaders have designed a curriculum that enables pupils to make good progress because they ensure adults teach knowledge in the right order. Leaders and staff check what pupils know and remember. For example, mathematics lessons begin with questions that help pupils to recall what they already know. Pupils practise their mathematical skills and use them as the basis for new learning. As a result, pupils remember their learning well.

Children begin to learn phonics from their first days in school. They quickly learn the sounds they need to read fluently and confidently. Staff regularly check the sounds the children know so that if a child is in danger of falling behind, adults quickly help them to catch up. For example, the specialist phonics teacher helps children to recall and repeat the letter sounds they know. This builds children's knowledge and gives them a sense of achievement.

Adults promote pupils' love of reading well. Pupils read every day. Teachers make sure that pupils read books that match their reading skills. Year 2 pupils enjoy completing quizzes when they have finished a book. Consequently, pupils understand and remember the books they have read. Leaders prioritise pupils' language skills. In some lessons, staff introduce new words and encourage pupils to use them, so they become familiar with their meaning. For example, in pre-school, children weighed 'moon rocks' and talked about whether they were heavy or light. However, although curriculum plans identify key vocabulary for each subject, this is not taught consistently well. As a result, pupils' understanding of key words and terms does not develop well enough over time.

Almost all the time, pupils listen carefully and concentrate well in lessons. When there is any low-level misbehaviour, adults stop it quickly so that it does not interrupt lessons. The curriculum promotes pupils' well-being and their spiritual, moral, social and cultural development well. For example, pupils take part in community events and give to charity.

They enjoy a range of after-school sports clubs, such as gymnastics. Pupils consider local and world events and learn about different faiths. Forest school helps pupils to appreciate the environment. Year 2 pupils enjoy learning to play the recorder. Leaders and staff identify the needs of pupils with special educational needs and/or disabilities effectively. The extra help from adults ensures that these pupils gain confidence and achieve well. Staff feel well supported by leaders. They know staff well-being is a priority. For example, they appreciate the recent review of marking, which makes their work manageable.

Governors are mindful of the staff's workload and well-being. They know the strengths of the school and what needs improving. They ask questions to check on the impact of leaders' actions and hold leaders to account effectively. Parents are overwhelmingly positive about the school. They particularly welcome the regular contact from school staff and the wide-ranging information they receive.'

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Key performance indicators

Flax Hill Junior Academy Results 2023

Attainment: End of KS2

Reading

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	EXS+(%)	80	73
	GDS (%)	32	29

Writing

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	EXS+(%)	71	71
	GDS (%)	11	12

Mathematics

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	100+(%)	80	73
	High Scaled Score (%)	33	23

GPS

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	100+(%)	77	72
	High Scaled Score (%)	25	30

RWM Combined

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	EXS+(%)	65	59
	High standard (%)	9	8

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Lakeside Results 2023 Attainment: End of KS2

Reading

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	EXS+(%)	82	73
	GDS (%)	29	29

Writing

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	EXS+(%)	71	71
	GDS (%)	0	12

Mathematics

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	100+(%)	71	73
	High Scaled Score (%)	18	23

GPS

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	100+(%)	54	72
	High Scaled Score (%)	4	30

RWM Combined

Year Group	Attainment	All	
6	(scaled score)	School	National Average
	EXS+(%)	68	59
	High standard (%)	0	8

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Attainment: End of KS1

Reading

Year Group	Attainment (scaled score)	All	
2		School	National Average
	EXS+(%)	75	69
	GDS (%)	11	19

Writing

Year Group	Attainment (scaled score)	All	
2		School	National Average
	EXS+(%)	54	63
	GDS (%)	0	8

Mathematics

Year Group	Attainment (scaled score)	All	
2		School	National Average
	EXS+(%)	75	73
	GDS (%)	4	16

Phonics 2023 (Year 1)

Year Group	Attainment	All	
1		School	National Average
	EXS+(%)	75	75

EYFS 2023

Year Group	Attainment	All	
R		School	National Average
	GLD (%)	43	65

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Lark Hall Infant Academy Results 2023

Attainment: End of KS1

Reading

Year Group	Attainment	All	
2	(scaled score)	School	National Average
	EXS+(%)	69	68
	GDS (%)	28	19

Writing

Year Group	Attainment	All	
2	(scaled score)	School	National Average
	EXS+(%)	53	63
	GDS (%)	0	8

Mathematics

Year Group	Attainment	All	
2	(scaled score)	School	National Average
	EXS+(%)	69	73
	GDS (%)	3.4	16

Phonics 2023 (Year1)

Year Group	Attainment	All	
1		School	National Average
	EXS+(%)	82	75

EYFS 2023

Year Group	Attainment	All	
R		School	National Average
	GLD (%)	60	65

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Financial review

Income for the period was £3,588,270 of which £3,169,240 was provided by the Department of Education (DfE) via the Education Funding Agency (ESFA) by means of standard grants to cover operational and capital costs. This was supplemented by donations and Capital Grants and other trading activities including third party lettings and funds generated by extended school activities which totalled the remaining £419,030.

