

Company registration number 07693743 (England and Wales)

SACRED HEART OF MARY GIRLS' SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2023

SACRED HEART OF MARY GIRLS' SCHOOL

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SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2023

The Governors 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 trust operates as an academy for girls aged 11 to 18 serving the Diocese of Brentwood in general and almost all of the Catholic Deanery of Havering in particular. It has a pupil capacity of 796 and had a roll of 832 at the Summer Term 2022 School Census taken in May 2023.

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.

Sacred Heart of Mary Girls' School was incorporated on 5th July 2011 and obtained Academy Status from 1st August 2011.

The charitable company is known as Sacred Heart of Mary Girls' School.

The Governors are the trustees of Sacred Heart Of Mary Girls' School and are also the directors of the charitable company for the purposes of company law. Details of the Governors 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.

Method of recruitment and appointment or election of Governors

The members of the Academy Trust shall comprise no less than three persons: the Bishop of Brentwood; the Chair of Governors; and, a Representative of the Brentwood Diocesan Trust. The Trust adopted the new Articles of Association on 11/1/23 as requested by the Diocese.

Each of the persons entitled to appoint governors above shall have the right, from time to time by written notice delivered to the office, to remove any governor appointed by them and to appoint a replacement member to fill a vacancy whether resulting from such removal or otherwise.

The term of office for any governor shall be four years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected. Any Co opted Governor can only serve for a period of 12 months but may be eligible, dependent upon the skills gaps identified in the constitution of the Governing Body, to be co opted for a further 12 months at the end of this period. We asked for an extension of term for Sr Rosemary Leneham as one of the Order of the Sacred Heart of Mary sisters. This was granted by Bishop Alan Williams.

It is the responsibility of the School's trustees, the Diocese of Brentwood, to identify and appoint Member and Foundation Governors when a vacancy occurs. Prospective candidates for Member and Foundation Governor vacancies are required to complete a Skills Audit as devised by the Catholic Education Service. Teacher, Staff and Parent Governors are elected and are appointed following an advertisement (including any identified gaps in coverage identified in an annual skills audit undertaken by all Governors), nomination and election process administered by the Governance Professional.

All Governors are given access to and are encouraged to attend appropriate in-house and external training.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Policies and procedures adopted for the induction and training of Governors

During the period under review, the governors held six full governing body meetings. The training and induction provided for new governors will depend on their existing experience. All new governors will be given a tour of the School and the chance to meet with staff and pupils. All relevant governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need in order to undertake their role as governors. As there are normally only one or two new governors each year, induction tends to be done informally and is tailored specifically to the individual. However, during the course of the past year, the Governing Body has subscribed to Key Governor which provides online content that all governors have access to for reference and training purposes and it has Gold membership of the National Governors' Association. Additionally, governors have access to the bespoke training programme offered by the Diocese of Brentwood. A full Governing Body Skills Audit is conducted and analysed annually. The Governor Induction Pack containing links to important documents relating to effective governance and compliance is updated at least annually and distributed to all Governors by email. In-house training for Governors is provided during the course of Governing Body meetings and all Governors are invited to attend INSET days or sessions for school staff. All Governors are emailed directly regarding courses arranged and delivered by the Diocese of Brentwood on a range of relevant topics, most of which take place online. School is to use Governor Hub for the dissemination of information.

Organisational structure

The organisational structure consists of three levels: the Governing Body, the Senior Leadership Team and the Middle Leadership Team (Subject Leaders and Heads of Year). The aim of the leadership structure is to devolve responsibility and encourage involvement in and ownership of decision making at all levels.

The Governors are responsible for setting general policy, adopting an annual development plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments.

During the Academic Year 2022 to 2023, the Senior Leadership Team comprised: the Headteacher and five senior leaders. These managers control the School at an executive level, implementing the policies laid down by the Governors and reporting back to them. As a group, the Senior Leadership Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, through recruitment panels which sometimes include a governor. Some spending control is devolved to Middle Leaders, with limits above which a Senior Leader must countersign or authorise.

The Senior Leadership Team and Middle Leaders are responsible for the day to day operation of the School, in particular organising the teaching staff, support staff, facilities and pupils.

Arrangements for setting pay and remuneration of key management personnel

The School has a Performance Appraisal and Pay Policy in place which incorporates the arrangements for determining pay for all members of the Senior Leadership Team. The Governing Body has adopted the national pay scales and pay ranges for Leadership Team members.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent employee number	0.08

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	2,247
Total pay bill	6,344
Percentage of the total pay bill spent on facility time	35%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Related parties and other connected charities and organisations

Owing to the nature of the Academy's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Crusader First Aid is a related party

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of Sacred Heart of Mary Girls' School to provide Catholic education for pupils of different abilities between the ages of 11 and 18.

In accordance with the Articles of Association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School and the catchment area from which the pupils are drawn.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The main objectives of the School during the period ended 31st August 2023 are summarised below:

- to provide a caring, disciplined and stable environment in which teaching and learning can take place, and in which each pupil is respected as a unique person with God-given gifts, qualities and particular needs;
- to enable pupils to achieve their potential in academic studies, and to assist their intellectual, spiritual, moral, cultural, aesthetic, emotional and physical development in preparation for adult life and family responsibilities;
- to help pupils develop respect, tolerance and concern for others, an appreciation of the complexity of the world around them and its cultural diversity, and to become responsible citizens;
- to create a happy and purposeful Catholic Christian community which will enable pupils to grow in understanding of their faith and of themselves, to enjoy relationships based on trust, courtesy, kindness and co-operation, and to develop confidence and a joy in learning as a sound basis for further/higher education, satisfying careers/vocations and a full life;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct the School's business in accordance with the highest standards of integrity, probity and openness.

Objectives, strategies and activities

The School's main strategy encompasses providing:

- private, individual, small group and whole school opportunities to worship, to pray and to learn more about the Catholic faith;
- learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of educational visits;
- To ensure the School code of conduct is adhered to by pupils
- a programme of sporting and after school leisure activities for all pupils;
- a system of after school clubs to allow pupils to explore areas of personal interest and challenge; and,
- a careers advisory service to help pupils obtain employment or move on to higher education.

Our focus for improvement in the School Improvement Plan was:

- To ensure pupil conduct in all areas of school life reflects our Mission statement
- To continue to promote diversity and equality education within our curriculum, to best fulfil our Mission Statement
- To strengthen systems for assessing, reporting and responding to pupil progress

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that they have set.

Equality and Diversity policy

The Governors recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued. In June 2023 the School was awarded the Equalteach Silver Equalities Award.

The achievement of this award is via a stringent audit of how we promote equalities in the school. Equaliteach stated that we have demonstrated "a fantastic commitment to equality throughout your school – an achievement for the whole school to feel proud of."