All expenditure supports the academy trust key objectives to deliver quality education to our pupils and community. Expenditure for the period was £3,596,226 with the largest element of this expenditure being attributed to staff costs totalling £2,744,010 for the period. The amortisation/depreciation charge on assets of £94,797 has been included. Net Expenditure for the period was £7,956.

The academy trust element of the Pension fund that forms part of the Local Government Pension Scheme was valued at 31 August 2023, showing a net surplus of £23,000.

As at 31 August 2023, the net book value of fixed assets was £3,419,103 and the movement in intangible fixed assets and tangible fixed assets are shown in Note 13 and Note 14 of the financial statements respectively. The assets were used exclusively in providing education and the associated support services to the pupils across the academy trust.

The academy trust complies with the principles of financial control as outlined in the Academies Trust Handbook and the Accounts Direction. The financial procedures, Scheme of Delegation and Value for Money statement together with systems of financial control ensure that the academy trust conforms to the requirements of propriety, regularity and sound financial management.

The board of trustees are accountable for the allocation of resources to meet the objectives set out in the School Development Plan. The Accounting Officer, together with the Finance Committee, is responsible for reviewing the Financial Procedures on an annual basis and recommending approval to the main board of trustees. The intention is for individual academy budgets are to be monitored on a monthly basis with reports and commentary on income and expenditure against budget provided to the Finance Committee on a termly basis and to the board of trustees on a termly basis.

Reserves policy

As at 31 August 2023 the academy trust has a reserve total of £740,023. Flax Hill has a balance of £338,381, Lark Hall has a balance of £215,639, Lakeside has a balance of £189,754, and Central Services has a balance of (£3,751).

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education Funding Agency. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, especially to buildings repair not covered by insurance. The board of trustees identify capital projects on an annual basis and reserves, are reviewed alongside this exercise. The board of trustees will review the level of reserves and reserves policy annually.

Investment policy

The academy trust currently has no material investments.

Principal risks and uncertainties

A review of the principal risks highlights the financial risk involved in the reliance on Government funding and the limited influence of the academy trust on the level and future of this funding.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the trustees.

MERCIA PRIMARY ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Plans for future periods

In accordance with the aims and objectives of Mercia Primary Academy Trust, it will continue to further the education and drive improvements in the performance of all pupils to the best of their abilities. The Academy will continue to develop its resources, assets and staff to achieve these aims and objectives.

It is anticipated that during 2023/24 further academies will look at joining the Trust. The CEO has presented to numerous schools. Three schools during the period of 2022/23 had shown a keen interest, one of which the trust is currently collaborating with in the aim of them joining the trust in 2023/24.

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on and signed on its behalf by:

.....

L M Colclough

Human Resources Officer, Trust Director

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Mercia Primary 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 board of trustees has delegated the day-to-day responsibility to the CEO/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 Mercia Primary Academy Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
L M Colclough (Human Resources Officer, Trust Director)	5	6
R J Lane (Chief Executive Officer, Trust Director)	3	6
A Dolphin (Trust Director)	6	6
A Hollis (Trust Director)	5	6
G Hirons (Trust Director)	5	6
Z Schnepf (Trust Director) (Appointed 15 March 2023)	1	6

Conflicts of interest

The academy trust maintains an up-to-date complete register of interests.

A trustee absents from any discussions where a conflict may arise.