As part of the audit we had to provide evidence of how we ensure equality in:

- Behaviour and Welfare
- Leadership and Management
- Personal Development of Pupils
- Teaching and Learning

Pupils and staff have contributed to this award and we are delighted that we have been awarded this prestigious Silver award.

Strategic report

Achievements and performance

The total pupil roll on the day the Summer Census was taken in May 2022 numbered 832.

A full suite of exams were taken by pupils at both GCSE and A Level and BTEC.

This year saw the reintroduction of full examinations since 2019 with no modifications in terms of assessment or the syllabus. The government and Ofqual also expressed their desire to ensure a return to 2019 levels of achievement after the grade inflation of the last three years.

This cohort of students had GCSE grades based on TAGs so the reliability and consistency of these grades may have varied between schools. As a result the decision was made that any form of LEVEL 3 VA would be flawed and unreliable as an indicator of progress. Therefore we will have no data for Level 3 VA for this year.

At A-level, our sixth form produced a strong set of grades; although we did experience the expected dip from last year. 20% of A-Level entries achieved an A* - A Grade and 55% A*-B Grade. In light of the raising of standards and grade boundaries allied to the loss of any COVID mitigation represent a good set of results. The results of our BTEC students was again excellent with 39% achieving Distinction* and 85% obtaining a Distinction or higher.

At GCSE our pupils, again, produced a stunning performance with 87% obtaining: 5+standard passes including English and Maths and 55% achieving the EBACC with standard pass in English and Maths. When looking at our GCSE entries as a whole 31% were awarded grades 9-7; and 71% obtained 9-5 grades. The overall performance of the cohort leading to an estimated Progress 8 score of +0.69.. This great set of results were achieved despite the disruption and lost in school education time that these students have experienced during their time in secondary school.

The School is, of course, proud of all of its pupils, not just those achieving top grades, and their determination and hard work are to be commended. It is also right and fitting to acknowledge the commitment and dedication of our staff.

The School continuously strives to raise standards through an in-house monitoring and support programme as well as in its approach to performance management, which is focused on teaching and learning. The School also utilises national programmes looking at added value through the key stages, such as SMID and Analyse School Performance.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Key performance indicators

The School's last OFSTED Section 5 Inspection took place in November 2013, It was rated 'outstanding' for the third consecutive time and the full inspection report can be found on the School website by following this link:

Ofsted/SACRED HEART OF MARY

As a faith school, Sacred Heart of Mary Girls' School is also subject to a Section 48 (Religious Character) OFSTED Inspection. The most recent Section 48 Inspection Report was issued in March 2019. Inspectors rated the School as 'Outstanding' and the full inspection report can be found on the school website by following this link:

<https://cdn.realsmart.co.uk/shmgs/uploads/2022/07/26150953/Section-48-Final-Report.pdf>

We also had an Interim review by the Diocese of Brentwood regarding the Religious character of the school. It stated that:

The review focuses on three sections:

- Catholic Life and Mission
- Religious Education
- Collective Worship

In our full CSI Inspection, we will be receiving a grading as in an Ofsted Inspection. In this review, we received a written report outlining the strengths of the school and any areas for improvement. Since the School's last Section 48 Inspection, a new Self-Evaluation Form (SEF) has been drafted as there is a new Framework for all Catholic School Inspections. The interim review was on this new framework.

The interim review acknowledged that our results as a school place us in the top 20% of schools nationally and that the school is always oversubscribed. It also acknowledges the dedication of the staff – in particular, the RE Department and Chaplaincy Lead and also how wonderful our pupils are. Some examples of the high praise in the report is below:

Catholic Life and Mission

"The charism of the founding Sister of the Sacred Heart of Mary, rooted in tireless work for the vulnerable is lived in the attitudes and efforts of the school community."

"Peer relationships with staff are of the highest quality."

"Students respect each other ... there is a real sense of sisterhood."

"The ethos of the school is inescapably Catholic. Wellbeing and welfare of students and staff are key features of the school's gift."

"Pastoral care is exceptional."

"The number of fundraising activities and charity initiatives supported by the school is humbling to behold."

As a school community we would not be able to do any of these things without your ongoing support.

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Religious Education

The report acknowledges the high standards, expectations and results of the RE Department (22% Grade 9 at GCSE in 2023) and the dedication and expertise of the RE Department. The review states that the lessons are “challenging and stimulating and that students take obvious pride in their written work”.

“Planning is excellent and lessons are characterised by challenge, praise, collaboration of learning and engagement.”

I feel immensely proud of the RE team and grateful for all they do every day, under the leadership of Mrs Treacy to enhance the study of RE in the school.

Collective Worship

The report was also very complimentary about collective worship, stating that “prayer and liturgy are central to the school” and that there is a “high level and great breadth of student participation” and that there is a “vibrant prayer life and Chaplaincy life in the school”.

The report also acknowledges the role of School Leaders, Governors, Chaplaincy Lead and all staff working together to make our school the community it is.

One final comment really summarises for me the wonderful nature of the staff and pupils in the school:

“The school is a joyful beacon of Good News”

The review does ask that we continue to review the curriculum time given to RE – it has to be 10% of curriculum time in Key Stage 3 and 4 and 5% at Key Stage 5. If we do not meet this criterion, we cannot be deemed as an ‘Outstanding School’ at the CSI Inspection. We are confident that we can achieve this by refining the teaching of RSE (Relationships and Sex Education).

In this academic year have had external reviews on a range of areas of school life:

Safeguarding

Attendance

Curriculum

Finance

Health and Safety

visits from out SIP

Interim review from the Diocese

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GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Going concern

The accounts are currently showing a deficit of £278k (2022: £16k deficit) with a bank balance at the year end of £58k (2022: £192k). The main issue has been, as with many other schools, the finding of funds for the unfunded Support Staff pay rise. This was £82,000. Moreover, energy bills have been £170,000 more than the previous year. This is a total of £252,000.

The Governors are currently in correspondence with the ESFA who have asked the Trust to confirm how it considers the school to be a going concern. The schools response includes the following key areas; staffing changes, including a moratorium on hiring of staff; marketing to encourage increase in 6th form pupils; collaboration with other schools to reduce costs; and review of timetables and curriculum to ensure can still provide the best outcome for pupils whilst reducing costs. If the key areas can be met and assuming an inflationary rise on government income the Trust is expected to be in a surplus position by 2025/26.

In conclusion to the response to the ESFA the Governors have requested if any additional funding can be provided, a formal response is yet to be received.