Governance reviews

All three schools in the trust were visited by Ofsted that included a review of Governance. Links to the reports are included below:

Flax Hill Junior Academy	https://reports.ofsted.gov.uk/provider/21/140523
Lakeside Primary Academy	https://reports.ofsted.gov.uk/provider/21/145686
Larkhall Infant & Nursery Academy	https://reports.ofsted.gov.uk/provider/21/140522

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The Governing Bodies have met formally six times during the period (FGB x3/Finance X3)

Attendance as follows:

Governing Body	FGB Meetings Attended	Out of a possible
RJ Lane (Headteacher - FH/LH)	3	3
N Probert (Headteacher - LS)	3	3
M Booth (Head of Schools - FH/LH)	1	3
A Roberts (Deputy Headteacher - LH)	1	3
P Williams (Deputy Headteacher - FH)	0	3
T-Bavin-Matthews (Trust Business Manager)	2	3
R Miladowski (Operations Manager)	0	3
M Couchman (Chair - FH/LH)	3	3
N Rose (Chair - LS)	3	3
S Boden (FH/LH)	3	3
C Kendall (FH/LH)	3	3
C Fisher (FH/LH)	3	3
S Howle (FH/LH)	2	3
D Ellis (LS)	3	3
G Simmons (LS)	1	3
C Wilks (LS)	2	3
L Powell (LS)	3	3
K Fox (LS)	3	3
S Waite (LS)	2	3
K Fritz (FH/LH Staff)	0	3
C Plume (FH/LH Staff)	2	3
J Coleman (FH/LH Staff)	1	3
W Davis (LS Staff)	3	3
H Meads (LS Staff)	3	3

Governing Body	Committee Meetings Attended	Out of a possible
RJ Lane (Headteacher - FH/LH)	3	3
N Probert (Headteacher - LS)	3	3
M Booth (Head of Schools - FH/LH)	1	3
T-Bavin-Matthews (Trust Business Manager)	2	3
R Miladowski (Operations Manager)	3	3
M Couchman (Chair - FH/LH)	3	3
N Rose (Chair - LS)	2	3
S Boden (FH/LH)	2	3
C Kendall (FH/LH)	3	3
C Fisher (FH/LH)	3	3
S Howle (FH/LH)	1	3
D Ellis (LS)	3	3
G Simmons (LS)	1	3
C Wilks (LS)	3	3
L Powell (LS)	2	3

Review of value for money

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

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data or by using a framework where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Look closely at academies SLAs and negotiate contracts and services at trust level to ensure value for money
- Undertaken a review of term time/37 hour contracts and actioned amendments at a MAT level
- Deploying staff in the most appropriate way to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio and curriculum management
- The academy has continued to invest in further developing effective tracking systems in relation to the new curriculum to record all aspects of student data including progress through the school; ensuring interventions and support are targeted to achieve value for money
- The academy trust has produced a detailed analysis of how the pupil premium was spent and the impact of the funding for individual pupils
- Sports funding continues to be used to provide enriching opportunities for children, extra sport opportunities after school and by providing expert PE coaching

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mercia Primary Academy Trust for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The board of trustees has decided:

- to buy in an internal audit service from Staffordshire County Council but will be moving to Wylie Bisset internal audit services from 2023/24. This option has been chosen to ensure a separation of internal and external audit.

This option has been chosen to ensure a separation of internal and external audit.

MERCIA PRIMARY ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliations
- Testing of policies and procedures
- Testing of roles and responsibilities
- Testing of other identified areas pinpointed by the trustees via the management of risk

On an annual basis, the auditor report is presented to the trustees with their findings and recommendations.

Review of effectiveness

As accounting officer, the CEO/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 internal auditor
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework;
- the work of the external auditor

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on and signed on its behalf by:

L M Colclough
Human Resources Officer, Trust Director

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2023

As accounting officer of Mercia Primary Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2022.

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

R J Lane
Accounting Officer

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MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

The trustees (who are also the directors of Mercia Primary Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2022 to 2023 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

L M Colclough
Human Resources Officer, Trust Director

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA PRIMARY ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2023

Opinion

We have audited the accounts of Mercia Primary Academy Trust for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts 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.

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA PRIMARY ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report 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 trustees' report, including the incorporated strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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 charitable company 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 through discussion with the Trustees and other management. The most significant were identified as the Companies Act 2006, the Charities Act 2011, the Charities SORP (FRS102) and the Accounts Direction and Academies Handbook issued by the ESFA.

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

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA PRIMARY ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

- making enquires of management and Trustees 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;
- reviewing minutes of meetings of those charged with governance;
- reviewing internal audit reports.

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.

Use of our report

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

for and on behalf of Haines Watts Tamworth

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**Chartered Accountants
Statutory Auditor**

Chartered Accountants and Statutory
Auditors
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MERCIA PRIMARY ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2023

In accordance with the terms of our engagement letter dated 26 March 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercia Primary Academy Trust during the period 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Mercia Primary Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Mercia Primary Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mercia Primary Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Mercia Primary Academy Trust's funding agreement with the Secretary of State for Education dated 23 December 2013 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review and document systems and internal controls
- Walk through testing of key systems and controls
- Review of trustees/governors minutes
- Test check of income and expenditure

MERCIA PRIMARY ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MERCIA PRIMARY ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Haines Watts Tamworth

Dated:

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2023 £	Total 2022 £
Income and endowments from:						
Donations and capital grants	3	823	2,518	59,962	63,303	29,553
Charitable activities:						
- Funding for educational operations	4	52,142	3,374,043	-	3,426,185	3,317,427
Other trading activities	5	98,231	453	-	98,684	94,975
Investments	6	98	-	-	98	89
Total		<u>151,294</u>	<u>3,377,014</u>	<u>59,962</u>	<u>3,588,270</u>	<u>3,442,044</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	143,841	3,357,588	94,797	3,596,226	3,654,481
Total	7	<u>143,841</u>	<u>3,357,588</u>	<u>94,797</u>	<u>3,596,226</u>	<u>3,654,481</u>
Net income/(expenditure)		7,453	19,426	(34,835)	(7,956)	(212,437)
Transfers between funds	18	-	(11,689)	11,689	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	20	-	509,000	-	509,000	2,385,000
Net movement in funds		7,453	516,737	(23,146)	501,044	2,172,563
Reconciliation of funds						
Total funds brought forward		177,243	61,590	3,478,958	3,717,791	1,545,228
Total funds carried forward		<u>184,696</u>	<u>578,327</u>	<u>3,455,812</u>	<u>4,218,835</u>	<u>3,717,791</u>

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

Comparative year information Year ended 31 August 2022	Notes	Unrestricted	Restricted funds:		Total
		funds	General	Fixed asset	2022
		£	£	£	£
Income and endowments from:					
Donations and capital grants	3	1,377	9,809	18,367	29,553
Charitable activities:					
- Funding for educational operations	4	38,445	3,278,982	-	3,317,427
Other trading activities	5	87,436	7,539	-	94,975
Investments	6	89	-	-	89
Total		<u>127,347</u>	<u>3,296,330</u>	<u>18,367</u>	<u>3,442,044</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	108,110	3,463,645	82,726	3,654,481
Total	7	<u>108,110</u>	<u>3,463,645</u>	<u>82,726</u>	<u>3,654,481</u>
Net income/(expenditure)		19,237	(167,315)	(64,359)	(212,437)
Transfers between funds	18	-	(55,697)	55,697	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	2,385,000	-	2,385,000
Net movement in funds		19,237	2,161,988	(8,662)	2,172,563
Reconciliation of funds					
Total funds brought forward		158,006	(2,100,398)	3,487,620	1,545,228
Total funds carried forward		<u>177,243</u>	<u>61,590</u>	<u>3,478,958</u>	<u>3,717,791</u>

MERCIA PRIMARY ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		-		323
Tangible assets	14		3,419,103		3,478,634
			<u>3,419,103</u>		<u>3,478,957</u>
Current assets					
Debtors	15	133,887		149,356	
Cash at bank and in hand		960,263		843,598	
		<u>1,094,150</u>		<u>992,954</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(317,418)		(291,120)	
		<u></u>		<u></u>	
Net current assets			776,732		701,834
Net assets excluding pension liability			4,195,835		4,180,791
Defined benefit pension scheme asset/ (liability)	20		23,000		(463,000)
			<u>4,218,835</u>		<u>3,717,791</u>
Total net assets			<u>4,218,835</u>		<u>3,717,791</u>
Funds of the academy trust:					
Restricted funds	18				
- Fixed asset funds			3,455,812		3,478,958
- Restricted income funds			555,327		524,590
- Pension reserve			23,000		(463,000)
			<u>4,034,139</u>		<u>3,540,548</u>
Total restricted funds			4,034,139		3,540,548
Unrestricted income funds	18		184,696		177,243
			<u>4,218,835</u>		<u>3,717,791</u>
Total funds			<u>4,218,835</u>		<u>3,717,791</u>

The accounts on pages 27 to 49 were approved by the trustees and authorised for issue on and are signed on their behalf by:

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L M Colclough
Human Resources Officer, Trust Director

Company registration number 08748904

MERCIA PRIMARY ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		91,548		169,924
Cash flows from investing activities					
Dividends, interest and rents from investments		98		89	
Capital grants from DfE Group		59,962		18,367	
Purchase of tangible fixed assets		(34,943)		(98,963)	
Net cash provided by/(used in) investing activities			25,117		(80,507)
Net increase in cash and cash equivalents in the reporting period			116,665		89,417
Cash and cash equivalents at beginning of the year			843,598		754,181
Cash and cash equivalents at end of the year			960,263		843,598

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Mercia Primary Academy Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period 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 the receipt is probable and it can be measured reliably.