Considering the above and after making appropriate enquiries and having reviewed and considered its dynamic Three Year Budget Plan as well as the monthly financial management reports produced by the School's finance team, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and certainly up to the end of the Academic Year 2025 - 2026 and beyond. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Financial review

Most of the School's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, a very small proportion of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2023, total expenditure of £6,254k (2022: £5,849k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £258k (2022: £336k).

At 31 August 2023 the net book value of fixed assets was £4,455k (2022: £3,649k). Movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the School.

The London Borough of Havering Pension Fund, in which the School participates, showed a deficit of £199k (2022: £240k) at 31 August 2023. Of this sum, £447k was inherited by the School from the London Borough of Havering on 1 August 2011.

Moving forward, the School's principal risks and uncertainties will be managed by keeping them under continuous review. Recovering from the pandemic, long term staff sickness and lack of lettings income are the key factors that have affected the School's financial position. The mid and long-term implications will become clearer over time but the monthly reporting system and the twice termly update reports from the Headteacher will allow Governors to keep abreast of the potential financial and other related consequences. Heating bills are now a huge concern for the school.

The School continues to have a long-standing, strong reputation in the local area and applications for places in Year 7 have been maintained at levels seen in previous years with well over double the applications for the number of places available. We have strong sixth form numbers with a total of 240 pupils (122 in year 13 and 108 in year 12. In 2023-4 we have 117 enrolled in Year 12). Both the Governing Body's and Senior Leadership Team's focus has been and will be to ensure that the key performance indicators for the School and the well-being of both pupils and staff continue to be the priorities in this academic year and the future.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Reserves policy

The Governors review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors have determined that the appropriate level of free reserves should be equivalent to expenditure of approximately £40k. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The School is currently in a deficit reserve position as at 31st August 2023 of £278k (2022: £16k) (total funds less the amount held in fixed assets and restricted pension funds).

The School held fund balances at 31 August 2023 of £3,978k (2022: £3,393k) comprising £3,978k (2021: £3,393k) of restricted funds and £nil (2022: £nil) unrestricted general funds. Of the restricted funds, £4,455k (2022: £3,649k) is represented by fixed asset funds.

A £278k deficit restricted income fund also forms part of restricted funds as at 31st August 2022 (2022 - £16k).

The Local Government Pension Scheme reserve which is considered part of restricted funds, was £199k (2022: £240k) in deficit.

Investment policy

Under the Memorandum and Articles of Association, the School has the power to invest funds not immediately required for its own purposes, in any way the Governors see fit. In spite of the aforementioned unprecedented financial difficulties experienced by the School consequent to the Coronavirus pandemic, the organisation still has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Principal risks and uncertainties

The principal risks and uncertainties that the School faces are:

- Significantly increased expenditure and reduced income
- School may receive an unfavourable OFSTED report
- Parents/other stakeholders may consider that the School does not provide a valuable/high quality service
- An uncontrollable event may impact on the School significantly (eg a fire or flood)
- Low morale arising amongst staff and recruitment & retention difficulties. We know that there is a national teacher retention crisis
- Health & Safety risk involving injury/fatality to pupils/staff/third parties
- Key personnel loss/succession.
- Key supplier dependency
- Cash flow for payroll costs (we are changing the payday for staff from 1/3/2024)

We have had 2 CIF bids rejected. This is causing a huge issue for us both due to revenue and safety.

The roofs of the school are leaking which means that after a downpour, some classrooms cannot be used, therefore impacting upon the teaching of pupils. Moreover, we have windows in the hall which need repairing to make safe and comply with regulations. There are holes around the edges of the windows where the seals are worn. The wood surrounds are rotten. The windows are single glazed. We have had to pay for temporary safety repairs to ensure pupil and staff safety.

The energy costs due to these issues are also impacted.

However, these are mitigated by the risk management processes that the School has in place. Please see commentary provided earlier on ways in which the Governing Body has endeavoured to mitigate some of these risks during the Financial Year 2023-2024 in the face of unprecedented financial pressures.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The financial risks which the School is exposed to relate primarily to:

- Pension fund deficit and risk that the employers' contribution rate may increase
- Risk that income may not meet expenditure requirements
- Risk that debts are not recovered
- Risk of fraud
- Risk that assets are not capitalised
- Risk that return on investments is not being maximised
- Risk arising from the requirements of the legislation, guidance and arrangements relating to a further pandemic.

The Audit and Risk Committee met on three occasions during the Academy Financial Year 2022-2023. The main focus of the Committee is to ascertain risks to the School's viability and financial probity and to monitor and consider the procedures it has in place to mitigate those risks.

Fundraising

We have established a fundraising team made up of a cross section of staff that organises fundraising activities each year, these include musical concerts, non-uniform days and Christmas market and regular "pop up shops" for pupils and staff. Some fundraising activities focus on nominated charities. These activities are closely monitored and set up in line with accepted fundraising practice.

The Trust monitors its small fundraising activities through periodic budget reports which are reviewed by governors. No complaints have ever been received for any fundraising activities at the school. The Trust only ever asks for voluntary contributions towards its fundraising and would never discriminate against any student or parent who did not want to contribute towards any activity. Fundraising requests tend to be made via email and not face to face so we do not place undue pressure on individuals to donate.

Plans for future periods

The School Improvement Plan (the Plan) is produced annually. This working document sets out in detail plans for improvement and development in future periods. In essence, the Plan and the Statement confirm that the School will continue to strive to improve the performance of its pupils at all levels and will continue its efforts to ensure its pupils gain employment or a place in higher or further education when they leave.

The School was successful during 2022-2023 in securing Condition Improvement Funding (CIF) for Electrical & Fire Safety Improvements (Phase 3) and Heating Distribution & Associated works. These projects were completed by August 2023. The School has been unsuccessful with its two bids for 2023-2024 for CIF allocations for Roofing and Heating phase 2. This is very concerning for us as it compromises the safety of the building. The windows in the Main Hall are unsafe.

We had a RAAC survey in June 2023 which found that we do not have RAAC.

The School will continue to provide opportunities for an education to all pupils that reflect its Catholic foundation and ethos. The School continues to establish links with the local and wider community and direct access to the School's facilities, curricular materials and the expertise of school staff.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors 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 Governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 06 December 2023 and signed on its behalf by:

Mrs T Knight

Chair of Governors

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2023

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Sacred Heart Of Mary Girls' School 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 governors has delegated the day-to-day responsibility to the 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 Sacred Heart Of Mary Girls' School and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met six times during the year. Attendance during the period at meetings of the Governing Body averaged 80%, and, in detail, was as follows:

Governors	Meetings attended	Out of possible
Mrs T Knight (Chair of Governors)	4	6
Mr M Earley	6	6
Mrs H Ward (Resigned 27 January 2023)	2	2
Mr P McAuliffe	4	6
Mrs K Jones (Resigned 26 September 2022)	3	3
Miss A Holman	6	6
Sister R Lenehan	4	6
Mr D Leech	5	6
Mr S Hartley	4	6
Mr J Crispin	6	6
Mr L Johnston	5	6
Mr P Kennedy	2	6
Ms V T Qurrey (Accounting Officer)	6	6
Mr R Hoggett	5	6
Mr E Idehen (Appointed 24 October 2022)	3	3
Ms B Gopal (Appointed 28 September 2022)	3	3

Please see above for the additions to the Board and those who have come to the end of their term.