Donations

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

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

1.4 Expenditure

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

These are costs 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.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 5 years

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Assets costing £500 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 that require 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:

Land and buildings	50 Years
Plant & Machinery	10 Years
Computer equipment	3 Years
Fixtures, fittings & equipment	5 Years

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.

1.7 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.

1.8 Leased assets

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

1.9 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. 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. 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.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.10 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.

1.11 Pensions 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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. 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 are 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 net income or expenditure 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.

1.12 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 trustees.

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

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

2 Critical accounting estimates and areas of judgement

Accounting 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.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

2 Critical accounting estimates and areas of judgement

(Continued)

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact on 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 2023. 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.

Critical areas of judgement

The trustees consider the critical areas involve the forecasting process and going concern evaluation.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Capital grants	-	59,962	59,962	18,367
Other donations	823	2,518	3,341	11,186
	<u>823</u>	<u>62,480</u>	<u>63,303</u>	<u>29,553</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

4 Funding for the academy trust's charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
DfE/ESFA grants				
General annual grant (GAG)	-	2,611,524	2,611,524	2,599,977
Other DfE/ESFA grants:				
- UIFSM	-	47,164	47,164	42,090
- Pupil premium	-	236,607	236,607	223,136
- Supplementary grant	-	79,481	79,481	33,118
- PE & Sports Grant	-	53,130	53,130	53,210
- Others	-	81,372	81,372	30,315
	-	3,109,278	3,109,278	2,981,846
Other government grants				
Local authority grants	-	254,718	254,718	297,136
Other incoming resources	52,142	10,047	62,189	38,445
Total funding	52,142	3,374,043	3,426,185	3,317,427

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Hire of facilities	4,698	-	4,698	3,288
Parental contributions	88,982	453	89,435	90,394
Other income	4,551	-	4,551	1,293
	98,231	453	98,684	94,975

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Short term deposits	98	-	98	89

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2023 £	Total 2022 £
Academy's educational operations					
- Direct costs	2,391,708	-	120,645	2,512,353	2,388,476
- Allocated support costs	344,101	367,799	371,973	1,083,873	1,266,005
	<u>2,735,809</u>	<u>367,799</u>	<u>492,618</u>	<u>3,596,226</u>	<u>3,654,481</u>

Net income/(expenditure) for the year includes:

	2023 £	2022 £
Fees payable to auditor for audit services	9,500	9,000
Depreciation of tangible fixed assets	94,474	82,082
Amortisation of intangible fixed assets	323	644
Net interest on defined benefit pension liability	20,000	44,000
	<u>124,307</u>	<u>135,726</u>

8 Central services

The academy trust has provided the following central services to its academies during the year:

- MAT staffing expertise including CEO and CFO;
- Governance which includes, pension audit, internal audit;
- External audit;
- Payroll;
- Third party finance support costs;
- Capacity for continuous self-improvement;
- Headteacher and staff support;
- Quality assurance and accountability;
- Central team support for finance, budgeting and HR;
- Compliance with DFE, HMRC, and ESFA returns;
- Finance software packages for finance and budgeting;
- Data management;
- Group purchasing arrangements and negotiations;
- Policy review and updating;
- Capital project negotiations

The academy trust charges for these services on the following basis:

- 7.50% of GAG income

The amounts charged during the year were as follows:

	2023 £	2022 £
Lakeside Primary Academy	63,912	-
Lark Hall Infant & Nursery Academy	36,424	-
Flax Hill Junior Academy	94,644	-
	<u>194,980</u>	<u>-</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Direct costs				
Educational operations	87,973	2,424,380	2,512,353	2,388,476
Support costs				
Educational operations	55,868	1,028,005	1,083,873	1,266,005
	<u>143,841</u>	<u>3,452,385</u>	<u>3,596,226</u>	<u>3,654,481</u>