The Governing Body maintains oversight of the school and provides strategic direction for the school

The main challenges for the Board would be related to the financial constraints of the school.

The Board receives a large range of data and information from the school via the sub committee meeting and full Governing Board meetings. They are also provided with data regarding school performance and a full report from the Headteacher each half term. Governors also visit the school at least once a year on a formal visit day.

Conflicts of interest

Any conflicts of interests or related party transactions will be identified through the annual completion of the declaration forms. This is also an agenda item on every Governor meeting allowing for dialogue and discussion. Any conflict would be debated and a solution identified inline with each situation.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Governance reviews

We had a full external Governance review last year. We have reviewed the composition of the Board from that review and we have also reviewed our Articles of Association.

Each year we undertake a skills audit of Governors and allocate appropriately to sub committees.

Training has taken place for the Governing Board.

We will complete another review as appropriate.

The Finance, Budget and General Purposes Committee is a sub-committee of the main board of governors. Its purpose is to:

- Present a draft of the Annual Budget to the Governing Body for approval
- Regularly monitor actual income/expenditure
- Award contracts by tender (up to a specified limit)
- Monitor the effectiveness of financial procedures and controls
- Move money between budget headings i.e update the Budget
- Ensure that there is a Three Year Budget Plan in place and is being updated regularly.

The Committee should:

- Challenge the Draft budget by working with the Headteacher and SBM
- Consider income generation strategy
- Forecast income and spending levels
- Receive and review regular Budget Monitoring and Management Reports
- Make sure accounts are properly finalised and reported each year
- Consider the content of audit reports and the actions included
- Evaluate financial decisions
- Make sure systems of internal financial control are effective

Attendance at meetings amounted to 74% in the year and was detailed as follows:

Governors	Meetings attended	Out of possible
Mr P McAuliffe	3	3
Mrs K Jones (Resigned 26 September 2022)	3	3
Sister R Lenehan	1	3
Mr D Leech	2	3
Mr J Crispin	1	3
Ms V T Qurrey (Accounting Officer)	3	3

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The Audit and Risk Committee is a sub-committee of the main board of governors. Its purpose is to:

- Oversee and approve the academy's programme of internal scrutiny
- Ensure that risks are being addressed appropriately through internal security
- Report to the Board on the adequacy of the academy's internal control framework (including financial and non-financial controls and management of risks).

It must:

- Have written terms of reference describing its remit
- Agree an annual programme of work to deliver internal scrutiny
- Review the ratings and responses on the risk register to inform the programme of work, making sure checks are adjusted as appropriate each year
- Agree who will perform the works
- Consider:
 1. Reports at each meeting from those carrying out the work
 2. Progress in addressing recommendations
 3. Outputs from other assurance activities by third parties, including Education and Skills Funding Agency (ESFA) financial management and governance reviews, funding audits and investigations.
- Have access to and consider the quality of the external auditor and those carrying out internal scrutiny.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mrs T Knight (Chair of Governors)	3	3
Mr M Earley	3	3
Mr S Hartley	3	3
Mr L Johnston	3	3

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

Review of value for money

The accounting officer for Sacred Heart of Mary Girls' School is responsible and accountable for ensuring that the academy delivers good value in the use of public resources. The accounting officer is aware of the guide to academy value-for-money statements published by the Education and Skills Funding Agency and understands that value-for-money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Set out below are examples indicating how the academy's use of its resources has provided good value-for-money during the academic year:

We use the principles of 'Best Value' as they apply to secure continuous improvement in this school through:

- regular review of the functions of the School which challenges how and why services are provided and sets targets and performance indicators for improvement;
- monitoring of outcomes and comparison of performance with similar schools and within departments of the School;
- consultation with appropriate stakeholders before major decisions are made; and
- promotion of fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

We strive to ensure that the School uses its resources effectively to meet the needs of pupils. The progress of the Annual Budget Plan and the Value-for-Money statement will be monitored within the School Improvement Plan (SIP) in order to determine the extent of continuous improvement.

The principles of 'Best Value' are being achieved in the School through the following:

1. School Improvement Plan/ Post Ofsted Inspection Plans

The School ensures continuous improvement through the School Improvement Plan and/or Post Ofsted Inspection Plans. Development is monitored and evaluated on a regular cycle and linked to the School Budget Plan. In addition, staff and Governors are consulted when preparing the SIP.

In the OFSTED Inspection Report published in November 2013, the School received a Grade 1 in the section entitled 'Leadership and Management.'

2. Financial Regulations

The School complies with the requirements of the Funding Agreement with the Secretary of State for Education and with the Academy Trust Handbook in the administration of its budget, including the seeking of quotes and tenders for the purchase of supplies and services where the value exceeds published limits. Compliance with Financial Regulations is measured through the school audit process.

3. Financial Governance

The Governing Body approves the annual budget and longer term budget forecast on an annual basis. Governors receive and approve the annual accounts and the external auditors' report and take action on any recommendations made following the annual audit.

The Finance, Budget and General Purposes Committee meets at least once per term to review budget monitoring reports and to approve larger expenditure items.

The Accounting Officer meets with the Finance Manager on a regular basis to review finances and address any budget variances.

4. Procurement

The School ensures that contractors and suppliers are of good quality and reasonable cost. Consideration is given to the purchase of goods and services following an evaluation of value-for-money.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5. Comparative Information

The School makes use of comparative data from national and local sources in the planning process. The Finance, Budget and General Purposes Committee of the Governing Body considers national and local benchmarking data when available and when provided in a timely manner by Central Government. Other data sources such as SMID, ALPS and Analyse School Performance are used to monitor and predict individual pupil progress.

6. Consultation

The School uses a variety of techniques to consult with a range of stakeholders in determining priorities and direction. For instance, through School Council and through the parental and pupil surveys.

We are applying for CIF bids to ensure the long term safety for the site. We have made emergency repairs to ensure that the site remains safe. Some of this has taken place using the building fund from parental contributions. We have a committed and well trained site team who ensure that the building and site is safe and complies with regulations.

The School has in place a strategy and a set of guidelines, updated annually, which will ensure that value-for-money will be reviewed and demonstrated.

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 Sacred Heart Of Mary Girls' School 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 governors 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 governors 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 governors.

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 governors;
- regular reviews by the Finance, Budget 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;
- delegation of authority and segregation of duties;
- identification and management of risks.

Internal Audits have taken place and the findings shared with the auditors.

SACRED HEART OF MARY GIRLS' SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

The IA is tasked with reporting to the Governing Body through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Governing Body, as set out above, and prepares an annual summary report to the Audit and Risk Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Audit and Risk Committee consider actions and assess year on year progress.

In this academic year have had external reviews on a range of areas of school life:

Safeguarding
Attendance
Curriculum
Finance
Health and Safety
visits from out SIP
Interim review from the Diocese

The Internal Auditor has delivered their schedule of work as planned and there were no material risk issues arising as a result of the Internal Auditor's work.

Review of effectiveness

As accounting officer the 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 work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework; and
- the most recent version of the Academies Financial Handbook.

The accounting officer has been advised of the implications of the result of their review of the system of internal and external control by the Finance, Budget and Purposes Committee and Audit Committee through the minutes of these Committees and a plan to address any weaknesses identified and to ensure that continuous improvement is in place, as set out in the management responses to the recommendations made in the management letter.

Approved by order of the board of governors on 06 December 2023 and signed on its behalf by:

Mrs T Knight
Chair of Governors

Ms V T Qurrey
Accounting Officer

SACRED HEART OF MARY GIRLS' SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Brentwood Diocesan Trust Representative
Bishop A Williams SM
Fr S Myers

Governors

Mrs T Knight (Chair of Governors)
Mr M Earley
Mrs H Ward (Resigned 27 January 2023)
Mr P McAuliffe
Mrs K Jones (Resigned 26 September 2022)
Miss A Holman
Sister R Lenehan
Mr D Leech
Mr S Hartley
Mr J Crispin
Mr L Johnston
Mr P Kennedy
Ms V T Qurrey (Accounting Officer)
Mr R Hoggett
Mr E Idehen (Appointed 24 October 2022)
Ms B Gopal (Appointed 28 September 2022)

Senior leadership team

- Headteacher	Ms V Qurrey
- Assistant Headteacher	Mr T Bright
- Assistant Headteacher	Miss B McConville
- Assistant Headteacher	Mrs O Munday
- Assistant Headteacher	Mrs C Raper
- Business Manager	Mrs K Jones

Company secretary

Mr S Beck

Company registration number

07693743 (England and Wales)

Registered office

St Mary's Lane
Upminster
Essex
RM14 2QR
United Kingdom

Independent auditor

Azets Audit Services
Units 7 & 8 Britannia Business Park
Comet Way
Southend-On-Sea
Essex
SS2 6GE
United Kingdom

SACRED HEART OF MARY GIRLS' SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Lloyds Bank
21 - 25 Station Lane
Town Centre
Hornchurch
Essex
RM12 6JL
United Kingdom

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
United Kingdom

SACRED HEART OF MARY GIRLS' SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2023

As accounting officer of Sacred Heart Of Mary Girls' School, I have considered my responsibility to notify the academy trust board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between 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, including responsibilities for estate safety and management.

I confirm that I and the academy trust's board of governors 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 governors and ESFA.

Ms V T Qurrey
Accounting Officer

06 December 2023

SACRED HEART OF MARY GIRLS' SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2023

The Governors (who act as trustees for Sacred Heart Of Mary Girls' School and are also the directors of Sacred Heart Of Mary Girls' School for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare accounts for each financial year. Under company law, the Governors 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 Governors 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 Governors 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 Governors 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 Governors 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 governors on 06 December 2023 and signed on its behalf by:

Mrs T Knight
Chair of Governors

SACRED HEART OF MARY GIRLS' SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SACRED HEART OF MARY GIRLS' SCHOOL 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 June 2023 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 Sacred Heart Of Mary Girls' School 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 Sacred Heart Of Mary Girls' School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Sacred Heart Of Mary Girls' School 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 Sacred Heart Of Mary Girls' School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sacred Heart Of Mary Girls' School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sacred Heart Of Mary Girls' School's funding agreement with the Secretary of State for Education dated 1 August 2011 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

SACRED HEART OF MARY GIRLS' SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SACRED HEART OF MARY GIRLS' SCHOOL 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

Azets Audit Services
Units 7 & 8 Britannia Business Park
Comet Way
Southend-On-Sea
Essex
SS2 6GE
United Kingdom

Dated: 13 December 2023

SACRED HEART OF MARY GIRLS' SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2023

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:						
Donations and capital grants	5	222	-	873	1,095	1,483
Charitable activities:						
- Funding for educational operations	3	261	5,156	-	5,417	5,051
Other trading activities	4	236	-	-	236	184
Total		<u>719</u>	<u>5,156</u>	<u>873</u>	<u>6,748</u>	<u>6,718</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	445	5,688	121	6,254	5,849
Total	6	<u>445</u>	<u>5,688</u>	<u>121</u>	<u>6,254</u>	<u>5,849</u>
Net income/(expenditure)		274	(532)	752	494	869
Transfers between funds	16	(274)	220	54	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	18	-	91	-	91	1,509
Net movement in funds		-	(221)	806	585	2,378
Reconciliation of funds						
Total funds brought forward		-	(256)	3,649	3,393	1,015
Total funds carried forward		-	(477)	4,455	3,978	3,393

SACRED HEART OF MARY GIRLS' SCHOOL

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
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	5	186	-	1,297	1,483
Charitable activities:					
- Funding for educational operations	3	233	4,818	-	5,051
Other trading activities	4	184	-	-	184
Total		<u>603</u>	<u>4,818</u>	<u>1,297</u>	<u>6,718</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	134	5,623	92	5,849
Total	6	<u>134</u>	<u>5,623</u>	<u>92</u>	<u>5,849</u>
Net income/(expenditure)		469	(805)	1,205	869
Transfers between funds	16	(608)	546	62	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	18	-	1,509	-	1,509
Net movement in funds		(139)	1,250	1,267	2,378
Reconciliation of funds					
Total funds brought forward		139	(1,506)	2,382	1,015
Total funds carried forward		-	(256)	3,649	3,393

SACRED HEART OF MARY GIRLS' SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SACRED HEART OF MARY GIRLS' SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2023

Opinion

We have audited the accounts of Sacred Heart Of Mary Girls' School 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.

Emphasis of matter - Going Concern

We have considered the adequacy of the disclosures made in the 'Accounting policies - Going Concern' in note 1.2 concerning the Academy Trust's ability to continue as a going concern. At 31 August 2023 the Academy Trust's current liabilities exceeded its current assets by £278k (2022 - £16k) and the Academy Trust had negative reserves of £278k (2022- £16k) (excluding pension and fixed asset funds).