	2023 £	2022 £
Analysis of support costs		
Support staff costs	348,302	591,330
Depreciation and amortisation	94,797	82,726
Technology costs	57,973	61,595
Premises costs	273,002	207,564
Legal costs	6,341	2,004
Other support costs	283,746	305,033
Governance costs	19,712	15,753
	<u>1,083,873</u>	<u>1,266,005</u>

10 Staff

Staff costs

Staff costs during the year were:

	2023 £	2022 £
Wages and salaries	2,025,859	1,953,177
Social security costs	183,890	178,536
Pension costs	489,945	687,347
	<u>2,699,694</u>	<u>2,819,060</u>
Staff costs - employees	2,699,694	2,819,060
Agency staff costs	36,115	51,583
	<u>2,735,809</u>	<u>2,870,643</u>
Staff development and other staff costs	8,201	9,232
	<u>2,744,010</u>	<u>2,879,875</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

10 Staff

(Continued)

Staff numbers

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

	2023 Number	2022 Number
Teachers	23	26
Administration and support	42	35
Management	6	5
	<u>71</u>	<u>66</u>

Higher paid staff

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

	2023 Number	2022 Number
£60,001 - £70,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	<u>3</u>	<u>3</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £569,617 (2022: £559,508).

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The CEO/Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of CEO/Headteacher and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

Richard Lane (CEO/Headteacher and trustee):

- Remuneration £100,001 - £105,000 (2022: £95,001-£100,000)
- Employer's pension contributions £20,001 - £25,000 (2022: £20,001-£25,000)

During the year, travel and subsistence payments totalling £0 (2022: £0) were reimbursed or paid directly to 0 trustees (2022: 0 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

12 Trustees' and officers' insurance

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 trust 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.

13 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2022 and at 31 August 2023	8,033
Amortisation	
At 1 September 2022	7,710
Charge for year	323
At 31 August 2023	8,033
Carrying amount	
At 31 August 2023	-
At 31 August 2022	323

14 Tangible fixed assets

	Land and buildings £	Plant & Machinery £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost					
At 1 September 2022	3,596,366	245,095	97,250	54,809	3,993,520
Additions	-	22,503	2,110	10,330	34,943
At 31 August 2023	3,596,366	267,598	99,360	65,139	4,028,463
Depreciation					
At 1 September 2022	331,056	85,240	55,696	42,894	514,886
Charge for the year	43,187	25,148	20,777	5,362	94,474
At 31 August 2023	374,243	110,388	76,473	48,256	609,360
Net book value					
At 31 August 2023	3,222,123	157,210	22,887	16,883	3,419,103
At 31 August 2022	3,265,310	159,855	41,554	11,915	3,478,634

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

15 Debtors

	2023	2022
	£	£
Trade debtors	7,614	-
VAT recoverable	28,295	33,550
Prepayments and accrued income	97,978	115,806
	<u>133,887</u>	<u>149,356</u>

16 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	55,546	58,913
Other taxation and social security	44,473	38,122
Other creditors	54,301	48,129
Accruals and deferred income	163,098	145,956
	<u>317,418</u>	<u>291,120</u>

17 Deferred income

	2023	2022
	£	£
Deferred income is included within:		
Creditors due within one year	<u>76,466</u>	<u>61,539</u>
Deferred income at 1 September 2022	61,539	40,686
Released from previous years	(61,539)	(40,686)
Resources deferred in the year	<u>76,466</u>	<u>61,539</u>
Deferred income at 31 August 2023	<u><u>76,466</u></u>	<u><u>61,539</u></u>

At the balance sheet date the academy trust was holding funds £76,466 received in advance for Devolved Formula Capital, Universal Infant Free School Meals, Rates Reimbursement, School Led Tutoring Claw Back and a trip in the autumn term.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Funds

	Balance at 1 September 2022 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2023 £
Restricted general funds					
General Annual Grant (GAG)	281,384	2,611,524	(2,569,522)	(2,110)	321,276
Start up grants	11,690	-	-	-	11,690
UIFSM	-	47,164	(47,164)	-	-
Pupil premium	13,857	236,607	(236,607)	-	13,857
Other government grants	136,909	254,718	(254,718)	-	136,909
Catch-up premium	80	-	-	-	80
Other DfE/ESFA grants	9,974	160,853	(160,853)	-	9,974
Other Grant	51,239	-	-	-	51,239
PE & Sports Grant	11,500	53,130	(48,889)	(9,579)	6,162
Other restricted funds	7,957	13,018	(16,835)	-	4,140
Pension reserve	(463,000)	-	(23,000)	509,000	23,000
	<u>61,590</u>	<u>3,377,014</u>	<u>(3,357,588)</u>	<u>497,311</u>	<u>578,327</u>
Restricted fixed asset funds					
DfE group capital grants	<u>3,478,958</u>	<u>59,962</u>	<u>(94,797)</u>	<u>11,689</u>	<u>3,455,812</u>
Total restricted funds	<u>3,540,548</u>	<u>3,436,976</u>	<u>(3,452,385)</u>	<u>509,000</u>	<u>4,034,139</u>
Unrestricted funds					
General funds	<u>177,243</u>	<u>151,294</u>	<u>(143,841)</u>	<u>-</u>	<u>184,696</u>
Total funds	<u>3,717,791</u>	<u>3,588,270</u>	<u>(3,596,226)</u>	<u>509,000</u>	<u>4,218,835</u>

The transfers between funds for the year relate to the funding of fixed asset acquisitions from non-capital grant income.

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and includes grants from The Education Funding Agency and Staffordshire County Council.

The academy trust is not subject to GAG carried forward limits.

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

Restricted Fixed Asset Funds

These comprise resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency and Staffordshire County Council where the asset acquired or created is held for a specific purpose.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 Funds

(Continued)

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

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	222,039	2,599,977	(2,490,833)	(49,799)	281,384
Start up grants	11,690	-	-	-	11,690
UIFSM	-	42,090	(42,090)	-	-
Pupil premium	23,831	223,136	(233,110)	-	13,857
Catch-up premium	80	-	-	-	80
Other DfE/ESFA grants	-	-	9,974	-	9,974
Other government grants	136,909	297,136	(297,136)	-	136,909
Other Grant	59,725	30,245	(38,731)	-	51,239
PE & Sports Grant	11,500	53,210	(51,312)	(1,898)	11,500
Supplementary Grant	-	33,188	(33,188)	-	-
Other restricted funds	2,828	17,348	(8,219)	(4,000)	7,957
Pension reserve	(2,569,000)	-	(279,000)	2,385,000	(463,000)
	(2,100,398)	3,296,330	(3,463,645)	2,329,303	61,590
Restricted fixed asset funds					
DfE group capital grants	3,487,620	18,367	(82,726)	55,697	3,478,958
Total restricted funds	1,387,222	3,314,697	(3,546,371)	2,385,000	3,540,548
Unrestricted funds					
General funds	158,006	127,347	(108,110)	-	177,243
Total funds	1,545,228	3,442,044	(3,654,481)	2,385,000	3,717,791

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

18 Funds

(Continued)

Total funds analysis by academy

	2023	2022
	£	£
Fund balances at 31 August 2023 were allocated as follows:		
Lakeside Primary Academy	189,754	290,761
Lark Hall Infant & Nursery Academy	215,639	116,710
Flax Hill Junior Academy	338,381	294,362
Central services	(3,751)	-
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	740,023	701,833
Restricted fixed asset fund	3,455,812	3,478,958
Pension reserve	23,000	(463,000)
	<hr/>	<hr/>
Total funds	<u>4,218,835</u>	<u>3,717,791</u>

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2023	Total 2022
	£	£	£	£	£	£
Lakeside Primary Academy	852,098	95,760	17,376	250,370	1,215,604	1,178,867
Lark Hall Infant & Nursery Academy	425,961	41,854	9,040	141,687	618,542	663,091
Flax Hill Junior Academy	1,065,885	116,515	18,707	244,625	1,445,732	1,450,795
Central services	27,907	106,829	-	63,815	198,551	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,371,851</u>	<u>360,958</u>	<u>45,123</u>	<u>700,497</u>	<u>3,478,429</u>	<u>3,292,753</u>

19 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total Funds
	£	General	Fixed asset	£
		£	£	
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	(592,036)	-	4,011,139	3,419,103
Current assets	1,094,150	555,327	(555,327)	1,094,150
Current liabilities	(317,418)	-	-	(317,418)
Pension scheme asset	-	23,000	-	23,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<u>184,696</u>	<u>578,327</u>	<u>3,455,812</u>	<u>4,218,835</u>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

19 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2022 are represented by:				
Intangible fixed assets	-	-	323	323
Tangible fixed assets	(1)	-	3,478,635	3,478,634
Current assets	468,364	524,590	-	992,954
Current liabilities	(291,120)	-	-	(291,120)
Pension scheme liability	-	(463,000)	-	(463,000)
Total net assets	177,243	61,590	3,478,958	3,717,791

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 Staffordshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £54,171 were payable to the schemes at 31 August 2023 (2022: £48,129) and are included within creditors.