The Governors are currently in correspondence with the ESFA and have requested funding support, but have yet to have a formal response as detailed in Note 1.2 to the accounts. The ESFA have asked the Trust to confirm how it considers the school to be a going concern, and the schools response includes the following key areas; staffing changes, including a moratorium on hiring of staff; marketing to encourage increase in 6th form pupils; collaboration with other schools to reduce costs; and review of timetables and curriculum to ensure can still provide the best outcome for pupils whilst reducing costs. If the key areas can be met and assuming an inflationary rise on government income the Trust is expected to be in a surplus position by 2025/26.

As stated in 'Accounting policies - Going Concern' in note 1.2, these events or conditions, indicate a material uncertainty exists that may cast significant doubt on the Academy Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The Governors 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.

SACRED HEART OF MARY GIRLS' SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SACRED HEART OF MARY GIRLS' SCHOOL (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 Governors' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Governors' 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 Governors' 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:

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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the statement of Governors' responsibilities, the Governors 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 Governors 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 Governors 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 Governors 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

SACRED HEART OF MARY GIRLS' SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SACRED HEART OF MARY GIRLS' SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

**Catherine Cooper FCCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services**

13 December 2023

**Chartered Accountants
Statutory Auditor**

Units 7 & 8 Britannia Business Park
Comet Way
Southend-On-Sea
Essex
United Kingdom
SS2 6GE

SACRED HEART OF MARY GIRLS' SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	11		4,455		3,649
Current assets					
Stock	12	31		24	
Debtors	13	98		405	
Cash at bank and in hand		58		192	
		<u>187</u>		<u>621</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(465)		(637)	
		<u></u>		<u></u>	
Net current liabilities			(278)		(16)
Net assets excluding pension liability			4,177		3,633
Defined benefit pension scheme liability	18		(199)		(240)
			<u></u>		<u></u>
Total net assets			<u>3,978</u>		<u>3,393</u>
Funds of the academy trust:					
Restricted funds	16				
- Fixed asset funds			4,455		3,649
- Restricted income funds			(278)		(16)
- Pension reserve			(199)		(240)
			<u></u>		<u></u>
Total restricted funds			3,978		3,393
Unrestricted income funds	16		-		-
			<u></u>		<u></u>
Total funds			<u>3,978</u>		<u>3,393</u>

The accounts on pages 24 to 49 were approved by the Governors and authorised for issue on 06 December 2023 and are signed on their behalf by:

Mrs T Knight
Chair of Governors

Company registration number 07693743 (England and Wales)

SACRED HEART OF MARY GIRLS' SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash (used in)/provided by operating activities	19		(388)		248
Cash flows from investing activities					
Capital grants from DfE Group		1,181		983	
Capital funding received from sponsors and others		-		6	
Purchase of tangible fixed assets		(927)		(1,401)	
Net cash provided by/(used in) investing activities			254		(412)
Net decrease in cash and cash equivalents in the reporting period			(134)		(164)
Cash and cash equivalents at beginning of the year			192		356
Cash and cash equivalents at end of the year			58		192

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

Sacred Heart Of Mary Girls' School is a charitable company. The address of its principal place of business is given on page 18 and the nature of its operations are set out in the Governors' 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.

Sacred Heart of Mary Girls' School meets the definition of a public benefit entity under FRS102.

1.2 Going concern

The Governors 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.

At 31 August 2023, the Academy Trust has negative funds and net current liabilities amounting to £278k (2022 - £16k). The main issue has been, as with many other schools, the finding of funds for the unfunded Support Staff pay rise. This was £82,000. Moreover, energy bills have been £170,000 more than the previous year. This is a total of £252,000.

The Governors are in correspondence with the ESFA regarding the financial situation of the school but have yet to receive a response as to how the ESFA will support the school. After making appropriate enquiries and having reviewed and considered its dynamic Three Year Budget Plan as well as the monthly financial management reports produced by the School's finance team, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and certainly up to the end of the Academic Year 2025 - 2026 and beyond. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

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.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

Donations

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

Other income

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

Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.

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.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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.

The Academy Trust occupies land and buildings at St Mary's Lane, Upminster which are owned by the Diocese of Brentwood. The Academy Trust occupies the land and buildings under a licence on the same basis as when it was a maintained school. The continuing permission of the Diocesan Trustees is pursuant to and subject to the Trustees' charitable objects and is part of the Church of England's commitment to provide state funded education in partnership with the state. Under the terms of an agreement between the Secretary of State and the Academy Trust the Diocesan Trustees will give the Academy Trust not less than two years' notice to terminate the occupation of the land and buildings. The Governors have concluded that the value of the land and buildings occupied by the Academy Trust should not be recognised in the balance sheet as the Diocese of Brentwood has the right to consent to works, including capital works. The Governors have therefore concluded that the Academy Trust does not have control as defined by the Academies Accounts Direction.

Moreover, the Governors have decided not to account for the Academy Trust's occupancy of the land and buildings by means of a notional annual rental charge in the accounts, offset by income from a notional annual donation or gift of equivalent value from the Diocesan Trustees as owners of the freehold interest. The Governors have been unable to identify any objective method for calculating such a notional rent.

Depreciation is provided on all tangible 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:

Improvements to property	2% straight line
Assets under construction	Not depreciated until in use
Fixtures, fittings & equipment	20% straight line
Motor vehicles	10% straight line

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

1.6 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.

1.7 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.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

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.

1.8 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.9 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.

1.10 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.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

1 Accounting policies

(Continued)

1.11 Fund accounting

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

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

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

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.

Critical accounting estimates and assumptions

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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 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.

The pension value also includes an asset ceiling adjustment and the assumptions used to calculate this are:

- The scheme is open to new entrants;
- There is a minimum funding requirement in relation to the LGPS;
- There is the ability to recover a surplus through the ability to reduce future contributions (not refund)
- In calculating the surplus, the present value of current and past service costs is offset against the future contributions over the future period;
- The present value in the above calculations are calculated using an annuity representing participation into perpetuity.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

3 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
DfE/ESFA grants				
General annual grant (GAG)	-	4,781	4,781	4,530
Other DfE/ESFA grants:				
- Pupil premium	-	67	67	67
- Supplementary grant	-	115	115	48
- Rates grant	-	-	-	26
- Teachers pension grant	-	51	51	49
- Mainstream schools additional grant	-	55	55	-
- Others	-	24	24	30
	-----	-----	-----	-----
	-	5,093	5,093	4,750
	=====	=====	=====	=====
Other government grants				
Local authority grants	-	63	63	68
	-----	-----	-----	-----
Other incoming resources	261	-	261	233
	-----	-----	-----	-----
Total funding	261	5,156	5,417	5,051
	-----	-----	-----	-----

4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Hire of facilities	38	-	38	50
Catering income	2	-	2	2
Income from education and training	8	-	8	7
Sale of goods & services	98	-	98	68
Other income	90	-	90	57
	-----	-----	-----	-----
	236	-	236	184
	=====	=====	=====	=====

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

5 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Trip Income	184	-	184	125
Capital grants	-	873	873	1,291
Other donations	38	-	38	67
	<u>222</u>	<u>873</u>	<u>1,095</u>	<u>1,483</u>

6 Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other £'000	Total 2023 £'000	Total 2022 £'000
Academy's educational operations					
- Direct costs	3,948	121	563	4,632	4,261
- Allocated support costs	816	396	410	1,622	1,588
	<u>4,764</u>	<u>517</u>	<u>973</u>	<u>6,254</u>	<u>5,849</u>

Net income/(expenditure) for the year includes:

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets	121	92
Fees payable to auditor for:		
- Audit	16	12
- Other services	2	1
Net interest on defined benefit pension liability	11	26
	<u>150</u>	<u>131</u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Total 2022 £'000
Direct costs				
Educational operations	184	4,448	4,632	4,261
Support costs				
Educational operations	261	1,361	1,622	1,588
	<u>445</u>	<u>5,809</u>	<u>6,254</u>	<u>5,849</u>

	2023 £'000	2022 £'000
Analysis of support costs		
Support staff costs	816	971
Premises costs	396	230
Legal costs	-	1

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

7	Charitable activities	(Continued)	
	Other support costs	388	369
	Governance costs	22	17
		<u>1,622</u>	<u>1,588</u>

8 Staff

Staff costs

Staff costs during the year were:

	2023	2022
	£'000	£'000
Wages and salaries	3,538	3,355
Social security costs	361	348
Pension costs	827	958
	<u>4,726</u>	<u>4,661</u>
Staff costs - employees	4,726	4,661
Agency staff costs	38	15
Staff restructuring costs	-	13
	<u>4,764</u>	<u>4,689</u>
Staff development and other staff costs	-	(13)
	<u>4,764</u>	<u>4,676</u>
Staff restructuring costs comprise:		
Severance payments	-	13
	<u>-</u>	<u>13</u>

Staff numbers

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

	2023	2022
	Number	Number
Teachers	54	53
Administration and support	52	54
Management	6	6
	<u>112</u>	<u>113</u>

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

8 Staff

(Continued)

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	7	3
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £585k (2022: £564k).

9 Governors' remuneration and expenses

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

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

V Qurrey (Headteacher)

Remuneration £90,001 - £95,000 (2022: £90,001 - £95,000)

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

A Holman (Staff Governor):

Remuneration £55,001 - £60,000 (2022: £55,001 - £60,000)

Employer's pension contributions £10,001 - £15,000 (2022: £10,001 - £15,000)

K Jones (Staff Governor resigned 26 September 2022):

Remuneration £0 - £5,000 (2022: £50,001 - £55,000)

Employer's pension contributions £0 - £5,000 (2022: £15,001 - £20,000)

Governors' expenses

There were no governors' expenses paid for the year ended 31st August 2023 (2022: £ Nil)

10 Governors' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

11 Tangible fixed assets

	Improvements to property	Assets under construction	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2022	3,717	55	319	20	4,111
Transfer	55	(55)	-	-	-
Additions	918	-	9	-	927
At 31 August 2023	4,690	-	328	20	5,038
Depreciation					
At 1 September 2022	242	-	220	-	462
Charge for the year	84	-	37	-	121
At 31 August 2023	326	-	257	-	583
Net book value					
At 31 August 2023	4,364	-	71	20	4,455
At 31 August 2022	3,475	55	99	20	3,649

The Academy Trust occupies land and the buildings provided to it by the Diocesan Trustees under a license (also referred to as a Church Supplemental Agreement) which contains a two year notice period. Having considered the fact that the Academy Trust occupies the land and buildings by a license that transfers to the Academy no rights or control over the site save that of occupying it at the will of the Diocesan Trustees under the agreement, the Diocesan Trustees have concluded that the value of the land and buildings occupied by the Academy Trust will not be recognised or valued within fixed assets.

Additions within property improvements in the year include electrical and fire safety works as well as heating and distribution costs.

12 Stock

	2023 £'000	2022 £'000
Stock of school uniform	31	24

13 Debtors

	2023 £'000	2022 £'000
VAT recoverable	36	20
Other debtors	9	9
Prepayments and accrued income	53	376
	98	405

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

14 Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	86	1
Other taxation and social security	85	81
Other creditors	172	169
Accruals and deferred income	122	386
	<u>465</u>	<u>637</u>
	<u> </u>	<u> </u>

15 Deferred income

	2023	2022
	£'000	£'000
Deferred income is included within:		
Creditors due within one year	84	64
	<u> </u>	<u> </u>
Deferred income at 1 September 2022	64	25
Released from previous years	(64)	(25)
Resources deferred in the year	84	64
	<u> </u>	<u> </u>
Deferred income at 31 August 2023	84	64
	<u> </u>	<u> </u>

Deferred income for the year relates to income received for school trips taking place in 2023/24

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

16 Funds

	Balance at 1 September 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2023 £'000
Restricted general funds					
General Annual Grant (GAG)	(16)	4,781	(5,266)	220	(281)
Pupil premium	-	67	(64)	-	3
Other DfE/ESFA grants	-	245	(245)	-	-
Other government grants	-	63	(63)	-	-
Pension reserve	(240)	-	(50)	91	(199)
	<u>(256)</u>	<u>5,156</u>	<u>(5,688)</u>	<u>311</u>	<u>(477)</u>
Restricted fixed asset funds					
DfE group capital grants	-	873	-	(873)	-
General fixed assets	3,649	-	(121)	927	4,455
	<u>3,649</u>	<u>873</u>	<u>(121)</u>	<u>54</u>	<u>4,455</u>
Total restricted funds	<u>3,393</u>	<u>6,029</u>	<u>(5,809)</u>	<u>365</u>	<u>3,978</u>
Unrestricted funds					
General funds	-	719	(445)	(274)	-
	<u>-</u>	<u>719</u>	<u>(445)</u>	<u>(274)</u>	<u>-</u>
Total funds	<u>3,393</u>	<u>6,748</u>	<u>(6,254)</u>	<u>91</u>	<u>3,978</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

Pupil Premium, Teachers Pension Grants, Teachers Pay Grants, Rates, supplementary grant: Income received from the ESFA as described.

Other DFE/ESFA grants: This includes money received for recovery premium, tuition fund and vaccination fund income.

Other government grants: This includes SEN funding, and additional pupil premium.