Teachers' Pension Scheme

Introduction

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 academy trusts. 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 2020. The valuation report was published by the Department for Education on 26 October 2023.

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £281,076 (2022: £268,829).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 26.20% for employers and 5.50 to 12.50% for employees.

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

Total contributions made	2023	2022
	£	£
Employer's contributions	188,000	187,000
Employees' contributions	42,000	43,000
	<hr/>	<hr/>
Total contributions	230,000	230,000
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2023	2022
	%	%
Rate of increase in salaries	3.50	3.05
Discount rate for scheme liabilities	5.20	4.25
Inflation assumption (CPI)	3.00	3.05
	<hr/> <hr/>	<hr/> <hr/>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Pension and similar obligations

(Continued)

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

	2023	2022
	Years	Years
Retiring today		
- Males	21.20	21.20
- Females	24.70	23.80
Retiring in 20 years		
- Males	21.60	22.20
- Females	25.50	25.50

Scheme liabilities would have been affected by changes in assumptions as follows:

	2023	2022
Discount rate + 0.1%	-65,000	-74,000
Discount rate - 0.1%	65,000	74,000
Mortality assumption + 1 year	118,000	127,000
Mortality assumption - 1 year	-118,000	-127,000
CPI rate + 0.1%	-61,000	69,000
CPI rate - 0.1%	61,000	-69,000

The academy trust's share of the assets in the scheme

	2023	2022
	Fair value	Fair value
	£	£
Equities	1,997,940	1,953,360
Bonds	685,860	434,080
Other assets	59,640	81,390
Property	238,560	244,170
Total market value of assets	2,982,000	2,713,000

The actual return on scheme assets was £97,000 (2022: £(63,000)).

Amount recognised in the statement of financial activities

	2023	2022
	£	£
Current service cost	191,000	422,000
Interest income	(119,000)	(44,000)
Interest cost	139,000	88,000
Total operating charge	211,000	466,000

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

20 Pension and similar obligations		(Continued)	
Changes in the present value of defined benefit obligations		2023	2022
		£	£
At 1 September 2022		3,176,000	5,154,000
Current service cost		191,000	422,000
Interest cost		139,000	88,000
Employee contributions		42,000	43,000
Actuarial gain		(531,000)	(2,492,000)
Benefits paid		(58,000)	(39,000)
		<hr/>	<hr/>
At 31 August 2023		2,959,000	3,176,000
		<hr/> <hr/>	<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets		2023	2022
		£	£
At 1 September 2022		2,713,000	2,585,000
Interest income		119,000	44,000
Actuarial loss		(22,000)	(107,000)
Employer contributions		188,000	187,000
Employee contributions		42,000	43,000
Benefits paid		(58,000)	(39,000)
		<hr/>	<hr/>
At 31 August 2023		2,982,000	2,713,000
		<hr/> <hr/>	<hr/> <hr/>
21 Reconciliation of net expenditure to net cash flow from operating activities		2023	2022
	Notes	£	£
Net expenditure for the reporting period (as per the statement of financial activities)		(7,956)	(212,437)
Adjusted for:			
Capital grants from DfE and other capital income		(59,962)	(18,367)
Investment income receivable	6	(98)	(89)
Defined benefit pension costs less contributions payable	20	3,000	235,000
Defined benefit pension scheme finance cost	20	20,000	44,000
Depreciation of tangible fixed assets		94,474	82,082
Amortisation of intangible fixed assets	13	323	644
Decrease/(increase) in debtors		15,469	(47,559)
Increase in creditors		26,298	86,650
		<hr/>	<hr/>
Net cash provided by operating activities		91,548	169,924
		<hr/> <hr/>	<hr/> <hr/>

MERCIA PRIMARY ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2023

22 Analysis of changes in net funds

	1 September 2022 £	Cash flows £	31 August 2023 £
Cash	843,598	116,665	960,263

23 Long-term commitments

Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023 £	2022 £
Amounts due within one year	3,533	1,729
Amounts due in two and five years	5,299	-
	<u>8,832</u>	<u>1,729</u>

24 Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

25 Members' liability

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