The transfer of funds relate to the purchase of capital additions during the year and to cover costs not covered by government funding.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

16 Funds

(Continued)

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

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
Restricted general funds					
General Annual Grant (GAG)	-	4,530	(5,092)	546	(16)
Pupil premium	-	67	(67)	-	-
Other DfE/ESFA grants	-	153	(153)	-	-
Other government grants	-	68	(68)	-	-
Pension reserve	(1,506)	-	(243)	1,509	(240)
	<u>(1,506)</u>	<u>4,818</u>	<u>(5,623)</u>	<u>2,055</u>	<u>(256)</u>
Restricted fixed asset funds					
DfE group capital grants	42	1,291	-	(1,333)	-
General fixed assets	2,340	6	(92)	1,395	3,649
	<u>2,382</u>	<u>1,297</u>	<u>(92)</u>	<u>62</u>	<u>3,649</u>
Total restricted funds	<u>876</u>	<u>6,115</u>	<u>(5,715)</u>	<u>2,117</u>	<u>3,393</u>
Unrestricted funds					
General funds	139	603	(134)	(608)	-
	<u>139</u>	<u>603</u>	<u>(134)</u>	<u>(608)</u>	<u>-</u>
Total funds	<u>1,015</u>	<u>6,718</u>	<u>(5,849)</u>	<u>1,509</u>	<u>3,393</u>

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	-	-	4,455	4,455
Current assets	-	187	-	187
Current liabilities	-	(465)	-	(465)
Pension scheme liability	-	(199)	-	(199)
	<u>-</u>	<u>(477)</u>	<u>4,455</u>	<u>3,978</u>
Total net assets	<u>-</u>	<u>(477)</u>	<u>4,455</u>	<u>3,978</u>

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	3,649	3,649
Current assets	-	621	-	621
Current liabilities	-	(637)	-	(637)
Pension scheme liability	-	(240)	-	(240)
Total net assets	-	(256)	3,649	3,393

18 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 The London Borough of Havering. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £90k were payable to the schemes at 31 August 2023 (2022: £86k) 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 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 £587k (2022: £551k).

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 23.68% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Total contributions made	2023	2022
	£'000	£'000
Employer's contributions	203	190
Employees' contributions	50	46
	<hr/>	<hr/>
Total contributions	253	236
	<hr/>	<hr/>
Principal actuarial assumptions	2023	2022
	%	%
Rate of increase in salaries	3.8	3.9
Rate of increase for pensions in payment/inflation	3.1	3.2
Discount rate for scheme liabilities	5.3	4.25
	<hr/>	<hr/>

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

18 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	20.5	21.6
- Females	24.5	24.0
Retiring in 20 years		
- Males	20.6	22.6
- Females	25.4	25.7
	<u> </u>	<u> </u>

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

	2023	2022
Discount - 0.1%	59	62
Salary increase rate +0.1%	3	2
Pension increase rate +0.1%	57	61
	<u> </u>	<u> </u>

Defined benefit pension scheme net liability

	2023	2022
	£'000	£'000
Scheme assets	3,349	3,266
Scheme obligations	(3,548)	(3,506)
	<u> </u>	<u> </u>
Net liability	(199)	(240)
	<u> </u>	<u> </u>

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

	2023	2022
	Fair value	Fair value
	£'000	£'000
Equities	1,440	1,372
Bonds	1,005	881
Cash	234	131
Property	670	882
	<u> </u>	<u> </u>
Total market value of assets	3,349	3,266
	<u> </u>	<u> </u>

The actual return on scheme assets was £(47,000) (2022: £(252,000)).

SACRED HEART OF MARY GIRLS' SCHOOL

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

18 Pension and similar obligations	(Continued)	
Amount recognised in the statement of financial activities	2023 £'000	2022 £'000
Current service cost	242	407
Interest income	(141)	(57)
Interest cost	152	83
	<hr/>	<hr/>
Total operating charge	253	433
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations	2023 £'000	2022 £'000
At 1 September 2022	3,506	4,877
Current service cost	242	407
Interest cost	152	83
Employee contributions	50	46
Actuarial gain	(279)	(1,818)
Benefits paid	(123)	(89)
	<hr/>	<hr/>
At 31 August 2023	3,548	3,506
	<hr/> <hr/>	<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets	2023 £'000	2022 £'000
At 1 September 2022	3,266	3,371
Interest income	141	57
Actuarial loss	(188)	(309)
Employer contributions	203	190
Employee contributions	50	46
Benefits paid	(123)	(89)
	<hr/>	<hr/>
At 31 August 2023	3,349	3,266
	<hr/> <hr/>	<hr/> <hr/>

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

19 Reconciliation of net income to net cash flow from operating activities

	Notes	2023 £'000	2022 £'000
Net income for the reporting period (as per the statement of financial activities)		494	869
Adjusted for:			
Capital grants from DfE and other capital income		(873)	(1,297)
Defined benefit pension costs less contributions payable	18	39	217
Defined benefit pension scheme finance cost	18	11	26
Depreciation of tangible fixed assets		121	92
(Increase) in stocks		(7)	(6)
(Increase) in debtors		(1)	(12)
(Decrease)/increase in creditors		(172)	359
Net cash (used in)/provided by operating activities		<u>(388)</u>	<u>248</u>

20 Analysis of changes in net funds

	1 September 2022 £'000	Cash flows £'000	31 August 2023 £'000
Cash	192	(134)	58
	<u>192</u>	<u>(134)</u>	<u>58</u>

21 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 £'000	2022 £'000
Amounts due within one year	30	20
Amounts due in two and five years	29	47
	<u>59</u>	<u>67</u>

22 Capital commitments

	2023 £'000	2022 £'000
Expenditure contracted for but not provided in the accounts	-	993
	<u>-</u>	<u>993</u>

As at 31st August 2022, commitments were in relation to two CIF projects for phase 2 and 3 of an electrical and fire safety improvement project. Works were finished in the year ended 31st August 2023.

SACRED HEART OF MARY GIRLS' SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2023

23 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted in accordance with the trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period:

A Governor, Mr Leech is also a director of Crusaidier First Aid. The academy trust obtained first aid training from Crusaidier First Aid in the year at a cost of £985 (2022 - £1,400). No amounts were outstanding at the year end.

Mr L Johnston's wife is employed by the Trust as a learning mentor. All appointments were made in open competition and M Johnston was not involved in the decision-making process regarding the appointment. The staff are paid within the normal salary scale for the roles they carry out and receive no special treatment as a result of their relationship to a Governor.

24 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.

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2023 the academy trust received £13k (2022 - £11k) and disbursed £7k (2022 - £9k) from the fund. An amount of £16k (2022 - £10k) is included in other creditors relating to undistributed funds that is repayable to the ESFA.